

# North York Moors National Park Authority

17 December 2012

## Budget Estimate 2013/14 to 2014/15

### 1. Purpose of the Report

- 1.1 To provide Members with an opportunity to consider and comment upon the draft of the proposed budget for 2013/14 and indicative figures for 2014/15.

### 2. Background

- 2.1 The Authority is required to approve a balanced budget for the financial year 2013/14 prior to 31 March 2013.

- 2.2 The **Appendix** to this report is the initial budget draft presented to Members of the Finance Risk Audit and Standards Committee (FRASC) on 26 November 2012. This has been based on the Business Plan approved 24 September 2012. The Business Plan identified two strategic priorities:

- Deliver improvements to the connectivity of habitats in order to improve the biodiversity and landscape character whilst mitigating the impacts of climate change
- Promote the North York Moors to achieve the second purpose and support the local economy.

This paper does not attempt to reiterate the discussions which were held in the run up to the Business Plan about future priorities and is therefore, relatively short.

### 3. Proposed Budget

- 3.1 The budget in the Business Plan was prepared incorporating the planned cost reduction and revised income targets set following the financial planning and prioritisation exercise. These have been refined as further information has come to light and following a Zero Based Budgeting exercise undertaken in the last financial year, which sought maximum value from those budgets not subject to more strategic change.

- 3.2 Members have received regular updates over the last financial year on the financial challenges which the Authority has faced which have impacted significantly on its financial plans. The most significant of these have been the government decision not to implement proposals to enable the local setting of planning fees (which led to a £140k deficit from the original plans) and the impact of the prolonged recession on car park income.

- 3.3 The Authority has not to date received confirmation from Defra that the indicative grant figure for 2013/14 in the 2010 three year settlement letter will be honoured. The budget included in the Appendix assumes that it will remain unaltered. Furthermore, given the high level of uncertainty about the resources which will be allocated to the National Park Authority in the period beyond 2014/15 decisions on reserves have emphasised downside risks. It is not considered practical to consider indicative figures for 2015/16 financial year as part of this process.

- 3.4 The budget assumes that following three and four year pay freezes for the Authority's staff, there will be a modest 1% pay award with effect from 2013/14 although this is not confirmed. Assumptions have been made that following the next triennial pension fund valuation a saving of approximately £25k would be achieved in relation to the employers contributions. Early indications have cast doubt on whether this is achievable but it is proposed that this remains unaltered until further detail is known.
- 3.5 Members will also recall that the assumptions in the finalised Business Plan assumed that all non-staff and fixed overhead budgets could be reduced by 5% in 2013. There will inevitably be circumstances where these additional reductions prove difficult to achieve or would be particularly undesirable. In-year virements will allow for such unavoidable and undesirable cost pressures.
- 3.6 The review of the Conservation department priorities and structure has been completed and the budget proposed for 2013/14 will be directed to achieving connectivity and woodland planting targets and is based on the resources required following the implementation of the grants review. These estimates were included in the Medium Term Financial Strategy contained within the Business Plan.
- 3.7 The table below summarises the detail in the draft budget attached as the Appendix to this report:

|                              | 2012/13 RE<br>BUDGET | 2013/14<br>BUDGET | 2014/15<br>BUDGET |
|------------------------------|----------------------|-------------------|-------------------|
|                              | £000's               | £000's            | £000's            |
| Gross Expenditure            | 6,669.4              | 6087.4            | 5,602.1           |
| <u>Met By:</u>               |                      |                   |                   |
| DEFRA Grant                  | (4,844.7)            | (4,552.9)         | (4,261.1)         |
| Other Income                 | (1,669.8)            | (1,406.9)         | (1,213.2)         |
| Transfer to/ (from reserves) | (154.9)              | (127.6)           | (127.8)           |
|                              |                      |                   |                   |
|                              |                      |                   |                   |

