

Date: 29 January 2008

Report: PROPOSED BUDGET 2008/09

Purpose of the Report

1. To seek approval of the 2008/09 budget , and to note the projections for the 2009/10 and 2010/11 Financial years as considered by the Finance and Resources Committee on 3 December 2007.

Strategic Planning Framework

2. The information and recommendations contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework, and in particular its objective 'to manage all aspects of the Authority's business so as to make the most effective use of our resources' (Best Value Performance Plan).

2007/08 Proposed Budget

3. Financial Regulations require that the Annual budget be approved by the full Authority:

*"3.1.2 Whilst the Finance & Resources Committee have the authority to approve in-year virements and other variations to the budget, the annual 'start' budget will be approved by the full Authority."
(Financial Regulations, May 2006).*

The Finance and Resources Committee met on 3 December 2007 to discuss the proposed budget for 2008/09 and indicative budgets for 2009/10 and 2010/11; a copy of the papers (excluding Appendices 2 and 3, comprising 88 pages of text, which are available on request as Background Documents) are attached as **Annex 1** to this report. Appendix 4 to this Annex summarises the proposed budget for 2008/09 and the Committee recommended that this be put to the Authority for Approval (**Recommendation**).

4. The Financial Settlement for 2008/09 had not been announced at the time that this budget was set, however, it was recommended by the Finance and Resources Committee that any additional resources above a flat settlement rate (that projected within the draft budget) be allocated to the Opportunities Fund and proposals for the allocation of this to be considered by the Finance and Resources Committee at its meeting in May 2008.

5. The Authority has subsequently received a letter from Defra (**Annex 2**) with welcome news of settlement increases for the next three years; details are summarised in the following table:

	2007/08 (= this year)	2008/09	2009/10	2010/11
	£	£	£	£
Core Grant	4,950,942	5,172,616	5,320,362	5,472,172
SDF	200,000	200,000	200,000	200,000
Total	5,150,942	5,372,616	5,520,362	5,672,172

This means that the Authority will receive an additional £221.7k to allocate in 2008/09. Spending proposals will be taken to the Finance and Resources Committee in May 2008, with the accompanying report to cover a review of the staffing decisions taken to date, proposals for programme spend and any capital options.

6. The report that was presented to Finance and Resources Committee included details of changes to Best Value Performance Objectives. Since the date of that committee there has been a further review of the Corporate and Democratic Core Objectives. **Annex 3** to this report details the objectives included in the December report in (Appendix 3) and the proposed revised objectives.

RECOMMENDATIONS

7. That Members approve

- the 2007/08 budget as summarised in Appendix 4 of Annex 1 to this report, as recommended by the Finance and Resources committee on 3 December 2007
- the changes to the Corporate and Democratic Core Objectives detailed in Annex 3.

Irene Brannon
Senior Finance Officer

Richard Burnett
Head of Finance & Resources

15 January 2008

Background documents:

Finance and Resources Committee 3 December

Appendix 2 – Outline Budget Bids 2008/09 (83 pages)

Appendix 3 – Changes to Best Value Performance Plan Objectives (5 pages)

YORKSHIRE DALES NATIONAL PARK AUTHORITY**ITEM 9****Committee: FINANCE AND RESOURCES****Date: 3 December 2007****Report PROPOSED BUDGET 2008/09****Purpose of the Report**

1. To seek the Finance and Resources Committee's approval to recommend, to the full Authority, the 2008/09 budget as described and to note the projections for the 2009/10 and 2010/11 Financial years.

Strategic Planning Framework

2. The information and recommendations contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework, and in particular its objective 'to plan and manage all aspects of the Authority's business so as to make the most effective use of our resources' (Best Value Performance Plan).

Introduction

3. This paper sets out the proposed budget for 2008/09, together with 'indicative' budgets for the subsequent two years. The objective of this paper is to give members sufficient background to understand the process that has been followed, and to be able to question the allocations made within the draft budget.

