

Meeting: FINANCE & RESOURCES

Date: 8 February 2022

Report: FINANCIAL PROGRESS REPORT -
FOR THE PERIOD APRIL- DECEMBER 2021

Purpose of the Report

1. To provide Members with information on the financial performance of the National Park Authority for the nine months from 1 April to 31 December 2021.

Recommendations

2. Members are recommended to note 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 2021/22**, Objective 35: *'Plan and manage the Authority's work so as to make the most effective use of its resources, including generating sufficient income to maintain expenditure at the same level as 2014/15 in real terms across the extended National Park area, equating to income sufficient to support expenditure of £8.1m.*

Introduction

4. The covering report gives an overview of performance, and highlights any significant issues (i.e. variances from the profile of over £10k) that **may** not be resolved by 31st March 2022. Additional detail is included in the appendices:
 - **Appendix 1** provides a detailed picture of performance against budget, analysed by Programme, Corporate Employment and Central costs, and a narrative explaining variances over £10k.
 - **Appendix 2** provides information on virements and other budget movements for the quarter 1 October 2021 to 31 December 2021. This lists additional income, additional costs and other minor adjustments to the budget.
 - **Appendix 3** is a record of delegated decisions on contracts made in the period from 1 October 2021 to 31 December 2021; these details are included by way of governance best practice.

Performance Summary

5. Overall, the budget shows an 'underspend' compared to profile of **£1,059k**. This is made up of:

- £282k of additional income. All income streams are ahead of the original budget estimates, and we have received a further legacy and additional grants.
- £777k of underspent expenditure, which is the result of five factors:
 - i. engagement work with the public is still being delayed due to the Covid restrictions;
 - ii. we have had a number of temporary staff vacancies, resulting in some direct savings to staff costs, but – more significantly – to delays to some planned activity; the volume of staff recruitment activity this year is already more than four times the size of that in the whole of the previous year;
 - iii. Farming in Protected Landscapes (FiPL) project income is funding some subject-expert staff costs.
 - iv. significant new workload pressures e.g. the launch of FiPL funding and increase in planning applications has had an impact on the capacity to spend in some areas of the organisation (particularly in 'specialist' areas, where the officers concerned are involved in dealing with multiple projects);
 - v. savings on overheads, as we have not yet fully returned to office working.

6. **Significant income areas to be aware of are:**

- **Car park income:** The original income target was a cautious one in view of the uncertainty surrounding Covid and visitor numbers. In the event not only has income exceeded the budget target but it has been considerably higher than in recent years. If this trend continues for the remaining 3 months of this year, there will be a positive variance of approximately £205k at year end.
- **Other income:** Retail net income. The original target was a cautious one and we are currently £34k above that target. If this continues at the current rate, there will be a positive variance of at least £34k at year end. Development Management income is £36k ahead of profile but as it hasn't been consistently over target each month this year, we are not assuming additional income at year end.
- **Legacy:** A further £23k was received from an individual's estate and which has been added to the Authority reserves until a suitable project is earmarked. A further £4k was received from another individual's estate.

7. Budget Adjustments

- Additional net income of £105k has been added to the budget for: The Raydale project, Coast to Coast rights of way work, and Covid restart grants for National Park Centres and Dales Countryside Museum.
- £225k of expenditure has been removed from this year's budget by budget managers as it will not be spent (thereby reducing the reliance on Reserves to balance the budget).
- Additional Pennine Way project work costing £72k has been added to the budget, along with £54k income from Natural England. The net cost to the Authority associated with these activities of £18k has been match funded from the Opportunities Fund.
- Land Management: Due to the later start of the FiPL project, the budget has been revised down by £1,353k to £449k, £300k of which is for capital expenditure and the remainder for advice and administration. It is expected that this adjusted budget will now be fully spent, although any projects not completed by 31st March 2022 will have to be funded from next year's FiPL allocation.
- Landscape Features: Westmorland Dales Landscape Partnership projects are significantly behind profile (currently, £289k underspent) as a result of the pandemic. In general, momentum is picking up within the scheme and its projects but we are still behind where we would hope to be. However, it is anticipated that the next two quarter grant claims to National Heritage Lottery Fund will be significantly higher than previously (£200k-£250k each) reflecting higher expenditure and related income. Any projects and related expenditure not spent this financial year will be carried forward for delivery in 2022-23. The scheme is expected to finish in 2024.
- Timing Issues: There are a large number of budgets which have variances over £10k which are simply timing differences: these budgets are expected to be spent by the year end. There are also a small number of projects which will not be completed by the end of the year (as is normally the case in any year). This will necessitate a carry-over of budget to complete them in 2022/23. More details on likely carry-forward items is included in the narrative within Appendix 1.