- 3.8 The current forecast budgets show a 'cash' gross fall in expenditure of 30% by 2015 from the 2009/10 actual peak. If it is assumed that new external funding will increase the figure, this still leaves a real terms decrease far in excess of that suffered by most of the public sector. Highly respected economic and fiscal policy commentators are currently predicting further cuts post 2014/15. Officers are not aware of any rationale for National Parks to suffer further losses, but Members need to be aware of this possibility, and for this reason officers believe that monitoring a reasonably high level of reserves is prudent.
- 3.9 As a result of the continued uncertainty around the Defra grant and the risks to earned income associated with the economic outlook the Business Planning process included fundamental review of the Authority's reserves in order to ensure that there is a suitable contingency to safeguard against financial risks. The Medium Term Financial Strategy assumed that the Authority would release resources from reserves to fund expenditure in the short term whilst recognising that this needs to be addressed in the long term. The current estimates relating to the use of reserves are detailed in the table above and the estimated reserve position (excluding any transfer to reserves at the end of the 2012/13 financial year) is summarised in the table below:

|                             | 2012/13 RE<br>BUDGET<br>£000's | 2013/14<br>£000's | 2014/15<br>£000's |
|-----------------------------|--------------------------------|-------------------|-------------------|
| Use of Reserves (FROM) / TO | (154.9)                        | (127.6)           | (127.8)           |
| Predicted Reserve Balance   | 1,446.8                        | 1,319.2           | 1,191.4           |

These reserves have been earmarked for the following;

- Emergency Reserve
- Property and Capital Expenditure (in lieu of any capital grant allocation)
- Development Management Reserve
- Reserve to provide match funding for planned external funding bids, to fund invest to save projects

At the FRASC meeting on 26 November 2012 the need to establish a fund to repay the historic pension deficit earlier than the current 2035 target to free revenue spend was discussed and agreed.

3.10 The next step in the budget setting process is usually for a further refined budget to be presented to FRASC in February prior to March NPA.

#### 4. Financial and Staffing Implications

4.1 The financial implications are described in the 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 and **Appendix**, approve the work undertaken to date on the draft budget, and the further work to be undertaken to finalise the budget before approval in March 2013.

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#### Background documents to this report

#### File Ref.

Business Plan 2012-2015  
Financial Planning and Prioritisation reports  
Budget Estimate 2013/14 – Finance Risk Audit and Standards Committee 26 November 2012

| FUNCTION  | Col.1        | Col.2        | Col. 3.                | Col.4        |
|---|--------------|--------------|------------------------|--------------|
|   | Budget       | Draft        | Difference             | Draft        |
|   | RE 2012/13   | OE 2013/14   | Re 12/13 & OE<br>13/14 | OE 2014/15   |
| <b>Conservation Natural Environment</b>                       |              |              |                        |              |
| Woodlands & Trees   | 12.0         | 11.4         | (0.6)                  | 11.6         |
| Income  | (2.5)        | (2.5)        | 0.0                    | (2.5)        |
| Net Expenditure   | 9.5          | 8.9          | (0.6)                  | 9.1          |
| Moorland  | 60.2         | 40.7         | (19.5)                 | 40.9         |
| Income  | (42.8)       | (25.3)       | 17.5                   | (25.3)       |
| Net Expenditure   | 17.5         | 15.5         | (2.0)                  | 15.7         |
| Wetlands & Water  | 152.2        | 99.6         | (52.5)                 | 26.9         |
| Income  | (118.8)      | (100.0)      | 18.8                   | (25.3)       |
| Net Expenditure   | 33.4         |              | (33.7)                 | 1.7          |
| Farmed Land (includes Trees Woodlands and<br>Wildlife Grants) | 308.5        | 400.0        | 91.5                   | 387.0        |
| Income  | (6.7)        | (6.7)        | 0.0                    | (6.7)        |
| Net Expenditure   | 301.8        | 393.3        | 91.5                   | 380.3        |
| Coast   | 53.3         | 52.6         | (0.7)                  | 52.9         |
| Income  | (10.0)       | (10.0)       | 0.0                    | (10.0)       |
| Net Expenditure   | 43.3         | 42.6         | (0.7)                  | 42.9         |
| Biodiversity and Wildlife Conservation                        | 44.8         | 11.2         | (33.6)                 | 11.4         |
| Income  | 0.0          | 0.0          | 0.0                    | 0.0          |
| Net Expenditure   |              | 11.2         | (33.6)                 | 11.4         |
| Conserv Nat Env (Emp)   | 303.2        | 304.0        | 0.9                    | 306.7        |
| Recharges   | 135.5        | 135.5        | 0.0                    | 135.5        |
| Gross Expenditure   | 1,069.7      | 1,055.1      | (14.6)                 | 973.1        |
| INCOME  | (180.7)      | (144.4)      | 36.3                   | (69.7)       |
| <b>NET TOTAL</b>  | <b>889.0</b> | <b>910.7</b> | <b>21.8</b>            | <b>903.4</b> |
| <b>Conservation Cultural Heritage</b>                         |              |              |                        |              |
| Buildings   | 42.0         | 40.0         | (2.0)                  | 40.5         |
| Income  |              | 0.0          | 0.0                    | 0.0          |
| Net Expenditure   | 42.0         | 40.0         | (2.0)                  | 40.5         |
| Archaeology   | 43.1         | 28.5         | (14.6)                 | 28.9         |
| Income  | (0.6)        | (0.6)        | 0.0                    | (0.6)        |
| Net Expenditure   | 42.5         | 27.9         | (14.6)                 | 28.3         |
| Enhancement Schemes   | 168.6        | 99.3         | (69.3)                 | 0.3          |
| Income  | (139.7)      | (87.3)       | 52.3                   | 0.0          |
| Net Expenditure   | 28.9         | 11.9         | (17.0)                 | 0.3          |
| Conservation Areas  | 16.0         | 15.2         | (0.8)                  | 15.4         |
| Income  | 0.0          | 0.0          | 0.0                    |              |
| Net Expenditure   | 16.0         | 15.2         | (0.8)                  | 15.4         |
| Local Culture & Tradition                                     | 1.0          | 5.8          | 4.8                    | 5.8          |
| Conserv Cult Her (Emp)  | 99.6         | 86.7         | (12.9)                 | 87.5         |
| Recharges   | 65.6         | 65.6         | 0.0                    | 65.6         |
| Gross Expenditure   | 435.8        | 340.9        | (94.8)                 | 243.9        |
| INCOME  | (140.3)      | (87.9)       | 52.3                   | (0.6)        |
| <b>NET TOTAL</b>  | <b>295.5</b> | <b>253.0</b> | <b>(42.5)</b>          | <b>243.3</b> |

