

North York Moors National Park Authority

20 March 2017

Budget Estimate 2017/18

1. Purpose of the Report

- 1.1 To seek Members' approval for the start budget for 2017/18.

2. Background

- 2.1 The Authority is legally required to approve a "balanced budget" for the 2017/18 financial year by 31 March 2017. Officers discuss the annual proposal with Members of Finance, Risk, Audit and Standards Committee in advance of the formal approval in March; the Committee does not have delegated power to approve.
- 2.2 The Authority approved a Business Plan for 2017-2021 on 19 December 2016. This included a Medium Term Financial Strategy for the period (**Appendix 1**). This was based on extensive input from Members and included an outline budget for 2017/18. The financial assumptions in the MTFs have not changed. The only alterations to the proposed budget from that approved in December 2016 are explained in paragraph 4.2.
- 2.3 The budget includes an assumption in relation to the costs and income for the mitigation of the impact of the development by Sirius Minerals Ltd at Doves Nest Farm under the s106 agreement. This is treated separately to the Authority's core activities and any unspent amount will be transferred to a specific reserve at the end of the financial year. A workplan for this area of work including budget forecasts will be developed when the new staff are in place.

3. National Park Grant

- 3.1 The Authority received notification in January 2016 that National Park Grant would be protected in real terms for the financial years from 2016/17 to 2019/20. This level of certainty is welcomed and has facilitated effective planning over the Business Plan period. These figures have been reported in the Business Plan and total £4,235m in 2017/18.

4. 2017/18 Budget

- 4.1 The table below gives the overall position in relation to expenditure and income for the current financial year 2016/17 together with a current projection for 2017/18. A high level summary at Defra Functional Heading level supporting these figures can be found at **Appendix 2**. **Appendix 3** provides further detail to this at Sub Function level. In past years this (Appendix 3) is the level of detail that Members have received to approve the budget. Officers and Members of FRASC have discussed the level of detail of financial information during 2016/17 and the FRASC reports now use the more summarised information found in Appendix 2. Members are requested to consider which of the two formats would be preferred for the purpose of budget setting and determine whether future reports should be based on the format in **Appendix 2** or **Appendix 3**.

Alternatively, Officers could propose a format which is similar to the **Appendix 2** table but which subdivides the income and expenditure under each of the Functional Heading by sub heading.

	2016/17 Latest RE Budget as at Feb 17 £'000	2017/18 Budget £'000
DEFRA Grant	4163	4235
Other Income	2326	3239
Sirius Minerals Ltd s106	100	1038
Gross Expenditure	-6458	-8331
Transfer from/to (-/+)Various Reserves	132	-218
Net Budget	0	0

4.2 Update to the 17/18 Budget

The meeting of FRASC in February agreed changes to capital projects and external funding income. In particular these included an allocation of £100k from reserves to fund the proposed car park improvements at Sutton Bank and an additional £8k to support part time staff to cover the costs of additional hours to enable part time staff to attend staff meetings and corporate training. The only amendment which has been made to the detail in the appendix is that the additional grant allocations have been reallocated following the Directors meeting on the 14 February to reflect Business Plan targets and capacity constraints.

5. Reserves

5.1 The table below details the projected movement of reserves in the budget above and this leaves an estimated balance of £1,826k at the end of 2017/18 (but see paragraph 5.2 below with respect to the treatment of potash income and spend). As ever, this estimate will be monitored and updated at the quarterly meetings throughout the year.

	2016/17 RE Budget £'000	2017/18 OE Budget £'000
Opening Reserves Balance	1,912	2,044
Use of General Reserves/Transfer	132	-218
Predicted Reserve Balance at year-end, split between:		
- Inflation Contingency	256	248
- Earmarked s106 reserve	148	148
- Emergency Reserve	320	320
- Earmarked Capital Reserves	960	860
- Ear-marked Revenue Reserves	360	250

5.2 While £2,044k is the current expected year-end reserve balance for 2016/17 based on the projected outturn this is dependent on the level of any revenue budget under-spends by the Authority. Members will note that the table above includes a sum of £148k for the s106 reserve which shows no change from year to year.