The 2008/09 Grant Settlement and its impact

4. The Financial Grant Settlement from DEFRA for 2008/09 had not been announced at the time of writing. Given the results of the Comprehensive Spending Review (CSR) for DEFRA as a whole, which, barring some predicated funding, was a flat settlement overall, it has been assumed that the level of grant to National Park Authorities will remain unchanged from the 2007/08 level. In future years it has been assumed that we may be allocated small increases of 1.2% and 2.6% in 2009/10 and 2010/11; at this stage these are 'balancing figures' within those years budgets, although the increases are cumulatively well below the predicted inflation levels. This situation will be reviewed during the budget process for next financial year.

5. The assumption of a 'nil' grant increase has meant that little change could be made to programme bids. The ratio between staff costs and the DEFRA core grant has been maintained at slightly under the 70% target (69.2%) based on recruitment decisions taken to date (See item on agenda of this meeting). However in 2009/10 and 2010/11 when increases in pay and incremental progression have been factored in further savings of £116k in 2009/10 and £145k in 2010/11 will be needed in order to maintain the staffing to core grant ratio at no more than 70%.

6. In the event that the settlement announcement results in an increase it is proposed that this is put into the Opportunities Fund. Any increase in the 2008/09 award will therefore be available for project spending, and will also ease the management of the staff costs to grant ratio in subsequent years.

The Budget: relationship with policy priorities

7. Members will be aware of the work undertaken to identify policy priorities. The budget has been drafted in accordance with the model first used in 2004/05, which links resources to priorities.

8. The current list of programmes in priority order (**Appendix 1**) was approved at the Authority meeting on 25 September 2007.

9. Within the budget process, the **priorities** now direct resources (through the **annual budget**) which are in turn more clearly linked to objectives (the **Best Value Performance Plan**). The emphasis is on ensuring that we stay on course to meet those of the Authority's objectives that have a higher priority, acknowledging that we are not in a position to fund everything we would like to do.

10. The budget process has resulted in the preparation of the following documents:

- A full set of detailed bids, one for each programme, (**Appendix 2**), and the changes to Best Value Performance Plan objectives that these budget allocations dictate (**Appendix 3**).
- The draft budget (**Appendix 4**): a balanced budget including these bids. Note that this is the 'net' budget, and shows, for example, Car Parking income net of operating costs and Retail income net of stock costs.

11. The draft budget (**Appendix 4**) is divided into three sections:

- Income from DEFRA ('National Park Grant')
- Employment and Central Costs
- Programmes

12. Of these, the first is self-explanatory, and the third is the sum of the detailed bids (**Appendix 2**). Of the second category, as in previous years, the report shows **all** staff costs within 'Core Costs'. Although the majority of staff costs relate directly to the delivery of programmes, the reasons for disaggregating them are:

- (i) Salary costs are seen, at least in the short- to medium-term, as fixed costs. Existing staff have the flexibility to deliver other objectives or to change emphasis in delivery.
- (ii) Salary cost increases are composed of the nationally-agreed annual pay award and annual incremental movements up pay scales. There is therefore not always a straightforward link between changes in staff costs and the financial allocation to priorities.

Requirements and Assumptions within the budgeting process

13. The draft 2008/09 budget has been set based on two requirements:

- That it should balance: we shouldn't spend more money than we will receive. However, because future grant settlements are likely to be very challenging, no systematic use of existing or anticipated reserves is proposed: what we spend in year will match our income for that period. 'Systematic' in this case means that **reserves should not be used to fund the 'fixed' or continuing costs of the Authority**, such as salaries, office costs and so on, because reserves shouldn't be used to shore up the Authority in the long term.
- That the **proportionate relationship between staff costs and the National Park Grant** should be maintained at an agreed level of 70% with opportunities being taken to manage costs, principally through staff departures. However, it is worth noting that not all departures generate permanent savings, but that in some areas appointing staff is the main means of progressing the work (so current vacancies for a Definitive Map Officer and a Planning Officer will be filled by the time the draft budget starts). This issue is dealt with in more detail elsewhere on the agenda if this meeting.

