

Committee: FINANCE & RESOURCES

Date: 7 February 2023

**Report: FINANCIAL PROGRESS REPORT
1 APRIL 2022 to 31 DECEMBER 2022**

Purpose of the Report

1. To provide Members with details of the Authority's financial performance, covering the period from 1 April 2022 to 31 December 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 provides an overview of the Authority's financial performance for the first nine 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 October 2022 to 31 December 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 1 October 2022 to 31 December 2022; these details are included by way of governance best practice.

Performance Summary

5. The overall position suggests a net 'underspend' compared to profile of **£855k**. However, the detail that makes up that figure needs to be examined in order to understand the true picture. The figures comprise:
- a. **£269k** income budgeted, but not yet received. Most of the variances within this figure are simply timing issues relating to external grant-funded projects and should disappear by 31st March, the budget for both the expenditure and income will either be carried forward to 2023/24 - if that option is available from the funder - or the activity will not proceed; a net zero effect on the finances of the Authority.

The programmes with the highest amounts due are: Landscape Features (Westmorland Dales) £134k; Rights of Way (National Trails) £115k; Farm Conservation (Farming in Protected Landscapes) £98k; and, National Park Centres and Dales Countryside Museum (Changing places) £88k.

The overall income figure includes three income streams that have performed particularly well this year and as a consequence were ahead of their target budgets at the end of December totalling £140k. Projecting forward the figures in bold denote the estimated additional income by the end of March 2023, this totals approximately **£230k**.

- i. Car park ticket sales £73k (**£120k**)
- ii. Bank interest £45k (**£80k**)
- iii. Retail £69k (£22k additional profit) (**£82k/** additional profit of **£30k**)

Members should note, to reflect this performance, future budget targets for these income streams have been increased in the three-year Medium Term Financial Strategy also presented at this meeting.

- b. **£1,124k** of underspent expenditure; there are a number of cost centres which are underspent.

Again most of this underspend is accounted for by external Grant-funded programmes (with no impact on the Authority's net finances). The variances *should* just be down to timing issues but as we are now three quarters through the financial year, those programmes currently showing larger variances have a higher probability of being underspent.

Grant funded programmes which will either be spent or carried forward, net zero variance:

- Farm Conservation (Farming in Protected Landscapes) £522k
- Rights of Way (National Trails) £135k
- Landscape Features (Westmorland Dales) £189k
- Dales Countryside Museum (Changing Places) £33k

Other programmes which are underspent are shown below. Of these, Trees and Woodland is the only one where the manager has indicated there will be an underspend of approximately **£25k** at year end:

- Rights of Way £64k
- Recreation & Health £58k
- Education & Outreach £23k
- Historic Environment £17k
- Tourism £13k
- Central Costs £89k (some IT project costs may be carried forward)
- Trees & Woodlands £47k

Programmes which will be **overspent** 31st March 2023 (**£20k**), these are:

- Sustainable Development Fund £11k, (**£10k**)
- Biodiversity £13k (**£10k**)

More detailed information on these variances can be found in **Appendix 2**.

- c. The 2022/23 staff pay award has now been implemented. This had been budgeted at 2%, but the national pay award was agreed as a flat rate increase of £1,925 on each scale point in the pay structure. For job roles at the bottom of the pay scale, the pay award is worth circa 10%, and for those at the top, 3%. The impact of this pay award is that the staff costs budget was overspent by £110k at the end of December and is likely to be **£140k** overspent by 31st March.
- d. In terms of estimating the overall position by the end of the financial year, the above indicates a positive variance (underspend/saving) against budget of approximately **£100k**. However, previous experience suggests it is likely to be higher when accounting for several cost centres may have smaller underspends.

Michelle Clyde
Head of Finance

26 January 2023

Appendix 1

Detailed Analysis of 2022/23 Budget Performance

This table presents the financial results from 1st April 2022 to 31st December 2022, in terms of Programme budgets, Corporate Employment Costs, and Central Costs. Analysis of component lines which include significant variances are included in detail in Appendix 2.

1 APRIL 2022 To 31 DECEMBER 2022 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	734.3	550.7	530.1	20.7
Programme Costs	62.1	48.1	61.8	(13.7)
Income	(275.0)	(205.0)	(186.8)	(18.2)
Development Management Total	521.4	393.8	405.0	(11.2)
Staff Costs	408.3	305.6	288.5	17.1
Programme Costs	1,709.9	770.5	265.7	504.9
Income	(1,818.3)	(1,289.5)	(1,154.4)	(135.1)
Farm Conservation Total	300.0	(213.4)	(600.3)	386.9
Staff Costs	146.5	109.8	113.6	(3.7)
Programme Costs	107.7	92.5	75.4	17.2
Income	(3.6)	(3.6)	(8.7)	5.1
Biodiversity Total	250.6	198.8	180.2	18.5
Staff Costs	457.4	334.2	338.8	(4.6)
Programme Costs	811.1	554.5	351.1	203.4
Income	(458.2)	(217.9)	(128.1)	(89.8)
Rights of Way Total	810.3	670.9	561.8	109.0
Staff Costs	129.6	97.2	81.5	15.7
Programme Costs	41.0	31.8	44.5	(12.8)
Income	0.0	0.0	0.0	0.0
Development Planning Total	170.6	129.0	126.0	2.9
Staff Costs	92.2	69.1	72.6	(3.5)
Programme Costs	177.2	90.4	28.6	61.8
Income	(58.2)	0.0	(58.2)	58.2
Recreation & Health Total	211.1	159.5	42.9	116.6
Staff Costs	258.9	175.5	175.9	(0.4)
Programme Costs	76.6	61.4	38.4	22.9
Income	(111.8)	(60.8)	(45.0)	(15.8)
Education & Outreach Total	223.7	176.1	169.3	6.7

