

Committee: FINANCE & RESOURCES

Date: 6 December 2022

**Report: FINANCIAL PROGRESS REPORT
1 APRIL 2022 to 30 SEPTEMBER 2022**

Purpose of the Report

1. To provide Members with details on the financial performance for the first six months of 2022/23, covering the period from 1 April 2022 to 30 September 2022.

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**
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 gives an overview of the Authority's financial performance for the first six months of 2022/23, 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 July 2022 to 30 September 2022. 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 July 2022 to 30th September 2022; these details are included by way of governance best practice.

Performance Summary

5. The budget shows a net 'underspend' compared to profile of **£430k**, comprising:

- a. £65k of income budgeted but not yet received. Most of the component variances within this figure should be timing issues and will disappear in due course, being linked in particular to grant-funded projects, where expenditure (and then claiming the related grant income) is happening slightly later than was originally profiled.

This figure is net of three income streams (totalling **£101k**) that have performed well and so were ahead of their target budgets at the end of September (details below). If this extra income is taken out of the equation, the figure for 'income budgeted but not received' as at the end of September would have been £166k.

- i. Car park ticket sales £66k
 - ii. Retail £60k (£21k additional profit)
 - iii. Bank interest £14k
- b. £495k of net underspent expenditure; there are a number of cost centres which are underspent at this stage. This should just be down to timing issues but as we are now half way through the financial year, those programmes currently showing larger variances will need to be monitored more closely to ensure they are able to keep on track; these programmes (including central costs) are:
 - i. Rights of Way (including National Trails) £135k
 - ii. Central Costs £103k
 - iii. Recreation & Health £76k
 - iv. Sustainable Development Fund £47k
 - v. Biodiversity £30k
 - vi. Tourism £28k
 - vii. Education & Outreach £12k
 - viii. Historic Environment £12k
 - ix. Trees & Woodlands is overspent by £91k

Further information on the details of these variances can be found in Appendix 2.

- c. The 2022/23 staff pay award has now been implemented. This had originally been budgeted at 2%, but the national award for local government pay was agreed as a flat rate increase of £1,925 on each scale point in the pay structure. This has meant that the pay award has a different proportionate value depending on where each job sits within the pay scale: if at the bottom, the pay award is worth circa 10%, if at the top, 3%. The impact of this pay award is that the staff costs budget was overspent by £118k at the end of September.

Michelle Clyde
Head of Finance

15 November 2022

Detailed Analysis of 2022/23 Budget Performance

This table presents the financial results from 1st April 2022 to 30th September 2022, 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 2022 To 30 SEPTEMBER 2022 Quarter 2 - Month 6	REVISED ANNUAL BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE VARIANCE
Programme Bids	£'000	£'000	£'000	£'000
Staff Costs	734.3	367.1	346.5	20.6
Programme Costs	62.1	21.6	37.1	(15.5)
Income	(275.0)	(135.0)	(133.9)	(1.1)
Development Management Total	521.4	253.8	249.7	4.1
Staff Costs	385.7	192.9	189.8	3.0
Programme Costs	1,709.1	180.3	155.6	24.7
Income	(1,794.9)	(824.1)	(604.4)	(219.7)
Farm Conservation Total	300.0	(450.9)	(258.9)	(191.9)
Staff Costs	146.5	73.2	75.5	(2.2)
Programme Costs	173.6	82.3	50.5	31.8
Income	(69.5)	(33.8)	(8.1)	(25.6)
Biodiversity Total	250.6	121.8	117.8	3.9
Staff Costs	440.7	220.4	216.7	3.7
Programme Costs	822.1	336.8	205.3	131.4
Income	(453.2)	(28.2)	(84.6)	56.4
Rights of Way Total	809.6	528.9	337.3	191.6
Staff Costs	129.6	64.8	53.7	11.1
Programme Costs	41.0	20.5	28.8	(8.3)
Income	0.0	0.0	0.0	0.0
Development Planning Total	170.6	85.3	82.5	2.8
Staff Costs	92.2	46.1	48.3	(2.2)
Programme Costs	119.0	84.7	6.4	78.3
Income	0.0	0.0	(1.1)	1.1
Recreation & Health Total	211.1	130.7	53.6	77.1
Staff Costs	202.9	106.5	120.3	(13.8)
Programme Costs	75.8	53.0	26.7	26.2
Income	(64.5)	(17.7)	(15.2)	(2.5)
Education & Outreach Total	214.2	141.7	131.8	9.9