| FUNCTION                       | Col.1        | Col.2        | Col. 3.                | Col.4        |
|--------------------------------|--------------|--------------|------------------------|--------------|
|                                | Budget       | Draft        | Difference             | Draft        |
|                                | RE 2012/13   | OE 2013/14   | Re 12/13 & OE<br>13/14 | OE 2014/15   |
| <b>Recreation Management</b>   |              |              |                        |              |
| P.R.O.W.S.                     | 47.2         | 32.3         | (15.0)                 | 0.0          |
| Income                         | (37.8)       | (26.2)       | 11.6                   | 0.0          |
| Net Expenditure                | 9.4          | 6.1          | (3.3)                  | 0.0          |
| National Trails                | 113.5        | 113.0        | (0.5)                  | 111.8        |
| Income                         | (113.9)      | (114.5)      | (0.5)                  | (113.9)      |
| Net Expenditure                | (0.4)        | (1.4)        | (1.0)                  | (2.2)        |
| Access to Open Land            | 382.9        | 338.1        | (44.8)                 | 335.2        |
| Income                         | (51.1)       | (69.0)       | (17.9)                 | (69.0)       |
| Net Expenditure                | 331.8        | 269.1        | (62.7)                 | 266.2        |
| Visitor Mgt & Facilities       | 65.4         | 51.6         | (13.8)                 | 52.2         |
| Income                         | 0.0          | 0.0          | 0.0                    | 0.0          |
| Net Expenditure                | 65.4         | 51.6         | (13.8)                 | 52.2         |
| Car Parks                      | 131.5        | 127.0        | (4.5)                  | 129.8        |
| Income                         | (359.0)      | (369.0)      | (10.0)                 | (399.0)      |
| Net Expenditure                | (227.5)      | (242.0)      | (14.5)                 | (269.2)      |
| Public Transport               | 194.7        | 186.9        | (7.8)                  | 97.7         |
| Income                         | (30.0)       | (30.0)       | 0.0                    | 0.0          |
| Net Expenditure                | 164.7        | 156.9        | (7.8)                  | 97.7         |
| Recreation (Emp)               | 211.9        | 214.0        | 2.1                    | 163.1        |
| Recharges                      | 248.7        | 248.7        | 0.0                    | 248.7        |
| Gross Expenditure              | 1,395.9      | 1,311.6      | (84.3)                 | 1,138.4      |
| INCOME                         | (591.8)      | (608.6)      | (16.8)                 | (581.9)      |
| <b>NET TOTAL</b>               | <b>804.1</b> | <b>703.0</b> | <b>(101.2)</b>         | <b>556.4</b> |
| <b>Promoting Understanding</b> |              |              |                        |              |
| Visitor Centres                | 494.7        | 434.5        | (60.3)                 | 441.4        |
| Income                         | (203.0)      | (201.3)      | 1.7                    | (211.9)      |
| Net Expenditure                | 291.8        | 233.2        | (58.5)                 | 229.6        |
| Info & Interp Services         | 307.2        | 140.0        | (167.3)                | 111.6        |
| Income                         | (198.2)      | (58.4)       | 139.8                  | (36.6)       |
| Net Expenditure                | 109.0        | 81.6         | (27.5)                 | 75.0         |
| Education Service              | 109.7        | 117.8        | 8.1                    | 77.6         |
| Income                         | (19.0)       | (19.0)       | 0.0                    | (17.1)       |
| Net Expenditure                | 90.7         | 98.8         | 8.1                    | 60.5         |
| Info Interp Educ (Emp)         | 228.0        | 208.9        | (19.1)                 | 212.0        |
| Recharges                      | 256.5        | 256.5        | 0.0                    | 256.5        |
| Gross Expenditure              | 1,396.1      | 1,157.6      | (238.5)                | 1,099.1      |
| INCOME                         | (420.2)      | (278.6)      | 141.5                  | (265.6)      |
| <b>NET TOTAL</b>               | <b>976.0</b> | <b>879.0</b> | <b>(97.0)</b>          | <b>833.5</b> |

