

YORKSHIRE DALES NATIONAL PARK AUTHORITY
FINANCE & RESOURCES COMMITTEE

15th May 2006

DEFRA CORE GRANT and PLANNING DELIVERY GRANT, 2006/07

Purpose of the Report

To inform Members of the actual amounts now announced for the above grants, in the context of the 2006/07 budget and beyond.

Strategic Planning Framework

The information contained in this report is consistent with the Authority's approved and adopted strategic planning framework:

- *Best Value Performance Plan*
“ Plan and manage all aspects of the Authority's business so as to make the most effective use of our resources.”

1. Background

2006/07

The budget approved by members for the current financial year (commencing 1st April 2006) assumed receipts for the DEFRA Core Grant of **£4.907m** and for the Planning Delivery Grant of **£80k**.

In the event (and contrary to their earlier statements), DEFRA have increased the core grant to **£5.023m**, an increase of **£116k**, for **2006/07** (see **Appendix 1**). The Office of the Deputy Prime Minister has also now announced a Planning Development Grant allocation for the Authority of **£77k**, a shortfall of £3k when compared with the budget estimate, and which grant has been used to part-fund the increased salaries costs of the Planning Department (a combination of increased staff numbers and market rate supplements). The net impact of these grant announcements for 2006/07 is that the Authority is **£113k** better off than anticipated.

2007/08

For 2007/08, the budget assumed further savings of £104k, based on a standstill DEFRA grant. These assumptions were based on statements from DEFRA up until late March 2006. The planned budget also included a presumption that the Planning Development Grant for 2007/08 would continue at its current rate for the final year of its operation (at £80k). Because of the level of known savings that had to be made, along with uncertainties over the award criteria for the Planning Development Grant, it was recognised that the Authority could be facing an immediate deficit for 2007/08 of £194k. However, DEFRA have now announced (Appendix 1) that their core grant for 2007/08 will be £5.151m, with the net impact that the authority is **£244k** better than anticipated, enabling the Authority to manage the shortfall already identified (£104k) and the risk of a £nil award in the final year of the Planning Development Grant (£80k).

2008/09

For **2008/09**, savings of £54k were required to balance a budget which assumed a return to an annual DEFRA grant increase of some 4% (approximately £200k) above the level of the 2005/06 grant and the replacement of the Planning Delivery Grant by an offsetting increase in planning fees of £80k. However, DEFRA have indicated that the increases to grant announced within Appendix 1

will remain built in for future grant purposes. So an increase of only 1.7% will be necessary in 2008/09 to balance the current projected budget for that year, even assuming no increase in planning fees.

2. The need for further work

Although the extra grant announced by DEFRA is very welcome news, the Authority still needs to look very carefully at its spending plans. As Members will recall, the 2006/07 budget was set only after agreeing to cut £200k from project and overhead budgets, including temporary staff.

Whilst the need to review projected budgets in detail, and in particular staff costs, is no longer critical for balancing next year's budget, the need for a detailed and fundamental review remains, to ensure that the Authority retains sufficient of its budget to spend on project activity, and to 'future proof' longer term budgets against becoming moribund and locked into funding an increasing salaries bill. The work that officers now need to undertake splits into two parts: a very detailed projection of salary costs for the next 10 years, and a similar analysis of project costs. The first part (salary costs) will be completed by the August 2006 meeting of the F&R Committee and will give a very strong steer to the next phase of work (on project spending) which will be included within the budget work on the agenda of the Autumn meeting of the F&R Committee. In between these two phases, there will be a re-examination of policy priorities by the Authority.

The objective will be a staffing structure that the Authority can afford, with sufficient monies to fund projects and programmes for that staff body to undertake, all paid for from income (rather than from receipts from selling off assets). The additional DEFRA money just announced has bought the Authority time to undertake the necessary work in a measured way, and the slow-down in increase to DEFRA monies can now be planned for, rather than being dealt with through a more reactive approach.

Finally, Members will also be aware of the additional costs associated with the Northern Office project, and the need to make provision to meet these costs. This situation adds support to reserving any allocation of the 'extra' monies until the financial picture is clearer.

RECOMMENDATIONS

Members are asked to note the contents of this report, and to agree the proposed approach.

RICHARD BURNETT
HEAD OF FINANCE & RESOURCES

27th April 2006

APPENDIX 1
NPA GRANT ALLOCATIONS

	2005/06	2006/07	Increase on 2005/06	2007/08	Increase on 2006/07	Additional funding over 2 years *
Broads	3,933,182	4,025,018	91,836	4,126,763	101,745	285,417
Dartmoor	4,308,058	4,409,116	101,058	4,521,078	111,962	314,078
Exmoor	3,616,422	3,700,466	84,044	3,793,578	93,112	261,200
Lake District	6,290,679	6,440,510	149,831	6,606,508	165,998	465,660
New Forest	3,517,297 (Notional)	3,622,764	82,178	3,713,810	91,046	255,402
Northumberland	3,010,044	3,079,171	69,127	3,155,757	76,586	214,840
North York Moors	4,933,864	5,050,317	116,453	5,179,335	129,018	361,924
Peak District	7,542,550	7,723,177	180,627	7,923,294	200,117	561,371
Yorkshire Dales	4,906,870	5,022,659	115,789	5,150,942	128,283	359,861
Discretionary fund	71,034	47,744	-	67,993	-	20,247
Total	42,130,000	43,120,942	990,943	44,239,058	1,097,867	3,100,000

* Total funds required to raise grant from 2005/06 levels over 2 years, ie. 2006/07 increase over 2005/06 plus 2007/08 increase over 2005/06