14. The budget itself has been prepared according to the following assumptions:

- **Staff costs:** (i) That the 2008/09 national pay award will be 2.5%; this is still subject to negotiation between the Local Government Association and UNISON. (ii) The staff 'vacancy factor' has been kept at 5% (see separate item on the agenda). (iii) The employer's contribution rate to the Authority's Pension Scheme will continue at 19.6%. (iv) There are no further changes in National Insurance rates.
- The 2008/09 budget does not include an amount for the utilisation of '**reserves**', as explained at the start of this section. The only 'permanent' cash reserve that the Authority holds is the Audit-required contingency fund, currently at £250k which meets the target '5% of grant income' set in the Authority's Treasury Management Policy.

What the proposed budget is actually showing

15. The detail of the proposed budget (**Appendix 4**) records a number of changes, comparing 2008/09 with 2007/08.

16. The first page of Appendix 4 records changes to Employment and Central Costs. Increases in Employment Costs relate to the combined effect of the national pay award and progression up pay scales, rather than to taking on more staff. The percentage increase varies across departments depending on:

- How many staff in a particular department are already at the top of the pay scale for their job (so only the pay award applies).
- Whether any short-term contracts have come to an end.

17. Changes to Support Costs show an overall decrease, either because, in simple '£' terms the budgets have reduced, or because the budgets are shown as the same as in the previous year (so they have 'absorbed' inflation, an effective reduction in what those budgets can buy). All Support Cost budgets have been reviewed very critically, and are now cut back to what is felt to be an operational minimum (though different approaches to purchasing may generate further savings).

18. The only notable decrease in relation to Support Costs budgets are shown by the lines 'Support Services', from a tender exercise for Insurance and savings made on Audit Fees following the appointment of new external auditors.

19. The second page of Appendix 4 records the 'programme' spending. For programmes defined as Priority 1, the changes are either increases (as befits the intention to allocate more resources in line with higher priority) or 'natural' decreases in line with service objectives: for example, the removal in the spending on the Limestone Country project reflects the fact that that project is coming to its end. The other notable increase is in relation to Climate Change which was introduced as a new Priority 1 programme.

20. For programmes defined as priorities 2 and 3, the budgets have, in general, either remained static or decreased, and future objectives for those areas will have been reduced (the detail of which is contained within the individual programme details, **Appendix 2**). The exceptions to this are in relation to Access to All and Branding where new bids have been introduced; whilst these are Priority 3 programmes it is recognised that their delivery can enhance performance in other higher priority areas and will also assist in the achievement of National Management Plan and External Funding Strategy objectives.

RECOMMENDATIONS

21. That Members:

1. Recommend the draft 2008/09 budget as presented for approval by the full Authority.
2. Note the projections for the 2009/10 and 2010/11 financial years.

Irene Brannon
Senior Finance Officer

19 November 2007

Background documents: none

Richard Burnett
Head of Finance & Resources

YDNPA PRIORITIES FOR 2008/09

Priority Programmes (A)

Biodiversity	Development Control
Green Lanes	Farm Conservation
Climate Change	Rights of Way
Sustainable Development Fund	Web-based Services

Programmes where we will maintain a good level of service and/or make steady improvements

(B)	(C)
Archaeology	Building Conservation
Enforcement	Communications
Outreach	Countryside Skills and Training
Recreational Activities	Definitive Map
Sustainable Tourism Support	Education
Trees and Woodlands	Planning Policy
Volunteers	State of the Park
Yorkshire Dales Millennium Trust	Toilets

Programmes where progress will be limited and/or dependent on external funding

(D)	(E)
'Access for all'	Branding
Cultural Heritage	Car Parks
Geodiversity	Events
Historic Environment Record	National Park Management Plan
Landscape Policy and Advice	Pennine Bridleway
National Park Centres	Public Transport
Open Access	Retail
Park Information Points	Traffic Management

DRAFT BUDGET 2008/9

PRIORITY PDF 2007	2007/8 BUDGET NET £000's	2008/9 BUDGET NET £000's	CHANGE FROM 2007/08 £'000's	CHANGE FROM 2007/08 %	2009/10 BUDGET NET £000's	2010/11 BUDGET NET £000's
	(a)	(b)	(c)=(b)-(a)	(d)	(e)	(f)
Core Grant	-4951	-4951	0.0	0.0%	-5001	-5114
Sustainable Development Grant	-200	-200	0.0	0.0%	-200	-200
National Park Grant & Levies	-5151	-5151	0.0	0.0%	-5201	-5314

