YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 6**

Committee: **FINANCE & RESOURCES**

Date: **5 March 2024**

Report: **FINANCIAL PROGRESS REPORT**
1 APRIL 2023 to 31 DECEMBER 2023

Purpose of the Report

1. To provide Members with details on the financial performance for the first nine months of 2023/24, covering the period from 1 April 2023 to 31 December 2023.

Recommendation

2. Members are recommended to note the contents of the report.

Strategic Planning Framework

3. The information and recommendations contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework:

- **Corporate Plan**
  Objective 30: '*Plan and manage the Authority's work so as to make the most effective use of our resources, including generating sufficient income to maintain expenditure at the same level as 2014/15 in real terms across the extended National Park area*.'

Introduction

4. This report provides an overview of the Authority's financial performance for the first nine months of 2023/24, and highlights any significant variances (those with a value of >£10k) from the budgeted profile. Additional detail is included in the appendices:
   - **Appendix 1** provides a detailed picture of performance against budget, analysed by Programme and Corporate Employment & Central costs.
   - **Appendix 2** provides an explanation of variances (income or expenditure) from the budget having a value of >£10k.
   - **Appendix 3** provides information on virements and other budget movements for the most recent full quarter, 1 October 2023 to 31 December 2023. This lists additional income, additional costs, Opportunities Fund allocations and other minor adjustments to the budget.

- **Appendix 4** is a record of delegated decisions in relation to contracts awarded in the period from 1st October 2023 to 31st December 2023; these details are included by way of governance best practice.

Performance Summary

5. The overall financial position at the end of the third quarter is a net 'underspend' compared to profile of **£759k.** However, this masks some quite detailed information on both income and expenditure variances. Key things for Members to be aware of:

6. The Authority has already achieved its 'staff vacancy factor' saving of £86k and made further staff savings of £81k, primarily as a result of turnover in the Land Management Section. This is financially 'positive' but less so operationally.

7. The 'Grow Back Greener' woodland project is likely to be underspent by £300k, with a matching reduction in income, this is due to a large scheme withdrawing in December. This will all be carried forward into 2024/25, so there is no impact on the net financial position.

8. The Westmorland Dales Project finishes at the end of February, and despite best efforts to spend the budget there is likely to be an underspend of £230k with a matching reduction in income.

9. As a consequence of savings and additional income, £369k has been added back into the reserves (**see Appendix 3**). Most notable is a rates refund of £120k for Dales Countryside Museum.

10. As in previous years the Sustainable Development Fund will be shown as underspent by approximately £150k. This is due to projects being committed in 2023/24 that will be delivered and claimed in 2024/25. The budget will be carried forward to fund these projects.

11. Overall, we are estimating an end of year net underspend of approximately £200k on a Budget of £13m. That represents less than 1.6% of the forecast expenditure, and is made up of £130k additional income and £70k net savings.

Income

12. The overall position at the end of December shows we have received **£384k** less income than budgeted**.** Apart from the Westmorland Dales project these are mostly timing issues relating to external, grant-funded projects which should disappear by year end.

13. The most significant projects where income received is behind budget:

    i. Farm Conservation – Farming in Protected Landscapes (FiPL) £292k;
    ii. Landscape Features – Westmorland Dales £288k;
    iii. Trees & Woodlands – Grow Back Greener £72k;
    iv. National Park Centres – Changing Places £49k.

14. There are two programmes with lower than expected income from charges:

    i. Development Management £27k - planning income is lower than budgeted because of the delayed implementation of national planning fee increases.
    ii. Car Parks & Toilets £10k - the car park income has been affected by the bad weather and is £17k below budget. The toilet donations are £7k above budget.

15. The slippages above are partially off-set by income streams that have performed well over the year and programmes where we have received income ahead of schedule, these include:

    i. Corporate – bank interest £67k and legal income £15k higher than budget;
    ii. Retail - £53k gross (£15k net of purchase costs);
    iii. Rights of Way - £143k. £75k is National Trails grant received in advance (so will disappear by year end) but the Three Peaks project is £74k above target mainly due to 2 legacies.