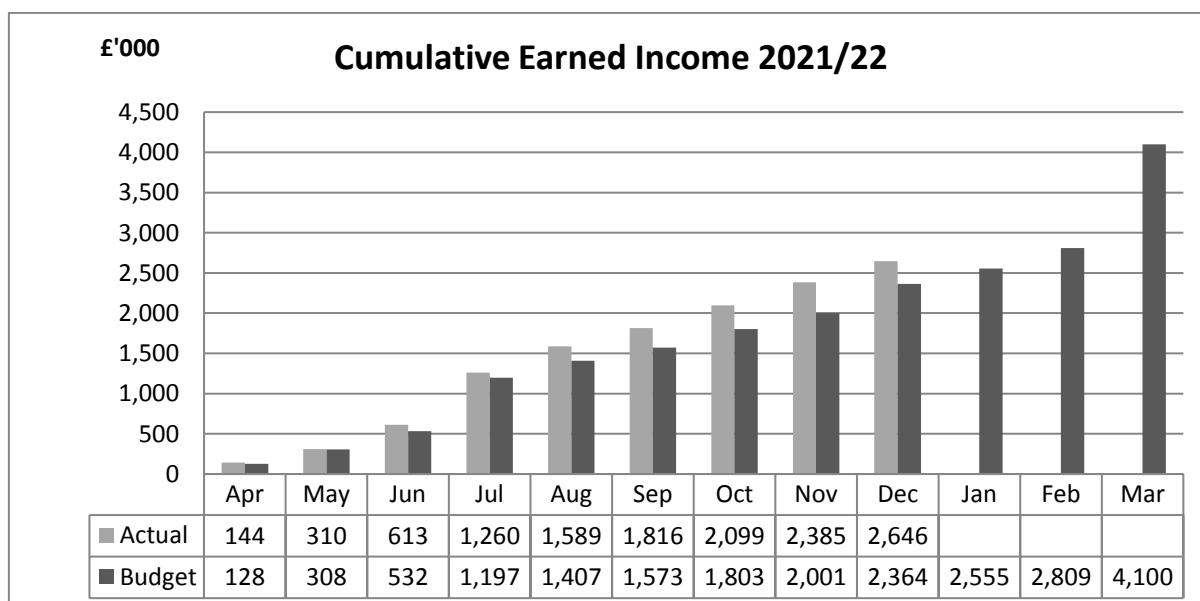
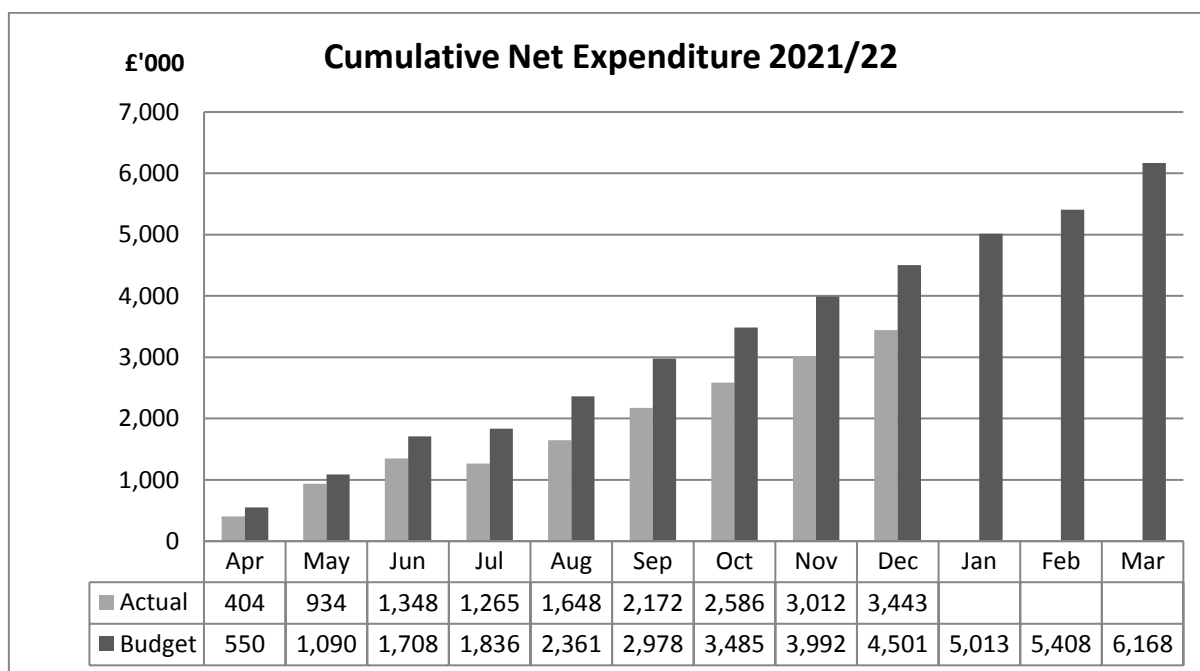
8. Year End Position