Employment & Central Costs:

Employee Costs (A100) - Conservation of the Natural Environment	321	353	32	9.8%	367	382
Employee Costs (B100) - Conservation of Cultural Heritage	156	124	-32	-20.5%	129	134
Employee Costs (C100) - Recreation Management	605	568	-37	-6.1%	591	614
Employee Costs (D100, D200, D300 & D500) - Promoting Understanding	717	724	7	1.0%	753	783
Employee Costs (E100) - Traffic and Transport	39	40	1	2.6%	42	43
Employee Costs (F100) - Rangers	283	287	4	1.4%	298	310
Employee Costs (G100) - Planning	517	539	22	4.3%	611	635
Employee Costs (H100 & H101) - Forward Planning	120	124	4	3.3%	129	134
Employee Costs (J100) - Corporate Management	824	846	22	2.7%	880	915
Employee Costs Savings to be Identified	0	0	0	2.7%	-116	-145
Media	6	6	0	0.0%	6	6
Support Services	141	130	-11	-7.8%	134	138
Secretariat	5	8	3	60.0%	10	10
Legal Services	15	15	0	0.0%	15	15
Office Accommodation	92	94	2	2.2%	97	100
Health & Safety	3	3	0	0.0%	3	3
Member Costs	116	116	0	0.0%	119	123
IT Licences, Consumables and Support	124	124	0	0.0%	124	124
Contracts (C200 & C520 & F200)	145	145	0	0.0%	147	158
Training	38	38	0	0.0%	38	38

DRAFT BUDGET 2008/9

PRIORITY PDF 2007	2007/8 BUDGET NET £000's	2008/9 BUDGET NET £000's	CHANGE FROM 2007/08 £'000's	CHANGE FROM 2007/08 %	2009/10 BUDGET NET £000's	2010/11 BUDGET NET £000's
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Bids:

Biodiversity	1	A	71	71	0	0.0%	81	81
Climate Change	1	A	0	56	56	New	5	10
Development Control	1	A	-89	-95	-6	6.7%	-95	-95
Farm Conservation	1	A	20	42	22	110.0%	25	5
Green Lanes	1	A	53	44	-9	-17.0%	29	19
Limestone Country Project	1	A	30	0	-30	-100.0%	0	0
Rights of Way	1	A	204	204	0	0.0%	204	204
Sustainable Development	1	A	204	205	1	0.5%	205	205
Web-based Services	1	A	11	16	5	45.5%	16	16
Archaeology	2	B	31	31	0	0.0%	31	31
Enforcement	2	B	1	1	0	0.0%	1	1
Outreach	2	B	22	15	-7	-31.8%	9	9
Recreational Activities	2	B	27	27	0	0.0%	27	27
Sustainable Tourism	2	B	18	13	-5	-27.8%	13	13
Trees & Woodlands	2	B	66	77	11	16.7%	82	77
Volunteers	2	B	62	67	5	8.1%	74	74
YDMT	2	B	45	45	0	0.0%	45	45
Building Conservation	2	C	19	29	10	52.6%	30	30
Communications	2	C	41	43	2	4.9%	46	48
Countryside Skills & Training	2	C	0	0	0	0.0%	0	0
Definitive Map	2	C	14	16	2	14.3%	18	18
Education	2	C	4	4	0	0.0%	5	5
Planning Policy	2	C	36	26	-10	-27.8%	40	30
State of the Park	2	C	6	1	-5	-83.3%	1	1
Toilets (incl Estates Maintenance)	2	C	184	188	4	2.2%	193	197
Access for All	3	D	0	5	5	New	5	5
Cultural Heritage (including PM)	3	D	61	65	4	6.6%	65	65
Geodiversity	3	D	5	5	0	0.0%	5	4
Historic Environment Record	3	D	3	3	0	0.0%	3	3
Landscape Policy & Advice	3	D	5	5	0	0.0%	2	2
National Park Centres (including PM)	3	D	112	112	0	0.0%	114	117
Open Access	3	D	22	23	1	4.5%	23	25
Park Information Points	3	D	3	3	0	0.0%	7	3
Branding	3	E	0	10	10	New	5	5
Car Parks	3	E	-398	-398	0	0.0%	-401	-402
Events (includes DCM Events)	3	E	7	4	-3	-42.9%	4	4
National Park Management Plan	3	E	1	1	0	0.0%	1	5
Pennine Bridleway	3	E	-11	-11	0	0.0%	-6	0
Public Transport	3	E	1	0	-1	-100.0%	0	0
Retail	3	E	-81	-86	-5	6.2%	-87	-94
Traffic Management	3	E	0	0	0	0.0%	0	0
			810	867	57	7.0%	825	793
Net Expenditure			5077	5151	74	1.4%	5201	5314
Opportunities Fund			74		0		0	0
National Park Grant & Levies			-5151	-5151	0	0.0%	-5201	-5314
Net Position (Surplus) / Deficit			0	0	0		0	0