In reality there will likely be significant movement within this reserve which by law must be accounted for separately from the Authority's own reserves (see para 2.3 above). Within the budget table at paragraph 4.1 above, for ease of reporting, it has been assumed that the £100k received this year from York Potash and the £1,038k expected in 17/18 will all be spent in that financial year. However, given that there will not be a full year in which to spend it there is a likely to be a significant increase in this reserve by the end of 2017/18 which cannot reasonably be predicted at this stage. Officers will continue to update Members of FRASC throughout the year.

5.3 The Business Plan includes a number of key projects which will result in the drawdown of the capital and revenue earmarked reserves over the period.

- In addition to funding for the regular replacement of fleet vehicles, the major capital projects include a programme of essential maintenance and refurbishment at the Helmsley properties and plans to improve Sutton Bank Visitor Centre (this project will also require additional financing).
- The Business Plan period includes a number of major schemes funded by external funding which require a commitment for match funding and the Earmarked revenue reserves will be used to cover this.

5.4 Members may notice from Appendices 2 and 3 that there are major fluctuations in the expenditure on Corporate and Democratic Core. This is due to a number of factors;

- the most significant being the changes to the accounting for employer contributions following the triennial valuation, this had the impact of reducing the staffing budget in Corporate Management by £175k offset by increases in the current service rate charged direct to services.
- As the financial year progresses the increased Change Management budget will be vired from Corporate Services to fund new initiatives in year.
- Following a review of the methodology for calculating corporate recharges as part of the Business Plan process the recharges have been reduced.

6. **Financial and Staffing Implications**

6.1 These are covered in the main part of the report.

7. **Contribution to National Park Management Plan**

7.1 The aim of the report is ultimately to maximise the achievements of Park purposes and the Management Plan.

8. **Legal Implications**

8.1 The Authority has to set a balanced budget for the following financial year by 31 March 2017.

9. **Recommendation**

9.1 That Members approve the detail at the appendices 2 and 3 as the start budget for 2017/18.

9.2 That Members determine which of the formats is to be used for future budget setting papers.

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Background papers to this Report –

Business Plan report and Sutton Bank report to NPA December 2016

File ref.

Table 1 Medium Term Financial Strategy						
Income and Expenditure	2016/2017 Revised as at Dec 16 £000's	2017/2018 £000's	2018/2019 £000's	2019/2020 £000's	2020/2021 £000's	2021/22 £000's
Income						
Natural Environment	147	638	522	733	717	537
Cultural Heritage	572	541	377	286	298	13
Recreation Management	633	621	646	666	666	666
Promoting Understanding	474	607	543	435	465	438
Rangers and Volunteers	26	4	4	4	4	4
Development Management	385	290	290	306	306	306
Forward Planning	15	15	15	15	15	15
Corporate and Democratic Core	174	123	145	165	165	215
DEFRA Grant	4,163	4,235	4,308	4,382	4,456	4,532
Total Income	6,589	7,074	6,850	6,992	7,092	6,726
Expenditure						
Natural Environment	869	1,449	1,352	1,493	1,485	1,357
Cultural Heritage	822	884	673	440	457	249
Recreation Management	1,148	1,050	1,081	1,104	1,112	1,062
Promoting Understanding	1,338	1,558	1,462	1,329	1,379	1,264
Rangers and Volunteers	758	811	812	822	831	831
Development Management	792	670	695	702	711	711
Forward Planning	314	401	462	344	452	337
Corporate and Democratic Core	437	362	385	386	386	356
Total Expenditure	6,478	7,185	6,922	6,620	6,813	6,167
Economic and Other Risks Contingency			75	150	225	375
York Potash s106 Expenditure		1,038	1,292	1,946	1,799	2,053
York Potash s106 Income		1,038	1,292	1,946	1,799	2,053
Other External Funding Expenditure			263	470	456	877
Other External Funding Income			263	470	456	877
Estimated Overspend 16/17	98					
Net Cash Budget	15	-110	-146	224	57	186
Volunteers	975	1,106	1,200	1,331	1,500	1,500
Total Resource Deployed	7,550	9,329	9,751	10,516	10,792	10,971