Should current income trends continue it's likely that we will have generated a sum of approximately £270k higher than the amount budgeted. In addition, budget managers have already released £225k of expenditure (which would otherwise have been funded from Reserves) which they are unable to commit. This suggests a positive impact of around £500k. This is likely to be a minimum amount, as it assumes that managers will spend or commit all of the £777k current underspend as noted in paragraph 5.

Should the above prove to be the case at year-end, Members will need to assess the impact, if any, on the delivery of the Authority’s Actions and Objectives. From a financial perspective this is good news though it is unlikely to mean that the Authority can release additional funds to spend on new projects; rather it is a reduction to the call on reserves that was agreed by Members when the 2021/22 budget was approved last year.

Supporting information

The following gives more detailed information on income and expenditure.



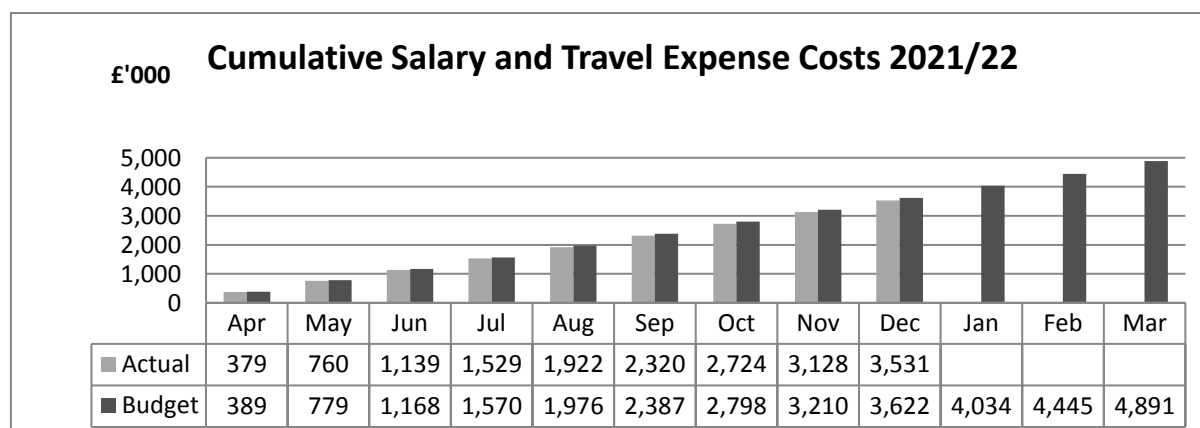
9. The following table lists the net variances (so each value includes income and expenditure) in each of the programmes and central budgets. Explanations of variances in excess of £10k are included in Appendix 1.