ANNEX 2

2008/09 – MINISTERS LETTER

Nobel House
17 Smith Square
London SW1A 3JR

Telephone 08459 335577
Email jonathan.shaw@defra.gsi.gov.uk
Website www.defra.gov.uk



To: Chairs of the National Park Authorities
(including the Broads Authority)

Your ref:
Our ref:

6 December 2007

From Jonathan Shaw MP
Minister for Marine, Landscape & Rural Affairs and Minister for the South East

Dear Chairman,

NATIONAL PARK GRANT ALLOCATIONS 2008/09 – 2010/11

I am writing to let you know the grant settlement for each National Park Authority and the Broads Authority for CSR period, ie 2008/09 – 2010/11.

You will appreciate the severe financial pressures facing the Department, and the impact that this has had on the funding for our delivery partners. However, I have always attached a huge value to the National Parks and since taking up my ministerial responsibilities in Defra I have already visited five of the Parks, and will be visiting the others over the coming months. During my visits I have been greatly impressed by the impact that your Authorities are having across a whole range of important issues, ie conserving the landscape, protecting historic buildings and monuments, facilitating access to the countryside, increasing social inclusion, helping meet the need for affordable housing, protecting endangered species, supporting the national curriculum, combating youth crime, tackling the challenge of global warming, exploring ways of more sustainable living, supporting the rural economy.

I have listened very carefully to the arguments which you have put to me in recent months and I have decided to increase the total grant by 4.2% in 2008/09 to match the increase in Revenue Support Grant which local government will receive, and in the second year by 2.9% and in the third year by 2.75%. This allows each Authority to receive an increase in core grant which is in line with the Treasury's inflation forecasts.

The overall settlement will result in an increase of 10.2% over the CSR period and an increased investment of £9.6 million, within this the Sustainable Development Fund continues at the current level of £200,000 pa.

I am aware of the need to make adequate provision for establishing a new National Park Authority so that it can make rapid progress in the early years. With this in mind I have

decided to provide the New Forest National Park Authority with an additional £400,000 over years 2 and 3 of the CSR period.

For the Broads, implementation of the Sediment Management Strategy will bring many benefits and so for the restoration of the Broads ecosystems I will again provide £500,000 in year 1, and £400,000 in each of years 2 and 3.

My officials will shortly be discussing the reporting arrangements for these specific funds with the Broads Authority and the New Forest National Park Authority.

The settlements for each Authority for the three year period are detailed in the table below.

	2007/08	2008/09	2009/10	2010/11
Broads *	4,126,763	4,304,337	4,322,706	4,441,581
Dartmoor	4,521,078	4,715,643	4,845,323	4,978,570
Exmoor	3,793,578	3,956,834	4,065,647	4,177,453
Lake District	6,606,508	6,890,824	7,080,322	7,275,031
New Forest **	3,845,475	4,010,965	4,321,266	4,440,101
Northumberland	3,155,757	3,291,563	3,382,081	3,475,088
North York Moors	5,179,335	5,402,230	5,550,791	5,703,438
Peak District	7,923,294	8,264,281	8,491,549	8,725,067
Yorkshire Dales	5,150,942	5,372,616	5,520,362	5,672,172
Discretionary fund	42,993	0	0	0
Exmoor Deer Grant	25,000	25,000	0	0
Total	44,370,723	46,234,294	47,580,049	48,888,501

