

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

6 February 2017

Budget Estimate 2017/18

1. Purpose of the Report

- 1.1 To provide Members with an update on the budget for 2017/18, including minor revisions from the budget approved in the Business Plan.

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 as 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. This was based on consultation with Members and a number of key assumptions in relation to expenditure on new priorities, staff pay awards, pensions and income generation. These assumptions have not changed and the budget presented for discussion is based on those figures subject to changes relating to capital (as approved at December Authority Meeting) and externally funded projects as detailed below.
- 2.3 Members also approved the Reserves Strategy for the Business Plan period in December 2016.
- 2.4 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 disclosed 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.

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 totals £4,235m in 2017/18.

4. 2017/18 Budget

- 4.1 The table below summarises the position in relation to expenditure and income for the current financial year 2016/17, based on the detail in Item X, together with a current projection for 2017/18. The detail supporting these figures can be found at **Appendix**.

	2016/17 Latest RE Budget £'000	2017/18 Indicative Budget £'000
DEFRA Grant	4163	4235
Other Income	2326	3239
Sirius Minerals Ltd s106	100	1038
Gross Expenditure	-6457	-7285
Transfer from/to (-/+)Various Reserves	132	-210
Net Budget	0	0

4.2 Update to the 17/18 Budget

The budget in the **Appendix** includes three revisions:

- Following approval at December NPA £100k has been transferred from reserves for car parking and traffic management improvements at Sutton Bank Visitor Centre.
- Adjustments have been made to the profile of the This Exploited Land of Iron Project following detailed discussions with the newly appointed project team.
- An additional amount to cover additional hours payments to enable part time staff to attend corporate training and events of £8k.

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. 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, and the extent to which these under-spends have to be allocated to ear-marked reserves (because they represent commitments to spend sometime in the future) or general reserves, which could potentially be used to meet any immediate funding gaps arising in 2017/18 or beyond.

5.3 The Business Plan includes a number of key projects which will result in the draw down 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.

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 by 31 March 2017 and this report is part of the process to be undertaken in order to ensure that this is done.

9. **Recommendation**

9.1 That Members note the proposals for the budget 2017/18 and contents of this report, and recommend to Authority on 20 March that the budget be approved.

Contact Officers:

Andy Wilson - Chief Executive/National Park Officer

Karen Iveson - S151 Officer

Irene Brannon - Director of Corporate Services

Tel No 01439 772700

Background papers to this Report –

Business Plan report and Sutton Bank report to NPA December 2016

File ref.

2015/2016 Income and Expenditure	2016/2017 Revised £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	-95
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	869	1,449	1,449	+580
Cultural Heritage	822	884	884	+62
Recreation Management	1,148	1,050	1,150	-98
Promoting Understanding	1,338	1,558	1,558	+220
Rangers and Volunteers	758	811	811	+53
Development Management	692	670	670	-122
Forward Planning	314	401	401	+87
Corporate and Democratic Core	437	362	370	-67
Sirius Minerals s106	100	1038	1038	+946
Total Expenditure	6,478	8,323	8,331	+1,853
Net Cash Budget	15	-110	-218	