1 APRIL 2022 To 30 SEPTEMBER 2022 Quarter 2 - Month 6	REVISED ANNUAL BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE VARIANCE
Programme Bids	£'000	£'000	£'000	£'000
Staff Costs	291.1	138.4	129.9	8.4
Programme Costs	666.6	58.3	157.8	(99.5)
Income	(705.4)	(115.7)	(346.2)	230.5
Trees & Woodlands Total	252.3	80.9	(58.5)	139.4
Staff Costs	87.9	44.0	43.4	0.6
Programme Costs	175.1	101.2	64.1	37.1
Income	(136.2)	(98.2)	(48.1)	(50.1)
Dales Countryside Museum Total	126.8	47.0	59.4	(12.4)
Staff Costs	136.8	68.4	71.9	(3.5)
Programme Costs	86.6	24.9	9.0	15.9
Income	(30.0)	(2.0)	(0.1)	(1.9)
Historical Environment Total	193.4	91.2	80.8	10.4
Staff Costs	0.0	0.0	0.0	0.0
Programme Costs	1,688.1	437.8	296.1	141.6
Income	(1,414.3)	(248.0)	(187.0)	(61.0)
Landscape Features Total	273.8	189.8	109.1	80.6
Staff Costs	186.4	94.9	110.8	(15.9)
Programme Costs	145.4	76.2	66.5	9.7
Income	(15.2)	(3.9)	(2.7)	(1.2)
Volunteers & Apprentices Total	316.7	167.1	174.5	(7.4)
Staff Costs	108.5	54.2	56.2	(1.9)
Programme Costs	46.2	33.0	3.3	29.7
Income	0.0	0.0	0.0	0.0
Tourism Total	154.7	87.2	59.5	27.8
Staff Costs	314.0	157.0	175.3	(18.3)
Programme Costs	370.7	249.5	230.6	18.9
Income	(360.3)	(271.0)	(283.5)	12.5
National Park Centres Total	324.4	135.5	122.4	13.1
Staff Costs	37.8	18.9	19.8	(0.9)
Programme Costs	283.9	72.4	24.3	48.1
Income	0.0	0.0	0.0	0.0
Sustainable Development Fund Total	321.6	91.3	44.1	47.2
Staff Costs	71.6	35.8	37.5	(1.7)
Programme Costs	342.9	185.5	177.8	7.7
Income	(764.7)	(517.4)	(583.4)	65.9
Carparks & Toilets Total	(350.3)	(296.1)	(368.1)	72.0