Expenditure

16. At the end of December there was an underspend, against profile, of **£1.1m.** Most of this is accounted for by external grant-funded programmes with no impact on the Authority's net finances. However, some will have significant underspends on what was originally planned and correspondingly less income. The majority of the variances are due simply to timing differences which occur because the estimates of when the budget will be spent are different.

    More detailed analysis of these variances can be found in **Appendix 2**.

    Expenditure budget variances above £10k:

    i. Landscape Features - £350k (Westmorland Dales);
    ii. Farm Conservation - £343k (FiPL);
    iii. Central Costs - £114k;
    iv. Rights of Way - £109k;
    v. Car parks & Toilets - £53k;
    vi. Recreation & Health - £58k;
    vii. Trees & Woodlands - £35k;
    viii. Historic Environment - £33k;
    ix. Biodiversity - £27k;
    x. Development Planning £18k;
    xi. Tourism - £16k.

17. In overall terms the picture is a positive one. Spending is down on what we anticipated but this is principally to do with 'timing issues'. The additional costs as a consequence

of the higher pay award reported in the June 2023 report to this Committee have been covered by savings due to vacancies. The income position is generally a positive one. Reductions in planning fee income and car park income are covered by additional income from bank interest.

Michelle Clyde
Head of Finance
29 January 2023

Appendix 1

Detailed Analysis of 2023/24 Budget Performance

This table presents the financial results from 1st April 2023 to 31st December 2023, in terms of Programme budgets, Corporate Employment Costs, and Central Costs. Analysis of component lines which include variances greater than £10k is included at Appendix 2.

1 APRIL 2023 To 31 DECEMBER 2023 Quarter 3 - Month 9	REVISED ANNUAL BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE VARIANCE
Programme Bids	**£'000**	**£'000**	**£'000**	**£'000**
Staff Costs	748.1	561.1	555.3	5.7
Programme Costs	59.9	55.0	42.8	***12.2***
Income	(320.0)	(240.0)	(212.9)	***(27.1)***
Development Management Total	**488.0**	**376.1**	**385.3**	(9.2)
Staff Costs	461.4	346.1	297.3	***48.8***
Programme Costs	1,965.4	847.0	552.8	***294.2***
Income	(2,051.5)	(1,425.5)	(1,133.4)	***(292.1)***
Farm Conservation Total	**375.4**	**(232.4)**	**(283.3)**	***50.9***
Staff Costs	195.0	148.2	149.1	(0.9)
Programme Costs	117.3	93.6	65.5	***28.2***
Income	(106.3)	(98.6)	(132.6)	***34.0***
Biodiversity Total	**206.1**	**143.2**	**82.0**	***61.2***
Staff Costs	496.4	372.3	377.4	(5.2)
Programme Costs	900.9	502.0	388.1	***114.0***
Income	(711.0)	(234.7)	(393.6)	***158.8***
Rights of Way Total	**686.2**	**639.6**	**371.9**	***267.6***
Staff Costs	141.7	106.3	105.7	0.6
Programme Costs	41.0	38.3	2.7	***35.6***
Income	0.0	0.0	0.0	0.0
Development Planning Total	**182.7**	**144.5**	**108.3**	***36.2***
Staff Costs	101.7	76.2	78.1	(1.9)
Programme Costs	97.4	78.0	17.9	***60.1***
Income	(67.2)	(58.8)	(47.4)	***(11.5)***
Recreation & Health Total	**131.8**	**95.4**	**48.7**	***46.8***
Staff Costs	281.1	213.5	200.3	***13.2***
Programme Costs	55.6	40.2	44.3	(4.1)
Income	(128.4)	(71.5)	(109.5)	***38.0***
Education & Outreach Total	**208.3**	**182.2**	**135.1**	***47.1***