Income and Expenditure	2016/2017 Revised as at Feb 17 £000's	2017/2018 MTFS £000's	2017/2018 Revised £000's	Movement from 2016/17 RE £000's
Income				
Natural Environment	147	638	638	+491
Cultural Heritage	572	541	541	-31
Recreation Management	633	621	621	-12
Promoting Understanding	474	607	607	+133
Rangers and Volunteers	26	4	4	-22
Development Management	285	290	290	+5
Forward Planning	15	15	15	0
Corporate and Democratic Core	174	123	123	-51
DEFRA Grant	4,163	4,235	4,235	+72
Sirius Minerals s 106	100	1,038	1,038	+938
Total Income	6,589	8,112	8,112	+1,523
Expenditure				
Natural Environment	865	1,449	1,449	+584
Cultural Heritage	807	884	904	+97
Recreation Management	1,138	1,050	1,150	+12
Promoting Understanding	1,338	1,558	1,558	+220
Rangers and Volunteers	758	811	811	+53
Development Management	701	670	670	-31
Forward Planning	314	401	381	+67
Corporate and Democratic Core	437	362	370	-67
Sirius Minerals s106	100	1038	1038	+938
Total Expenditure	6,458	8,322	8,331	+1,873
Net Cash Budget	132	-110	-218	+350

FUNCTION	Col. 1	Col.2	Col. 3.
	2016/17 Revised Estimate (Feb 17)	Draft OE 2017/18	Difference RE 16/17 & OE 17/18
Conservation Natural Environment			
Woodlands & Trees	4,000	4,000	0
Income	0	0	0
Net Expenditure	4,000	4,000	0
Moorland	26,160	26,160	0
Income	-31,750	-31,750	0
Net Expenditure	-5,590	-5,590	0
Wetlands & Water	100,000	263,730	163,730
Income	-100,000	-252,300	-152,300
Net Expenditure	0	11,430	11,430
Farmed Land	245,000	245,000	0
Income		0	0
Net Expenditure	245,000	245,000	0
Biodiversity and Wildlife Conservation	53,000	444,158	391,158
Income	-10,000	-338,457	-328,457
Net Expenditure	43,000	105,701	62,701
Employees	299,110	338,550	39,440
Income	-5,300	-15,000	-9,700
Recharges	138,140	127,443	-10,697
Gross Expenditure	865,410	1,449,041	583,631
Income	-147,050	-637,507	-480,757
NET TOTAL	718,360	811,534	102,874
Conservation Cultural Heritage			
Buildings	24,170	54,170	30,000
Income	0	0	0
Net Expenditure	24,170	54,170	30,000
Archaeology	59,820	76,130	16,310
Income	-52,320	-57,630	-5,310
Net Expenditure	7,500	18,500	11,000
Enhancement Schemes	539,640	566,988	27,348
Income	-520,000	-483,761	36,239
Net Expenditure	19,640	83,227	63,587
Conservation Areas	16,230	36,230	20,000
Local Culture & Tradition	2,500	2,500	0
Employees	98,640	106,900	8,260
Recharges	66,030	60,849	-5,181
Gross Expenditure	807,030	903,767	96,737
Income	-572,320	-541,391	30,929
NET TOTAL	234,710	362,376	127,666
Recreation Management			
National Trails	156,770	134,660	-22,110
Income	-133,460	-108,860	24,600
Net Expenditure	23,310	25,800	2,490
Access to Open Land	364,700	310,860	-53,840
Income	-89,000	-69,000	20,000
Net Expenditure	275,700	241,860	-33,840
Visitor Mgt & Facilities	65,360	61,900	-3,460
Income	-7,000	0	7,000
Net Expenditure	58,360	61,900	3,540
Car Parks	139,320	135,860	-3,460
Income	-396,900	-436,520	-39,620
Net Expenditure	-257,580	-300,660	-43,080
Targeted Outreach	24,820	30,650	5,830
Income	-7,000	-7,000	0
Net Expenditure	17,820	23,650	5,830
Employees	129,470	138,930	9,460
Recharges	257,330	237,264	-20,066
Gross Expenditure	1,137,770	1,050,124	-87,646
Income	-633,360	-621,380	4,980
NET TOTAL	504,410	428,744	-82,666
Promoting Understanding			
Visitor Centres	547,740	515,880	-31,860
Income	-240,740	-247,140	-6,400
Net Expenditure	307,000	268,740	-38,260
Info & Interp Services	288,320	471,954	183,634
Income	-212,110	-330,271	-118,161
Net Expenditure	76,210	141,683	65,473
Education Service	77,540	127,570	50,030
Income	-17,100	-25,100	-8,000
Net Expenditure	60,440	102,470	42,030
Employees	191,640	227,630	35,990
Income	-4,000	-4,000	
Recharges	232,630	214,579	-18,051
Gross Expenditure	1,337,870	1,557,613	219,743
Income	-473,950	-606,511	-132,561
NET TOTAL	863,920	951,102	87,182