1 APRIL 2022 To 30 SEPTEMBER 2022 Quarter 2 - Month 6	REVISED ANNUAL BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE VARIANCE
Programme Bids	£'000	£'000	£'000	£'000
Staff Costs	60.1	30.0	30.9	(0.9)
Programme Costs	59.5	38.0	30.1	7.9
Income	(30.0)	0.0	0.0	0.0
Recreational Management	89.6	68.0	61.0	7.0
Programme Summary				
Total Programme Gross Costs	10,293.7	3,768.3	3,296.4	471.9
Total Programme Income	(6,113.2)	(2,294.9)	(2,298.3)	3.3
Total Programme Net Cost	4,180.5	1,473.3	998.1	475.2
Corporate Employment and Central Costs	£'000	£'000	£'000	£'000
Conservation and Communities Staff Costs	128.7	64.3	67.5	(3.2)
Conservation and Communities Staff Income	0.0	0.0	0.0	0.0
Park Management Staff Costs	358.5	179.3	184.3	(5.0)
Corporate Staff Costs	992.3	496.2	510.0	(13.9)
Corporate Staff Income	0.0	0.0	(0.8)	0.8
Vacancy Factor 2%	(107.5)	(53.7)	0.0	(53.7)
Other Employee Related Costs	22.6	12.2	16.0	(3.8)
Other Employee Related Income	0.0	0.0	0.0	0.0
Total Corporate Employment Net Costs	1,394.6	698.2	777.1	(78.9)
Support Services	298.4	211.1	209.8	1.3
Support Services Income	(31.0)	(16.0)	(29.4)	13.4
CEO Support	7.9	3.3	3.6	(0.3)
CEO Support Income	0.0	0.0	(1.1)	1.1
Legal Services	24.1	20.1	(1.9)	22.1
Legal Services Income	(23.0)	(11.5)	(11.9)	0.3
Office Accommodation	108.1	51.4	43.8	7.6
Office Accommodation Income	(12.5)	(6.3)	(6.6)	0.3
Health and Safety	8.1	5.2	1.9	3.3
Members	149.8	85.8	59.2	26.6
Members Income	0.0	0.0	(0.5)	0.5
IT Licences, Consumables and Support	248.7	157.3	136.2	21.1
Communications and Web Services	66.4	21.2	18.5	2.7
Communication Income	(0.4)	0.0	(0.1)	0.1
Land Holdings and Maintenance	43.5	35.2	26.6	8.5
Land Holdings and Maintenance Income	0.0	0.0	(0.2)	0.2
Training	60.1	28.5	18.3	10.2
Training Income	0.0	0.0	0.0	0.0
Total Central Net Costs	948.1	585.3	466.0	119.2

1 APRIL 2022 To 30 SEPTEMBER 2022 Quarter 2 - Month 6	REVISED ANNUAL BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	YEAR TO DATE VARIANCE
Programme Bids	£'000	£'000	£'000	£'000
SUMMARY				
National Park Grant	(5,315.3)	(2,700.4)	(2,614.9)	(85.5)
Other Income	(6,180.1)	(2,328.7)	(2,348.8)	20.1
Total Income	(11,495.4)	(5,029.1)	(4,963.7)	(65.4)
Gross Expenditure	12,703.3	5,085.5	4,590.1	495.4
Net expenditure (excluding National Park Grant)	6,523.2	2,756.8	2,241.2	515.6
In-Year Deficit/(Surplus)	1,207.9	56.4	(373.7)	430.1

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: Favourable variance of only **£4k**; however, this is a combination of savings made on staff vacancies of £21k, and a £16k overspend on consultancy and other running costs.

Farm Conservation: Adverse variance of **£192k**; income from Farming in Protected Landscapes (FiPL) is behind target by £220k, spending on FiPL is also behind by £34k.

Biodiversity: Favourable variance of only **£4k**, however this is a combination of £31k of Community Wildlife income due and Community Wildlife spend being behind budget by £32k.

Rights of Way: Favourable variance of **£192k**; income received ahead of budget of £56k (comprising £10k Cumbria RoW income in advance, £17k Three Peaks, £24k National Trails £24k), and an underspend of £131k (comprising £80k National Trails, £41k Upper Wensleydale, £18k Southern Dales).

Recreation & Health: Favourable variance of **£77k**; the main components of this are Access £21k, Visitor Survey £8k, Recreational Activity £13k, Dark Skies £28k, and £6k of creditors from 2021/22 have still not been invoiced.

Education & Outreach: Favourable variance of **£10k**; Salaries overspent by £13k (Tees-Swale), expenditure behind budget by £26k.

Trees & Woodlands: Favourable variance of £139k; Grow Back Greener (GBG) income of £231k was received ahead of schedule, GBG is overspent (against the originally-projected timescale) by £110k, and there are underspends in salaries of £8k and the general budget of £10k.

Dales Countryside Museum: Adverse Variance of £12k; 'Changing Places' toilet grant delayed £39k, but works have gone out to contract so a corresponding underspend of £39k, routine income is £11k behind target (admissions and Renewable Heat Incentive income).

Historic Environment: Favourable variance of **£10K**; underspend in Historic Environment Record budget.