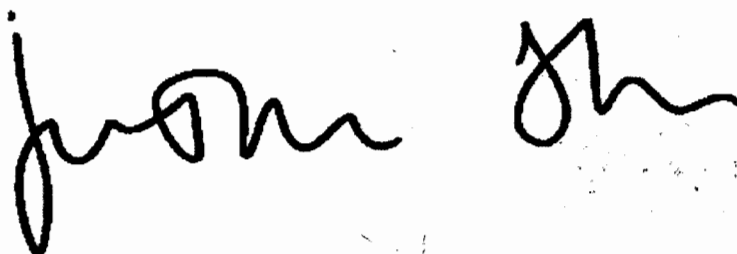
* Includes reduction in the Broads ecosystems dredging fund in 2009/10 and 2010/11

** NFNPA includes planning allowance and additional start up funding in 2009/10 and 2010/11

This is a three year settlement. The figures for year 1 are final; these for years 2 and 3 represent our firm intentions which, barring any major new pressures arising, we do not intend to re-open.

Even though you are not reporting to Defra on efficiencies we expect you to match local government and this will also give you further scope for growth.

I am copying this letter to Sir Martin Doughty at Natural England, and Paul Hamblin at the English National Park Authorities Association.



JONATHAN SHAW

Revision to Corporate and Democratic Core Objectives

(a) **Extract from Appendix 3 to the Finance and Resources Budget Report**

CORPORATE AND DEMOCRATIC CORE FUNCTIONS

21. Plan and manage all aspects of the Authority's business so as to make the most effective use of our resources and consistently reduce the environmental impact of the Authority's own projects and operations:
 - a) achieve at least 80% of the actions identified in the Best Value Performance Plan (BVPP) each year
 - b) ~~achieve~~ retain the ~~revised~~ 'Investors in People' (IIP) standard by December ~~2007~~ **2010**.
 - c) make the Authority 'carbon neutral' by 2012**
22. Provide high quality, efficient and effective services to the public in a way that responds to the needs of users and ensures that they are widely accessible to those who live, visit or work in the National Park, including paying 100% of invoices within 28 days by 2008.

(b) Proposed revised Corporate and Democratic Core

1. Plan and manage all aspects of the Authority's business as to make the most effective use of our resources and consistently reduce the environmental impact of the Authority's own projects and operations:
 - Achieve at least 80% of the actions in the BVPP each year
 - Retain the Investors in people standard (IIP) by December 2010
 - Work towards the Authority becoming 'Carbon Neutral' by 2012
2. Provide high quality, efficient and effective services to the public in a way that responds to the needs of users and ensures that they are widely accessible to those who live, visit, or work in the National Park:
 - Carry out surveys of our different audiences and ensure that information on customer satisfaction with our services is never more than 3 years old.
3. Ensure the Authority has developed its corporate governance and financial arrangements to ensure the highest public standards are in place by:
 - Considering the CIPFA/SOLACE governance principles, and developing principles for the Authority by 2008

- Introducing an annual governance statement to replace the statement of internal control by 2008
 - Maintaining a Local Code of Corporate Governance to assess the Authority's compliance with the governance principles throughout the period of this Corporate Plan.
4. Ensure a robust and accountable Performance Management Framework is in place and is driving improvement:
- Carry out an annual assessment of the Authority's performance [in relation to its own objectives and in comparison with other national park authorities], and identify areas for improvement;
 - Ensure that at least 75% of the Authority's objectives are achieved or remain 'on course' each year;
 - Ensure the Authority is in the top quartile of National Park Authorities, who are assessed under the National Park performance assessment process (NPAPA) by 2011.
 - Ensure the Authority is in the top quartile of National Park Authorities in the assessment of 'family ' Performance Indicators
5. In broad terms, the Authority will seek to secure levels of external funding that would enable it to:
- keep its own total 'project' expenditure to at least the same level in real terms as in 2006/07;
 - work with and through the Yorkshire Dales Millennium Trust and others to secure further direct external funding for YDNPA-supported projects in the Park to at least the same level in real terms as in 2006/07.