1 APRIL 2023 To 31 DECEMBER 2023 Quarter 3 - Month 9	REVISED ANNUAL BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE VARIANCE
Programme Bids	**£'000**	**£'000**	**£'000**	**£'000**
Staff Costs	323.8	242.9	203.6	***39.3***
Programme Costs	900.8	124.2	128.4	(4.3)
Income	(1,077.9)	(183.4)	(150.2)	***(33.2)***
Trees & Woodlands Total	**146.7**	**183.6**	**181.8**	1.8
Staff Costs	94.4	70.8	71.2	(0.4)
Programme Costs	20.1	(13.4)	(24.2)	***10.8***
Income	(101.2)	(90.5)	(93.1)	2.6
Dales Countryside Museum Total	**13.4**	**(33.1)**	**(46.2)**	***13.0***
Staff Costs	134.0	100.5	104.0	(3.6)
Programme Costs	76.5	57.0	20.6	***36.4***
Income	(50.0)	(22.0)	(8.7)	***(13.3)***
Historical Environment Total	**160.5**	**135.5**	**116.0**	***19.5***
Staff Costs	0.0	0.0	0.0	0.0
Programme Costs	936.9	913.9	563.5	***350.4***
Income	(742.9)	(608.2)	(325.7)	***(282.5)***
Landscape Features Total	**194.0**	**305.7**	**237.8**	***67.9***
Staff Costs	203.4	152.6	153.4	(0.9)
Programme Costs	128.0	92.3	92.4	(0.2)
Income	(18.0)	(16.0)	(3.3)	***(12.7)***
Volunteers & Apprentices Total	**313.4**	**228.8**	**242.6**	***(13.7)***
Staff Costs	118.8	89.1	89.2	(0.0)
Programme Costs	24.6	21.6	5.1	***16.4***
Income	0.0	0.0	(0.2)	0.2
Tourism Total	**143.4**	**110.7**	**94.1**	***16.6***
Staff Costs	350.4	262.8	279.8	***(17.0)***
Programme Costs	395.7	353.5	340.2	***13.4***
Income	(389.3)	(365.8)	(378.3)	***12.5***
National Park Centres Total	**356.8**	**250.5**	**241.7**	8.8
Staff Costs	41.4	31.1	31.1	(0.0)
Programme Costs	273.9	66.8	74.4	(7.6)
Income	0.0	0.0	0.0	0.0
Sustainable Development Fund Total	**315.3**	**97.8**	**105.5**	(7.7)
Staff Costs	80.0	60.0	61.0	(0.9)
Programme Costs	504.5	422.4	368.0	***54.4***
Income	(953.1)	(829.3)	(819.0)	***(10.2)***
Carparks & Toilets Total	**(368.5)**	**(346.8)**	**(390.0)**	***43.2***

1 APRIL 2023 To 31 DECEMBER 2023 Quarter 3 - Month 9	REVISED ANNUAL BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE VARIANCE
Programme Bids	**£'000**	**£'000**	**£'000**	**£'000**
Staff Costs	65.5	49.1	46.3	2.8
Programme Costs	16.0	15.5	5.0	***10.5***
Income	0.0	0.0	0.0	0.0
Recreation Management	**81.5**	**64.6**	**51.3**	***13.3***
Programme Summary				
Total Programme Gross Costs	10,351.7	6,590.4	5,490.4	***1,100.0***
Total Programme Income	(6,716.7)	(4,244.4)	(3,807.8)	***(436.6)***
Total Programme Net Cost	**3,634.9**	**2,346.0**	**1,682.6**	***663.4***
Corporate Employment and Central Costs	**£'000**	**£'000**	**£'000**	**£'000**
Conservation and Communities Staff Costs	128.9	96.7	96.9	(0.2)
Conservation and Communities Staff Income	0.0	0.0	(0.8)	0.8
Park Management Staff Costs	387.7	290.8	266.1	***24.7***
Corporate Staff Costs	1,031.4	773.6	781.1	(7.5)
Corporate Staff Income	0.0	0.0	0.0	0.0
Vacancy Factor 2%	(115.2)	(86.4)	0.0	***(86.4)***
Other Employee Related Costs	19.9	14.6	15.9	(1.3)
Other Employee Related Income	0.0	0.0	0.0	0.0
Total Corporate Employment Net Costs	***1,452.7***	***1,089.2***	***1,159.2***	***(70.0)***
Support Services	300.4	246.4	237.8	8.6
Support Services Income	(251.8)	(210.3)	(270.3)	***60.0***
CEO Support	6.9	3.8	3.9	(0.1)
CEO Support Income	0.0	0.0	0.0	0.0
Legal Services	30.9	27.1	22.8	4.2
Legal Services Income	(17.0)	(12.8)	(27.4)	***14.7***
Office Accommodation	165.1	129.3	91.5	***37.8***
Office Accommodation Income	(14.5)	(10.9)	(9.2)	(1.7)
Health and Safety	8.1	4.2	3.2	1.0
Members	122.7	93.3	91.5	1.8
Members Income	0.0	0.0	(0.6)	0.6
IT Licences, Consumables and Support	313.3	220.7	184.4	***36.4***
Communications and Web Services	98.8	88.1	50.1	***38.0***
Communication Income	(23.4)	(23.0)	(0.9)	***(22.1)***
Land Holdings and Maintenance	75.9	48.6	64.9	***(16.2)***
Land Holdings and Maintenance Income	0.0	0.0	(0.1)	0.1
Training	63.1	48.1	45.4	2.7
Training Income	0.0	0.0	(0.3)	0.3
Total Central Net Costs	***878.6***	***652.7***	***486.8***	***166.0***