| FUNCTION                        | Col.1        | Col.2        | Col. 3.                | Col.4        |
|---------------------------------|--------------|--------------|------------------------|--------------|
|                                 | Budget       | Draft        | Difference             | Draft        |
|                                 | RE 2012/13   | OE 2013/14   | Re 12/13 & OE<br>13/14 | OE 2014/15   |
| <b>Rangers &amp; Volunteers</b> |              |              |                        |              |
| Ranger Services                 | 243.3        | 244.3        | 1.0                    | 247.0        |
| Estate Teams                    | 290.0        | 225.8        | (64.3)                 | 238.2        |
| Income                          | (2.0)        |              | 2.0                    |              |
| Net Expenditure                 | 288.0        | 225.8        | (62.3)                 | 238.2        |
| Volunteers                      | 190.0        | 187.8        | (2.2)                  | 190.2        |
| Income                          | (3.2)        | (3.2)        | 0.0                    | (3.2)        |
| Net Expenditure                 | 186.9        | 184.6        | (2.2)                  | 187.0        |
| Rangers & Estates (Emp)         | 0.0          |              | 0.0                    |              |
| Recharges                       | 189.4        | 189.4        | 0.0                    | 189.4        |
| Gross Expenditure               | 912.8        | 847.3        | (65.5)                 | 864.7        |
| INCOME                          | (5.2)        | (3.2)        | 2.0                    | (2.7)        |
| <b>NET TOTAL</b>                | <b>907.6</b> | <b>844.1</b> | <b>(63.5)</b>          | <b>862.0</b> |
| <b>Development Control</b>      |              |              |                        |              |
| Development Control             | 45.4         | 43.3         | (2.2)                  | 43.9         |
| Development Control (Emp)       | 411.8        | 415.8        | 4.0                    | 389.7        |
| Recharges                       | 249.0        | 249.0        | 0.0                    | 249.0        |
| Gross Expenditure               | 706.2        | 708.0        | 1.8                    | 682.6        |
| INCOME                          | (223.3)      | (211.8)      | 11.5                   | (211.8)      |
| <b>NET TOTAL</b>                | <b>483.0</b> | <b>496.3</b> | <b>13.3</b>            | <b>470.8</b> |
| <b>Forward Planning</b>         |              |              |                        |              |
| National Park Mgt Plan          | 8.0          | 2.9          | (5.2)                  | 2.9          |
| Statutory Devt Plans            | 17.3         | 24.8         | 7.5                    | 9.7          |
| Income                          | (25.0)       | (25.0)       | 0.0                    | (25.0)       |
| Net Expenditure                 | (7.7)        | (0.3)        | 7.5                    | (15.3)       |
| Local Studies & Plan            | 15.0         | 14.2         | (0.8)                  | 14.4         |
| Income                          |              |              | 0.0                    |              |
| Net Expenditure                 | 15.0         | 14.2         | (0.8)                  | 14.4         |
| Minerals Policy                 | 0.0          | 0.0          | 0.0                    | 0.0          |
| Sustainable Development Fund    | 180.0        | 152.4        | (27.6)                 | 154.8        |
| Net Expenditure                 | 180.0        | 152.4        | (27.6)                 | 154.8        |
| Other Environmental Initiatives | 25.0         | 0.0          | (25.0)                 | 0.0          |
| Income                          | (25.0)       | 0.0          | 25.0                   | 0.0          |
| Net Expenditure                 | 0.0          | 0.0          | 0.0                    | 0.0          |
| Forward Planning (Emp)          | 156.4        | 132.5        | (23.9)                 | 148.3        |
| Recharges                       | 87.4         | 87.4         | 0.0                    | 87.4         |
| Gross Expenditure               | 489.1        | 414.1        | (75.0)                 | 417.4        |
| INCOME                          | (50.0)       | (25.0)       | 25.0                   | (25.0)       |
| <b>NET TOTAL</b>                | <b>439.1</b> | <b>389.1</b> | <b>(50.0)</b>          | <b>392.4</b> |