Programme	Annual Budget	YTD Budget	YTD Actual	YTD Variance	Favourable /Adverse
Development Management	528	406	358	48	F
Land Management-Biodiversity	719	156	13	143	F
Rights of Way	918	760	635	125	F
Access For All	254	200	170	30	F
Dales Countryside Museum	162	124	72	52	F
Historical Environment	174	132	110	22	F
Development Planning	181	120	105	15	F
Landscape Features	107	404	115	289	F
Volunteers & Apprentices	317	237	236	1	F
Tourism	144	108	93	15	F
National Park Centres	306	180	145	35	F
Car Parks-Toilets	(215)	(223)	(452)	229	F
Sustainable Development	250	76	70	6	F
Visitor Management	131	122	127	(5)	A
Central Costs	2192	1699	1646	53	F
Total Variance on Programmes	6168	4501	3443	1059	F

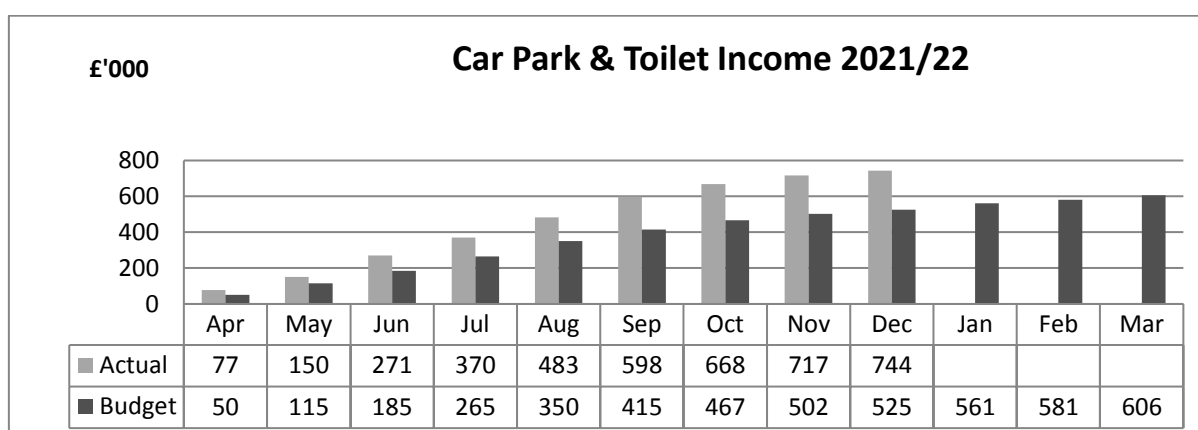
10. **Authority Employee Costs** £91k underspend

Staff expenses are £20k underspent due to the extensive use of video conferencing which has in turn reduced travel costs. The remainder is due to a small number of vacant posts (including gaps between outgoing and incoming staff), and increased income of £24k to cover staff costs for providing administration and expert advice to external projects.

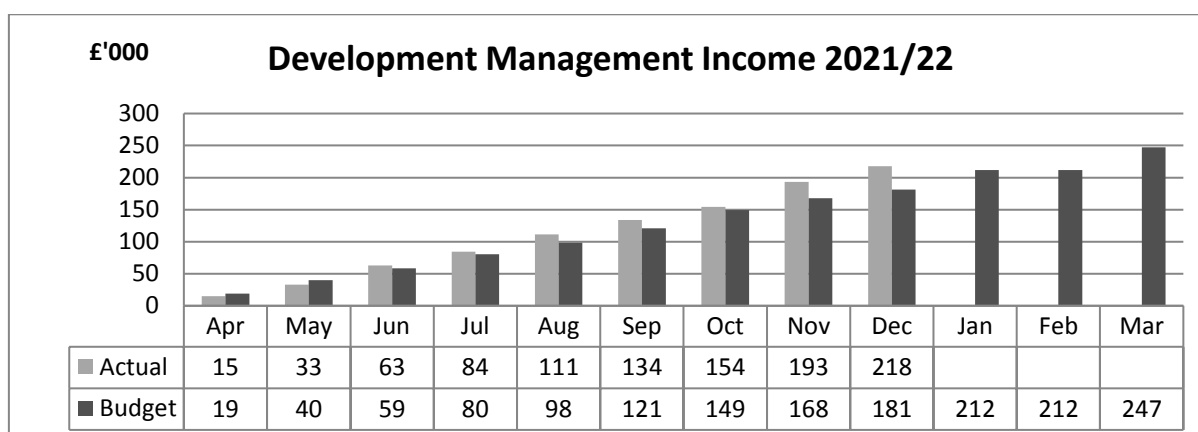
The budget does not include any allowance for a national pay award in 2021/22. It is now likely that this will be in the region of 1.75% to 2%, which will be retrospectively applied from 1st April 2021. This will cost approximately £70k-£80k for the year; this cost will be offset by the current £91k underspend.