1 APRIL 2023 To 31 DECEMBER 2023 Quarter 3 - Month 9	REVISED ANNUAL BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE VARIANCE
	£'000	**£'000**	**£'000**	**£'000**
SUMMARY				
National Park Grant	(5,669.8)	(4,362.4)	(4,362.4)	(0.0)
Other Income	(7,023.4)	(4,501.3)	(4,117.4)	***(383.9)***
Total Income	(12,693.2)	(8,863.7)	(8,479.7)	***(383.9)***
Gross Expenditure	12,989.6	8,589.1	7,445.9	***1,143.2***
Net expenditure (excluding National Park Grant)	5,966.2	4,087.8	3,328.5	***759.3***
In-Year Deficit/(Surplus)	**296.4**	**(274.5)**	**(1,033.8)**	***759.3***

Appendix 2

Analysis of programme, corporate and central costs

Where the net variance of a programme is less than £10k, but the component variances within the programme are over £10k, an explanation is included.

Programme Net Costs

Development Management: Adverse variance of **£9k** arising from planning fee income being £27k below target (due to Government delays in implementing national planning fee increases), largely offset by an £18k saving on salaries and expenses. The shortfall in fee income is very unlikely to be made up by year end.

Farm Conservation: Favourable variance of **£51k**. Vacancies have meant there is a saving on staff costs of £49k.Grants were due £45k (now paid), and FiPL expenditure was behind by £248k. FiPL income is also behind by £288k. The entire FiPL grant (£1.6m) has been committed to projects, and it is hoped the budget will be fully spent, however experience shows claimants sometimes withdraw from the scheme before completion which could leave the project up to £250k underspent. Income for Catchment Sensitive Farming is behind budget by £26k, (just a timing issue). Income for the Tees Swale project is ahead by £35k, largely as a result of additional grant from the Esmee Fairbairn Foundation.

Biodiversity: Favourable variance of **£61k.** £34k of income for the quarry Natural Environment Funds (NEF) received ahead of profile, combined with delays in spending those (£21k). There is likely to be a carry-over at year end as the Dry Rigg NEF is under-committed at present.

Rights of Way: Favourable variance of **£267k;** Income: there is £13k of unbudgeted income for Upper Wensleydale which will be spent on projects and £20k income is due from NYC for Green Lanes maintenance. Additional income was received for the Three Peaks project £74k, and Definitive Map £11k. National Trails has income in advance of £75k, but this is just a timing issue. Any remaining Three Peaks budget will be carried forward, and the Definitive Map income will create a positive variance. Expenditure: Pennine Trails £46k and Three Peaks £11k are both overspent, the Cumbria area is underspent by £15k, Ranger bases (Legal Fees) are underspent by £15k, and Green Lanes & Flood Recovery are underspent by £30k; these are mainly timing issues.

Development Planning: Favourable variance of **£36k.** Delays in letting contracts for some Local Plan evidence because of the additional ongoing work on the housing sites. All contracts have now been let and will be completed by year end.

Education & Outreach: Favourable variance of **£47k**; 'Creatively Connected' project income is behind by £11k due to delays starting the project and the corresponding expenditure is behind by £44k. This income/expenditure will be carried into next year to complete the 12-month project. Dark Skies and other smaller projects are behind by £14k. It is expected this budget will be spent by year end.