FUNCTION	Col. 1	Col.2	Col. 3.
	2016/17 Revised Estimate (Feb 17)	Draft OE 2017/18	Difference RE 16/17 & OE 17/18
Rangers & Volunteers			
Ranger Services	204,060	213,000	8,940
Maintenance Teams	213,600	180,220	-33,380
Income	-17,500	0	17,500
Net Expenditure	196,100	180,220	-15,880
Volunteers	197,100	286,140	89,040
Income	-8,100	-4,480	3,620
Net Expenditure	189,000	281,660	92,660
Recharges	142,780	131,727	-11,053
Gross Expenditure	757,540	811,087	53,547
Income	-25,600	-4,480	21,120
NET TOTAL	731,940	806,607	74,667
Development Management			
Development Management	125,110	85,110	-40,000
Employees	402,540	424,920	22,380
Recharges	173,980	160,448	-13,532
Gross Expenditure	701,630	670,478	-31,152
Income	-284,750	-289,750	-5,000
NET TOTAL	416,880	380,728	-36,152
York Potash			
Gross Expenditure	100,000	1,038,500	938,500
Income	-100,000	-1,038,500	-938,500
NET TOTAL	0	0	0
Forward Planning			
National Park Mgt Plan	3,000	23,000	20,000
Statutory Devt Plans	65,000	60,400	-4,600
Local Studies & Plan	39,500	39,500	0
Income	0	0	0
Net Expenditure	39,500	39,500	0
Sustainable Development Fund	72,400	87,400	15,000
Income	-15,360	-15,360	0
Net Expenditure	57,040	72,040	15,000
Employees	89,070	129,230	40,160
Recharges	44,790	41,280	-3,510
Gross Expenditure	313,760	380,810	67,050
Income	-15,360	-15,360	0
NET TOTAL	298,400	365,450	67,050
Corporate and Democratic Core			
Support Staff Costs	378,050	385,610	7,560
Office Accommodation	57,650	57,650	0
Income	-40,000	-40,000	0
Net Expenditure	17,650	17,650	0
Support Supplies & Servs	282,850	312,850	30,000
Income	-20,000	-20,000	0
Net Expenditure	262,850	292,850	30,000
Contracted in Services	266,600	223,200	-43,400
Democratic (Cttee) Costs	76,880	75,380	-1,500
Change Management	45,000	90,000	45,000
New Income Streams	-43,000	-33,000	10,000
Corp Mgt & Admin (Emp)	304,580	198,410	-106,170
Income	-59,000	-30,000	29,000
Net Expenditure	245,580	168,410	-77,170
Recharges	-1,055,680	-973,590	82,090
Gross Expenditure	355,930	369,510	13,580
Income	-162,000	-123,000	39,000
NET TOTAL	193,930	246,510	52,580
Capital			
Gross Expenditure	82,000	100,000	18,000
Income	-12,000		12,000
NET TOTAL	70,000	100,000	30,000
Gross Expenditure	6,458,940	8,330,930	915,490
Gross Income	-2,426,390	-3,877,880	-522,290
NET TOTAL	4,032,550	4,453,050	393,200
Funded by:			
NPG	-4,163,160	-4,234,800	-71,640
Reserves			
Net transfer to reserves	130,610	-218,250	-370,860