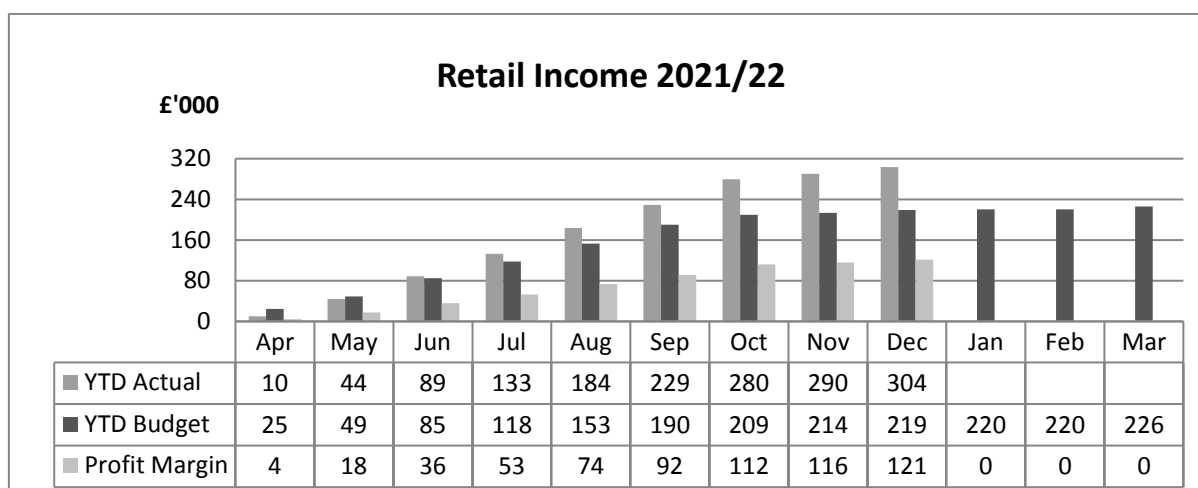
11. **Car Park Income:** income is above the budget by £219k



12. **Development Management Income:** £25k above target



13. **Retail Income (Gross):** £85k above target (additional net profit £34k)



Michelle Clyde
Head of Finance
 20 January 2022

Appendix 1

Detailed Analysis of 2021/22 Budget Performance

1 APRIL 2021 To 31 DECEMBER 2021 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
Priority Programmes				
Staff Costs	706.0	529.5	507.3	22.3
Programme Costs	69.5	57.4	68.1	(10.7)
Income	(247.3)	(181.2)	(217.6)	36.4
Development Management Total	528.2	405.7	357.7	48.0
Staff Costs	725.7	517.1	476.0	41.1
Programme Costs	1,073.2	340.5	226.2	114.3
Income	(1,080.2)	(701.1)	(688.9)	(12.3)
Land Management-Biodiversity Total	718.7	156.5	13.3	143.2
Staff Costs	433.5	326.6	308.4	18.2
Programme Costs	1,189.3	707.9	602.6	105.3
Income	(705.2)	(274.1)	(275.6)	1.5
Rights of Way Total	917.6	760.4	635.4	124.9
Staff Costs	221.4	166.0	159.4	6.6
Programme Costs	141.7	86.9	29.5	57.4
Income	(109.3)	(52.8)	(18.5)	(34.2)
Access For All Total	253.8	200.2	170.4	29.8
Total Priority Gross Costs	4,560.3	2,731.9	2,377.4	354.6
Total Priority Income	(2,142.0)	(1,209.2)	(1,200.6)	(8.6)
Total Priority Net Cost	2,418.3	1,522.7	1,176.8	345.9
Adequate Programmes				
Staff Costs	85.3	64.0	63.6	0.4
Programme Costs	158.6	131.3	85.8	45.5
Income	(81.8)	(71.6)	(77.2)	5.7
Dales Countryside Museum Total	162.1	123.7	72.2	51.5
Staff Costs	136.5	102.4	94.9	7.5
Programme Costs	67.8	39.5	30.6	8.9
Income	(30.0)	(10.0)	(15.9)	5.9
Historical Environment Total	174.3	131.9	109.6	22.3
Staff Costs	124.9	93.7	93.1	0.6
Programme Costs	58.0	27.7	13.5	14.2
Income	(1.6)	(1.6)	(1.6)	0.0
Development Planning Total	181.2	119.8	105.0	14.8