Trees & Woodlands: Favourable variance of **£2k.** Vacancies have led to salary savings of £39k. 'Grow Back Greener' income is £95k behind schedule, the native new woodland income is £12k ahead. Staffing income is £50k ahead of budget (Grow Back Greener £23k, Heart of The Pennines £15k and Revere £16k) but this is mostly just timing issues and will disappear. However, Grow Back Greener is likely to underspend (with a matching reduction in income) by £300k this year. That funding will all be carried over into 2024/25.

Dales Countryside Museum: Favourable variance of **£13k;** mainly savings in the 'Changing Places' toilet project. The excess grant received will be repaid to North Yorkshire Council (NYC). It was hoped it could be used against the Grassington changing places project but the funds cannot be transferred between areas.

Historical Environment: Favourable variance of **£20K**; largely as a result of slippage on two externally funded projects (Ingleborough Cave Archaeology; Smardale Lime Kilns). There will be an underspend as funds have become available through the Westmorland Dales project to pick up some of the costs which the Authority was originally going to fund.

Landscape Features: Adverse variance of **£68k**; as in the previous years, the Westmorland Dales budget has proved difficult to predict due to the involvement of a number of partners. £283k income has not been received and £351k worth of projects are behind budget. The last claim will be submitted to the Heritage Lottery Fund at the end of February 2024 after the final projects are completed. The net cost to the Authority should remain at or below £300k which was our original commitment but it is likely the overall scheme will be around £230k underspent on a £3.2m 4-year project.

Tourism: Favourable variance of **£17k**. Dark Skies Reserve signage delayed, there is still likely to be a small underspend of £7k.

National Park Centres: Favourable variance of **£9k**; £17k overspend on staff costs, £14k additional profit on goods sold, and £12k savings on utilities. The works at Grassington were delayed and corresponding income is overdue of £49k for the 'Changing Places' toilet project. This project is likely to come in at £64k; an overspend of £15k, this is due to the increase in the charges for ground works, but will be covered by the savings and extra income.

Car Parks & Toilets: Favourable variance of **£43k**. The project to upgrade the car park machines has been delayed £40k, and other expenses are £14k behind. Car park income is down; £17k below budget, but Toilet donations are £7k up. Car park income is still expected to reach the target, despite the poor weather, because the Easter holidays fall at the end of March and in this year.

Corporate & Central Costs

Corporate Employment Costs

The total adverse variance is £70k; the 'Vacancy factor' (a projection of expected savings made through staff vacancies) for the whole Authority sits in this budget category, at £86k. The vacancy savings have been achieved, but the individual components are shown scattered throughout the other Programmes, and so are described within the

individual programme analyses (see Paragraph 5). The remaining £16k saving comes mainly from park management corporate staff costs.

Central Costs

The favourable variance is **£166k**. There are a number of cost centres within this group so a number of small factors make up this total. The most significant are:

Additional Income: Bank Interest £67k and Legal services £15k.

Additional Cost: Office maintenance has overspent by £16k due primarily to Colvend drainage works.

Savings: Office overheads are £38k underspent largely due to utility budgets being increased significantly to cover the published inflationary increases but so far this increase has been lower than anticipated.

Timing Issues:

IT is £36k underspent, this is mainly due to the delay in installing a new phone system which should be resolved by the end of the year.

Communications is £16k underspent due to savings in Visitor publications. Advertising revenue reduced publishing costs. By year end this budget is likely to be £6k under budget.

Interpretation is underspent by £21k with corresponding income due, the replacement of the Grassington Moor Lead Mining Interpretation boards has been delayed but will be completed by the end of March.

Appendix 3

Opportunities Fund

The Opportunities Fund exists primarily to provide match funding for externally funded projects. No allocations were made from the Fund. in the third quarter.

The remaining balance in the Fund is **£60k**.

Virements

Virements are additions, transfers or reductions to the original budget during the third quarter. Additional income and savings are denoted as bracketed figures (£) in line with accounting practice.

