

Committee: FINANCE AND RESOURCES

Date: 8 February 2008

Report: EXTERNAL FUNDING TARGETS

Purpose of the Report

1. To set targets for external funding for the three years 2008/09, 2009/10 and 2010/11.

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. The Authority approved an External Funding Strategy on 27 November 2007 which included the following objective:

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.*
(2006/07 was set as a base year, being the most recent 'complete' financial year for which income levels are known)

4. Members decided that the Finance and Resources Committee should be given delegated responsibility to set and monitor progress against such future targets. The purpose of this report is therefore to set out the targets for the next three financial years and to establish a process for monitoring performance against these targets.

Current Financial Climate

5. Since the External Funding Strategy was approved, Defra have announced the Authority's grant settlement for the three financial years to 2010/11, at a level that gives a cumulative increase in Defra grant of 10% over the three years that follow the current year (2007/08; see table below).

	2007/08	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
£ increase		221,674	147,746	151,810

6. The certainty that this first 'three year settlement' has given the Authority about its core funding (and therefore budgets) allows external funding targets to be set for the next three years. Additionally, because the allocation for 2008/09 is £221k over that assumed in the current budget, the target as defined by the Strategy is somewhat lower than it would otherwise have been.

Calculating the target for YDNPA External Funding in 2008/09 and future years

7. The External Funding Strategy relates future external funding targets to the 2006/07 year as a baseline. **Appendix 1** summarises the base data and shows the impact of inflation (whilst taking into account the 70% ceiling on salaries spend), which is then used to calculate the targets for 2008/09, 2009/10 and 2010/11. The definition of 'total' project expenditure stated in the strategy has been interpreted as the gross expenditure for all programmes and as so excludes staff costs and 'corporate overheads'.

8. The baseline figure for 2006/07 is £2,421,000. This has then been inflated by 3% per annum to give a target of total programme spends of

2008/09	£2,568,000
2009/10	£2,645,000
2010/11	£2,725,000.

9. **Appendix 1** assumes that the Staff Costs will remain at 70% of the Defra grant (plus the additional pension fund contribution). It also assumes that other corporate overhead will be subject to inflationary pressures. However, the Authority will take all opportunities to ensure that costs are managed effectively and any savings in these areas will assist in achieving the targets set in paragraph 8.

10. **Appendix 1** also identifies a number of significant income streams that are included in the 2006/07 base data but which have either now ended or are due to end

(perhaps most significantly the Pennine Bridleway). With these grants coming to an end , there is a need for extra external funding if the level of programme spending in 20076/07 is to be maintained in future years. The additional external funding needed for the next three years (this being income that has not yet been budgeted for but which will be needed to reach the targets set in paragraph 8) are therefore:

2008/09	£189k
2009/10	£66k
2010/11	£668k

11. This total 'extra external income' needed, above that budgeted for, is therefore **£923k**. Whilst it would be possible to 'equalise' the target income across the three years (to about £300k a year), it would seem better to keep the targets separate for each year (as above), particularly given the very high target for 2010/11. For the latter year (and subsequent years), the magnitude of the target means that a substantial new source of external funding is required, and the time now available gives the Authority the opportunity to identify what this source will be.

12. Note, however, that additional income or saved costs on any of the budget lines shown in Appendix 1 could contribute to reducing the 'shortfall' target.

Calculating the target for External Funding secured in partnership with other bodies in 2008/09 and future years

13. It is important not to lose sight of the fact that sometimes the Authority can be more effective in raising funding for major projects by working with and through other bodies (rather than seeking to secure the funding for itself).

14. There is an almost endless list of funding that comes into the Park and which the Authority plays some role in securing (agri-environment grants, SDF project match-funding etc). However, for the purposes of this objective, it is suggested that we focus only on major projects (or programmes of projects) where the Authority has played a material role in supporting the project. That means being directly involved in developing the original project/funding bid and contributing directly to the project (through officer time/money). In each case, the 'external funding' will be calculated as the total annual expenditure on the project (excluding the Authority's own contribution).