Landscape Features: Favourable variance of **£81k**; as in the past three years, the Westmorland Dales budget has proved difficult to predict due to the collaboration with lots of third parties. £61k income has been received in advance of budget and £142k projects are behind budget. This project was due to end in March, but approval to extend for 6 months (to allow for completion of projects delayed due to the Covid-19 pandemic) has

now been received. The project should net off to the total contribution over the four years of £300k which has been committed by the Authority.

Tourism: Favourable variance of **£28k**. Underspend in Memberships £12k, Welcome signage in car parks £10k, and tourism delivery plan £6k.

National Park Centres: Favourable variance of **£13k**; the components were additional retail profit of £21k, £18k salaries overspend, £10k underspend of the refurbishment budget; also a delay in receiving the Changing Places toilet income for Grassington NPC (£49k and corresponding expenditure).

Sustainable Development: Favourable variance of **£47k**; claims are behind the amount budgeted to this point of the year, although the value of funds committed was on schedule.

Carparks & Toilets: Favourable variance of £72k, mainly due to additional car park income of £66k.

Corporate & Central Costs

Corporate Employment Costs

The total adverse variance is **£79k**; the 'Vacancy factor' (a projection of expected savings made through staff vacancies) for the whole Authority sits in this budget category, at £54k. The vacancy savings are expected to be achieved, but the individual components are shown scattered throughout the other Programmes, and so are described within the individual programme analyses. The remaining £25k overspend comes from the higher than budgeted pay increase, because the 'Corporate Employment Costs' section houses 22% of the staff and the higher than budgeted pay award has affected this area more than some other sections.

Central Costs

The favourable variance is **£119k**. The main components of this (i.e. >£10k) are: bank interest £14k above target due to increased interest rates; £22k of 2021/22 legal costs are still due; £27k Member costs (training, mileage, and equipment; may not be wholly spent), £21k IT costs and £10k training.

Opportunities Fund

The Opportunities Fund exists primarily to provide match funding for externally funded projects. Four allocations were made from the Fund between 1st July 2022 and 30th September 2022.

- Green Futures Apprentice (YDMT) Expenditure £16.7k/Income (£6.3k), net £10.4k.
- Three Counties Bid Contribution £5k.
- Heart of the Pennines Post, Expenditure £24.4k/Income (£14.4k), net £10k.
- New to Nature Trainee Expenditure £26.7k/Income (£17.2k), net £9.5k

The remaining balance in the Fund is **£11.6k**.

Virements

Virements are additions, transfers or reductions to the original budget authorised by Members in March 2022, during the period 1st July 2022 to 30 September 2022. Additional income and savings are denoted as bracketed figures (£) in line with accounting practice.

Total Adjustments – additional net income/savings (£49.9k)

Reduced Costs (Savings) – (£22.9k)

- Minerals Officer Post, saving (£22.9k)

Additional Income - (£112.5k extra income / £85.5k extra expenditure: net £27k)

- Covid business rates relief (£12k)
- DEFRA 2-year National Landscape Partnership Grant (NPE & NPP) £86k income / (£86k) expenditure, net £0.0k.
- Our Upper Commons (formerly Our Common Cause) (£3k)
- Pre-application advice, income (£5k)
- Palladium Income NZWN Test (£7k)

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.

Added to reserves:

- Legacy Reserve – Donation of £1k, (Balance £160.4k).

Delegations, 1 July 2022 to 30 September 2022

Description	Approved	Date
<p>Yoredale Roof Repairs Working with consultants (Day Cummins, project managers), a costed solution was developed with one contractor (Michael Thompson Ltd) to fix the leaking roof at Yoredale, that contractor having previously fixed a similar problem at DCM.</p> <p>Because of expedience - oncoming winter weather – the work was awarded to MT Ltd, without going through an additional contracting exercise, in line with paragraph 5.2.1 of Financial Regulations. The contract will be for a total value of £60k, including contingencies, and is within the amount provisionally set aside for this work.</p>	Richard Burnett, Director of Corporate Services	1 September 2022