1 APRIL 2021 To 31 DECEMBER 2021 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	0.0	0.0	0.0	0.0
Programme Costs	967.3	629.6	298.1	331.5
Income	(860.5)	(225.4)	(183.0)	(42.3)
Landscape Features Total	106.8	404.3	115.1	289.2
Staff Costs	187.5	140.6	140.4	0.2
Programme Costs	129.9	96.0	99.6	(3.7)
Income	0.0	0.0	(4.2)	4.2
Volunteers & Apprentices Total	317.4	236.6	235.9	0.8
Staff Costs	104.2	78.1	76.9	1.2
Programme Costs	39.9	30.0	16.0	14.0
Income	0.0	0.0	(0.1)	0.1
Tourism Total	144.1	108.1	92.9	15.3
Total Adequate Gross Costs	2,059.8	1,433.0	1,012.7	420.3
Total Adequate Income	(973.9)	(308.6)	(282.1)	(26.5)
Total Adequate Net Cost	1,085.9	1,124.4	730.7	393.8
Limited Programmes				
Staff Costs	299.2	224.4	232.1	(7.7)
Programme Costs	270.6	210.4	256.3	(45.9)
Income	(263.8)	(254.8)	(343.7)	88.9
National Park Centres Total	305.9	179.9	144.7	35.2
Staff Costs	68.8	51.6	51.4	0.1
Programme Costs	321.8	250.5	240.1	10.4
Income	(605.8)	(525.0)	(743.9)	218.9
Car Parks-Toilets Total	(215.3)	(223.0)	(452.3)	229.4
Staff Costs	36.7	27.5	27.1	0.4
Programme Costs	213.3	48.4	42.5	5.9
Income	0.0	0.0	0.0	0.0
Sustainable Development Total	250.0	75.9	69.6	6.3
Staff Costs	113.6	85.2	82.1	3.1
Programme Costs	47.0	36.8	44.5	(7.7)
Income	(30.0)	0.0	0.0	0.0
Visitor Management Total	130.6	122.0	126.6	(4.6)
Total Limited Gross Costs	1,370.8	934.7	976.1	(41.4)
Total Limited Income	(899.6)	(779.8)	(1,087.6)	307.7
Total Limited Net Cost	471.2	154.9	(111.4)	266.3
Programme Summary				
Total Programme Gross Costs	7,990.9	5,099.6	4,366.2	733.4
Total Programme Income	(4,015.5)	(2,297.6)	(2,570.2)	272.6
Total Programme Net Cost	3,975.4	2,802.1	1,796.0	1,006.0

1 APRIL 2021 To 31 DECEMBER 2021 Quarter 3 - Month 9	REVISED ANNUAL BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE VARIANCE
Central Costs	£'000	£'000	£'000	£'000
Corporate Employment and Central Costs				
Conservation and Communities Staff Costs	119.1	89.4	86.1	3.2
Conservation and Communities Staff Income	0.0	0.0	0.0	0.0
Park Management Staff Costs	353.5	265.1	255.6	9.5
Corporate Staff Costs	938.6	703.9	674.1	29.8
Corporate Staff Income	0.0	0.0	0.0	0.0
Vacancy Factor 2%	(61.0)	(45.7)	0.0	(45.7)
Other Employee Related Costs	22.5	16.6	22.1	(5.5)
Other Employee Related Income	0.0	0.0	0.0	0.0
TOTAL CORPORATE EMPLOYMENT COSTS	1,372.7	1,029.3	1,038.0	(8.6)
Support Services	183.4	135.4	130.4	4.9
Support Services Income	(51.7)	(41.9)	(36.7)	(5.2)
CEO Support	4.8	3.1	0.2	2.8
CEO Support Income	0.0	0.0	0.0	0.0
Legal Services	30.8	27.1	18.5	8.5
Legal Services Income	(20.0)	(15.0)	(28.6)	13.6
Office Accommodation	95.0	74.6	69.9	4.7
Office Accommodation Income	(12.5)	(9.4)	(9.3)	(0.1)
Health and Safety	15.6	14.1	10.4	3.7
Member	126.6	93.0	78.1	14.9
IT Licences, Consumables and Support	236.2	218.9	233.5	(14.6)
Communications and Web Services	91.7	69.4	52.5	16.9
Communication Income	(0.4)	(0.4)	(0.4)	0.0
Land Holdings and Maintenance	60.0	56.0	53.8	2.1
Land Holdings and Maintenance Income	0.0	0.0	0.0	0.0
Training	60.1	45.1	36.7	8.4
Training Income	0.0	0.0	(0.7)	0.7
TOTAL CENTRAL COSTS	819.5	670.0	608.5	61.5
SUMMARY				
National Park Grant	(5,229.8)	(3,922.4)	(3,922.4)	(0.0)
Other Income	(4,100.2)	(2,364.2)	(2,645.8)	281.6
Total Income	(9,330.0)	(6,286.6)	(6,568.2)	281.6
Gross Expenditure	10,267.8	6,865.6	6,088.3	777.3
Net expenditure (excluding National Park Grant)	6,167.6	4,501.3	3,442.5	1,058.8
In-Year Deficit/(Surplus)	937.8	579.0	(479.8)	1,058.8