| FUNCTION  | Col.1            | Col.2            | Col. 3.                | Col.4            |
|---|------------------|------------------|------------------------|------------------|
|   | Budget           | Draft            | Difference             | Draft            |
|   | RE 2012/13       | OE 2013/14       | Re 12/13 & OE<br>13/14 | OE 2014/15       |
| <b>Corporate and Democratic Core</b>              |                  |                  |                        |                  |
| Support Staff Costs                               | 426.0            | 443.9            | 17.9                   | 424.0            |
| <i>Income</i>                                     | 0.0              |                  | 0.0                    |                  |
| Net Expenditure                                   | 426.0            | 443.9            | 17.9                   | 424.0            |
| Office Accommodation                              | 59.3             | 57.9             | (1.4)                  | 58.3             |
| <i>Income</i>                                     | (12.4)           | (15.0)           | (2.6)                  | (15.0)           |
| Net Expenditure                                   | 46.9             | 42.9             | (4.0)                  | 43.3             |
| Support Supplies & Servs                          | 368.1            | 347.5            | (20.5)                 | 307.9            |
| <i>Income</i>                                     | (31.0)           | (32.4)           | (1.4)                  | (41.0)           |
| Net Expenditure                                   | 337.1            | 315.1            | (21.9)                 | 266.9            |
| Contracted in Services                            | 206.5            | 174.9            | (31.6)                 | 178.3            |
| <i>Income</i>                                     | (15.0)           |                  | 15.0                   |                  |
| Net Expenditure                                   | 191.5            | 174.9            | (16.6)                 | 178.3            |
| Democratic (Cttee) Costs                          | 81.6             | 81.3             | (0.3)                  | 81.4             |
| Corp Mgt & Admin (Emp)                            | 354.5            | 379.3            | 24.9                   | 365.2            |
| Recharges   | (1,232.1)        | (1,232.1)        | 0.0                    | (1,232.1)        |
| Gross Expenditure                                 | 263.8            | 252.7            | (11.1)                 | 183.0            |
| <i>INCOME</i>                                     | (58.4)           | (47.4)           | 11.0                   | (56.0)           |
| <b>NET TOTAL</b>                                  | <b>205.4</b>     | <b>205.3</b>     | <b>(0.1)</b>           | <b>127.0</b>     |
| Gross Expenditure                                 | 6,669.4          | 6,087.4          | (582.0)                | 5,602.1          |
| <i>Gross Income</i>                               | (1,669.8)        | (1,406.9)        | 262.9                  | (1,213.2)        |
| <b>NET TOTAL</b>                                  | <b>4,999.6</b>   | <b>4,680.5</b>   | <b>(319.1)</b>         | <b>4,388.9</b>   |
| <b>Funded by:</b>                                 |                  |                  |                        |                  |
| <b>NPG</b>  | (4,844.7)        | (4,552.9)        | 291.8                  | (4,261.1)        |
| <b>(From) / To Reserves</b>                       | (154.9)          | (127.6)          | 27.3                   | (127.8)          |
|   | <b>(4,999.6)</b> | <b>(4,680.5)</b> | <b>319.1</b>           | <b>(4,388.9)</b> |
|   |                  |                  |                        |                  |
| <b>Budget After Grants &amp; Levies</b>           | 4,999.6          | 0.0              | (319.1)                | (0.0)            |
| <b>Total Reserve b/f less allocated to budget</b> | 1,446.8          | 1,319.2          | 127.6                  | 1,191.4          |