Total Adjustments – additional net income/savings (£369.0k)

Additional Income - (£237.8k) income / £143.3k expenditure: net (£94.5k)

- Trees & Woodlands - White Rose Forest (£50k)
- Rights of Way - Three Peaks Legacy (£11k)
- National Citizenship Service – YDMT (20.7k)/£20.7k cost - net zero
- Rights of Way – National Trails additional funding (£26.9k)/£26.9k cost – net zero
- Rights of Way – Coast to Coast (£129.3k)/£95.8k – net income (£33.5k) (covering overheads)

Additional Expenditure - £20.8k

- Trees & Woodlands - Grow Back Greener adjustments: Reduced Expenditure (£82.1k)/Reduced income £102.9k – net increase £20.8k
- Historical Environment - HER Ingleborough Caves transferred to 24/25 budget – reduced expenditure and income by £8k – net zero
- Historical Environment - Historical England Grant not due reduced expenditure and costs by £10k – net zero

Expenditure Saving – (£295.3k)

- Trees & Woodlands – Woodland Management Budget not required saving (£12k)
- Tourism – budget released due to Westmorland Dales NHLF funds being available, saving (£10k)
- Dales Countryside Museum – Successful rates appeal refund (£120.3k)
- Sustainable Development Fund – FiPL available for similar projects so the budget was reduced from £155k to £100k to create staff capacity to work on the National Park Management Plan saving (£55k)
- Corporate IT – re-negotiation of Microsoft 365 licences contract, saving (£18k)
- Car Parks & Toilets – Podpoint EV charging budget not needed as BMW paying for these direct (£80k)

Earmarked Reserves Movements

The Authority holds a number of Earmarked Reserves for specific pieces of work; as that work is performed during the year, a transfer from Reserves is made into the budget to cover the expenditure; this use of Earmarked Reserves are pre-authorised by Members, so this is a technical adjustment rather than an additional budget requirement.

Deducted from reserves:

- Swaledale Barns - £29.9k, which has been used to fund the restoration of two traditional field barns, with additional support from the Yorkshire Dales Millennium Trust.
- Property Reserve - £35.7k brought forward from 2024/25 for broken Yoredale Heat Pumps
- IT Reserve - £65k brought forward from 2024/25 to pay for server replacements to assist in the MS365 SharePoint project
- Carpark Resurface Reserve – £15.6k

Added to Reserves:

- Legacy donation (£0.3k)
- IT Reserve - £13k returned to reserves for Yoredale Switches, which will now be replaced in 2025/26

Appendix 4

Delegations, 1 October 2023 to 31 December 2023

Description	Approved	Date
Penyghent Helicopter Lift 3 contractors were invited to quote but only two were received. The lower of two quotes from PDG Helicopters £14,000, was accepted.	Clare Burrows	02/10/2023
Westmorland Dales Roundabout Sculpture A single quote was sought as from Andrew Kay Sculpture Ltd (£24k) as there are significant and demonstrable benefits in service in terms of his knowledge of our requirements, the quality of the work which we know will be produced and the ability to undertake the work within the required timescale (by the end of February when the HLF project comes to a close). Unfortunately the supplier has since confirmed he will be unable to complete the project due to other commitments so it will not be progressing.	Clare Burrows	04/10/2023
Grassington Moor Interpretation Board 3 contractors were invited to quote for 20 interpretation boards but only two were received. The lower of two quotes from Anglezark Dixon Associates £27,975, was accepted.	David Butterworth	20/10/2023
Semerwater Project – Specialist Surveys A single quote was sought from PBA (£80k - 8 x £10k surveys). The outcomes for the Semerwater Project heavily depend on the contractors having specialist knowledge and experience of undertaking the time critical surveys required to gather the project data. There are significant and demonstrable benefits in contracting PBA as they have considerable existing knowledge of Semerwater Lake including past works for Natural England (NE) and the Environment Agency (EA) in freshwater situations. PBA have excellent links with Universities and national experts who would provide the gravitas and specialism for a peer reviewed report which could then be published. PBA are able to begin work immediately which would keep the project on track. Both NE and the EA have agreed that contracting PBA for the project would be the best and only way forward. The expenditure is to be wholly reimbursed by a third party who is in agreement.	Clare Burrows	20/11/2023