1. In order to explain the underlying figures in the table, income and expenditure is analysed separately below and variances of £10k or over are highlighted. Most of the variances are either simply timing differences, or compensating differences where the variance in the expenditure and income match each other, but where budget managers have confirmed that a variance won't be resolved by the year end, this is highlighted in the main report. The total cost of salaries is analysed separately in the main report. Carry-forward figures are noted below, where budget managers have indicated this will be needed.

Expenditure

2. The sizable variances to be aware of in expenditure at 31 December 2021 are:
 - a. **Development Management:** £12k underspend; salaries.
 - b. **Land Management:** £155k underspend, comprising: £41k staff costs, £27k FiPL, £25k Community Wildlife Projects, £18k Biodiversity, and £40k Tees Swale.
 - c. **Right of Way:** £123k underspent, £16k salaries, £41k National Trails (unclaimed grants claims from partners); £19k Ranger Services (£7k flood repairs to Reeth Bottom to be carried forward to 2022/23); £15k Cumbria (£6k CCC ring-fenced budget to be carried forward to 2022/23); £15k Upper Wensleydale, £18k Southern Dales.
 - d. **Access for All:** £64k engagement work delayed, the main components of which area: Recreation £29k, Outreach £24k (now rescheduled for March 2022).
 - e. **Dales Countryside Museum:** £46k 'underspend': £20k rates relief and utilities and £26k Maintenance (redecorating underway but £9k to be carried forward to 2022/23 for refurbishments delayed due to exhibition timings).
 - f. **Historical Environment:** £16k underspend, £7k salaries and the rest general budget (£8k to be carried forward to 2022/23 to complete Myers Bridge project).
 - g. **Development Planning:** £15k underspend for the Local Plan evidence and housing viability assessment.
 - h. **Landscape Features** £331k underspend, of which £18k Barn Restoration work legacy funded and the rest is split between the various Westmorland Dales sub-projects, including the following Authority-led projects: £20k Skills for the Future (recruitment gaps between apprentice cohorts, plus the lower-than-budgeted cost of equipment purchases), £80k for Monuments at Risk, and £46k for Traditional Farm Buildings (staff turnover has reduced the capacity to deliver this year). A number of the component projects have been delayed due to Covid restrictions.
 - i. **Tourism:** £15k underspend: a timing issue.
 - j. **National Park Centres:** £54k overspend, £8k on salaries due to illness cover, and an increase in the cost of purchasing goods for sale due to additional sales volumes £56k (so is offset by an overall increase in retail income). There were also some savings on general running costs.
 - k. **Central Costs:** £52k underspend, of which only two components have a value of more than £10k are: £15k Members budget (may be carried forward into 2022/23 for new equipment), and an overspend on IT £15k, due to prepaying maintenance contracts (this extra cost will be adjusted / removed at year end, as it relates to 2022/23).