15. In 2006/07, there were only 3 major projects that fell into this category: 'Learning in Limestone Country'; 'Dales Woodland Creation' and 'Hay Time'. All of these were projects in which we were a partner with the Yorkshire Dales Millennium Trust. Total external funding for those three projects in 2006/07 was £563,000.

16. Targets for the next three years (using the same inflation assumptions as above) are set out in **Appendix 2**. The appendix also identifies 'planned' external funding over the period and the overall 'shortfall' that needs to be made up in order to meet the targets.

Monitoring achievement

17. The Finance and Resources Committee already receive a quarterly report which details the receipt of grant income as part of the Quarterly Financial Progress Report. This report will be adapted to monitor progress on the funding streams identified above for internal purposes. It will also be possible to report on progress against the partnership targets at six-monthly intervals as part of the same report.

RECOMMENDATIONS

18. That members
- agree the additional funding targets as calculated (paragraph 10)
 - agree the targets for external funding secured in partnership with YDMT and other bodies set out in Appendix 2
 - agree that the Quarterly Financial Progress Report be adapted to monitor progress against both the “internal” targets on a quarterly basis and against the partnership targets at the 6 month and outturn stages.

Irene Brannon
Senior Finance Officer

21 January 2008

Background documents:
Item 12 Authority 27 November 2007 – External Funding Strategy

External Funding Target

Calculation of Target	Base Year				
	2006/07	2008/09	2009/10	2009/10	
	Gross Expenditure	Target	Target	Target	Comments
	£000	£000	£000	£000	
Inflation (RPIX)		3%	3%	3%	
Gross Programme Expenditure to be Achieved	2421	2568	2645	2725	
Budget Expenditure Projections					
Staff Costs	3,649	3800	3872	3920	Assume 70% of DeFRA Grant plus additional pension and grant funded officers
Corporate Non Salaries Costs	840	891	918	945	Assume inflation at 3%
Project Costs	2421	2568	2645	2725	
Total Gross Expenditure	6,910	7,260	7,435	7,591	
Core Grant	-4707	-5172	-5320	-5472	
Sustainable Development Fund	-200	-200	-200	-200	
Core Income	-4907	-5372	-5520	-5672	
External Funding to be Achieved	-2,003	-1,888	-1,915	-1,919	
External Funding 'Planned'					
Miscellaneous Income relating to Staff Costs	-208	-115	-80	-20	
Investment Income	-95	-105	-105	-105	
Other 'Corporate Income'	-6	-15	-15	-15	
Car Park Income	-493	-513	-518	-525	
Retail Services	-305	-256	-259	-280	
Limestone Country Project	-66	0	0	0	
Development Control	-160	-136	-136	-136	
Rights of Way	-25	-13	-13	-13	
Outreach	-55	0	0	0	
National Park Centres	-18	-17	-17	-17	
Building Conservation	-20	-10	-50	-50	
Pennine Bridleway	-407	-436	-562	0	
Dales Countryside Museum	-58	-58	-58	-58	
Archaeology and Historic Environment Record	-7	-12	-12	-12	
Biodiversity	-3	0	-10	-10	
Other Miscellaneous	-12	-13	-14	-10	
Shortfall	-65	-189	-66	-668	
Note: the shortfall was made up from cash reserves in 2006/07					

APPENDIX 2

MAJOR PROJECTS SUPPORTED BY THE AUTHORITY

External Funding Target - Partnership Projects

2006/07

Learning in Limestone Country	£133,000
Woodlands	£327,000
Hay Time	£103,000
Total (gross)	£563,000

	2007/08	2008/09	2009/10
Assuming 3% RPI, targets =	£579,890	£597,287	£615,205

External funding 'planned'

Learning in Limestone Country	£95,000		
Woodlands	£283,000	£150,000	£150,000
Hay Time	£96,000	£19,000	£15,000
Road Verges	£10,000	£32,000	£33,000
Total	£484,000	£201,000	£198,000
Shortfall'	£95,890	£396,287	£417,205

APPENDIX 2

2010/11
£633,661

£150,000
£0
£25,000
£175,000

£458,661