Income

3. Significant variances to be aware of as at 31 December 2021 are:
 - a. **Development Management:** £36k ahead of target.
 - b. **Land Management:** £12k behind target, £43k Tees Swale delayed (matched with less expenditure), netting off against £32k for the Community Wildlife Fund, income for which was received in advance.
 - c. **Access for All:** £34k behind budget, mainly externally funded projects including £13k Tees Swale, £16k Generation Green.
 - d. **Landscape Features:** £42k behind target, expenditure is also behind profile for Westmorland Dales scheme projects (to be carried forward into 2022/23).
 - e. **Retail:** £89k additional gross income, £85k of which is sales (less £51k of additional costs of goods sold).
 - f. **Car Park & Toilets:** £219k additional income, of which £212k is parking fees.

Virements

Virements are additions, transfers or reductions to the original budget authorised by Members in March 2021, during the period 1 October to 31 December 2021. Additional income and savings are denoted as bracketed figures (£) in line with accounting practice.

Total Adjustments – net savings (£145.4k)

Reduced Costs – (£146.5)

- Sustainable Development Fund: provision from 2020/21 project no longer needed, (£0.7k).
- Sustainable Development Fund: Budget returned to reserves as it will not be spent, (£95k).
- Development Planning: Clapham Referendum postponed £20k cost/(£20k) income, net zero.
- Parish Wildlife Fund: Budget returned to reserves as it will not be spent, (£5k).
- Sustainable Development Fund: provision from 2020/21 project no longer needed as a smaller event was held due to Covid, (£5.8k).
- Historic Environment Record Project not going ahead in 2021/22: cost of £40k and income of £20k, net saving (£20k)
- Tourism, international cycling events budget cancelled (£20k)

Additional Cost – £9k

- Relocation allowance £4k
- Carbon Baseline Survey £5k

Reduced Income - £1.1k

- National Plant Monitoring Training Days £1.1k

Additional Income - (£9k)

- Farming in Protected Landscapes: Reduction in year 1 allocation 904k costs/ (£904k) income, net zero. (Original budget £1,353k)
- Coast to Coast work: cost £15k, income (£24k), net income (£9k).
- Semerwater Riparian Tree Planting: cost £45k, income (£45k), net zero.
- Pennine Way and Pennine Bridleway: Costs £18k, income (£18k), net zero.

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 of 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.

- Corporate IT: Further £5k spent from reserves on the Microsoft 365 project.
- Landscape Features: Further £30k spent from reserves of the Swaledale Barns legacy.
- Rights of Way: Further £9k spent from reserves for erosion repair works (Bolton Abbey Estate).
- Corporate: Legacy received of £23k, added to reserves.
- Corporate: Legacy received of £4k, added to reserves.
- Land Management Partnerships: Northern Upland Chain £3k balance added to reserves.

Appendix 3

Delegations, 1 October 2021 to 31 December 2021

Description	Approved	Date
<p>Tree Safety Works, Aysgarth. Only one quote was sought for this specialised work, the contractor having detailed knowledge of the site - important, given the site's sensitivities (parts of which is an SSSI) and the requirement that the work be carried out as soon as possible because of an identified safety risk. The contract was awarded to Wensleydale Tree & Horticultural Services, £10,320 (including £2,170 for traffic control).</p>	<p>Gary Smith Director of Conservation and Community</p>	<p>3/11/21</p>
<p>Added Value Scoping, Coast to Coast Route Natural England requested that the Authority to undertake this research. Because of the tight deadline for completing the work, only one quote was sought from Fiona Southern (Carrock Landscapes), that supplier having a record of providing such consultancy services (e.g. Dark Skies). The quote was accepted £10k plus up to £2k expenses, to be fully funded by Natural England.</p>	<p>Richard Burnett Section 151 Officer</p>	<p>19/11/21</p>
<p>Landscape Sensitivity Study of Potential Housing Sites. Only one quote was sought, from Sheils Flynn. The latter had been involved in developing our methodology for assessing potential housing sites and were in a position to deliver the study quickly and at competitive daily charge rates (based on previous consultancy work). This work is urgently needed, to avoid holding up the Local Plan process, by enabling the Authority to complete the Housing Land Availability Assessment, a part of the robust evidence base necessary to defend our decisions at the Local Plan examination. Contract is for phase 1 of the work (£14k) with a commitment to fund phase 2 (currently £22k), the latter subject to the scale of the work needed (we may have ruled out many sites as a result of phase).</p>	<p>Richard Burnett Section 151 Officer</p>	<p>19/11/21</p>