1 APRIL 2022 To 31 DECEMBER 2022 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	295.8	214.7	196.6	18.1
Programme Costs	666.6	264.1	235.5	28.6
Income	(722.2)	(397.9)	(346.2)	(51.7)
Trees & Woodlands Total	240.3	80.9	85.9	(5.0)
Staff Costs	87.9	66.0	65.5	0.5
Programme Costs	175.1	136.4	104.1	32.3
Income	(136.2)	(121.4)	(64.4)	(56.9)
Dales Countryside Museum Total	126.8	80.9	105.1	(24.2)
Staff Costs	136.8	102.6	107.8	(5.2)
Programme Costs	87.4	44.4	22.5	22.0
Income	(30.0)	(3.0)	(1.5)	(1.5)
Historical Environment Total	194.2	144.0	128.8	15.2
Staff Costs	0.0	0.0	0.0	0.0
Programme Costs	1,702.3	736.9	547.5	189.4
Income	(1,434.3)	(479.1)	(344.9)	(134.2)
Landscape Features Total	268.0	257.8	202.6	55.2
Staff Costs	186.4	140.6	146.6	(5.9)
Programme Costs	145.4	110.9	100.4	10.5
Income	(15.2)	(11.2)	(12.5)	1.3
Volunteers & Apprentices Total	316.7	240.4	234.5	5.9
Staff Costs	108.5	81.4	84.0	(2.6)
Programme Costs	34.2	24.5	8.7	15.8
Income	0.0	0.0	(0.1)	0.1
Tourism Total	142.7	105.9	92.6	13.3
Staff Costs	314.0	235.5	261.0	(25.6)
Programme Costs	370.7	340.9	310.2	30.7
Income	(360.3)	(342.7)	(365.9)	23.2
National Park Centres Total	324.4	233.7	205.4	28.3
Staff Costs	37.8	28.3	29.6	(1.3)
Programme Costs	283.6	103.2	91.2	12.1
Income	0.0	0.0	0.0	0.0
Sustainable Development Fund Total	321.3	131.6	120.8	10.8
Staff Costs	71.6	53.7	56.5	(2.9)
Programme Costs	326.9	259.0	262.0	(3.0)
Income	(764.7)	(653.7)	(726.7)	73.0
Carparks & Toilets Total	(366.3)	(341.0)	(408.2)	67.2

1 APRIL 2022 To 31 DECEMBER 2022 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	60.1	45.1	46.4	(1.3)
Programme Costs	59.5	49.1	38.6	10.5
Income	(30.0)	0.0	0.0	0.0
Recreational Management	89.6	94.2	85.0	9.2
Programme Summary				
Total Programme Gross Costs	10,363.5	6,328.9	5,180.9	1,148.0
Total Programme Income	(6,218.1)	(3,785.8)	(3,443.5)	(342.3)
Total Programme Net Cost	4,145.4	2,543.2	1,737.5	805.7
Corporate Employment and Central Costs				
Conservation and Communities Staff Costs	128.7	96.5	101.0	(4.5)
Conservation and Communities Staff Income	0.0	0.0	0.0	0.0
Park Management Staff Costs	358.5	268.9	275.8	(6.9)
Corporate Staff Costs	992.3	744.2	758.3	(14.1)
Corporate Staff Income	0.0	0.0	(0.7)	0.7
Vacancy Factor 2%	(107.5)	(80.6)	0.0	(80.6)
Other Employee Related Costs	22.6	17.6	24.0	(6.4)
Other Employee Related Income	0.0	0.0	0.0	0.0
Total Corporate Employment Net Costs	1,394.6	1,046.6	1,158.5	(111.8)
Support Services	298.4	240.8	236.6	4.3
Support Services Income	(116.5)	(109.0)	(155.6)	46.6
CEO Support	7.9	7.0	5.8	1.2
CEO Support Income	0.0	0.0	(1.2)	1.2
Legal Services	24.1	22.1	(0.9)	23.1
Legal Services Income	(23.0)	(17.3)	(17.1)	(0.1)
Office Accommodation	108.1	82.4	73.8	8.6
Office Accommodation Income	(12.5)	(9.4)	(10.7)	1.4
Health and Safety	8.1	6.6	2.0	4.6
Members	123.1	93.2	89.7	3.4
Members Income	0.0	0.0	(0.5)	0.5
IT Licences, Consumables and Support	207.7	201.1	172.9	28.2
Communications and Web Services	66.4	46.0	22.8	23.2
Communication Income	(0.4)	0.0	(21.2)	21.2
Land Holdings and Maintenance	92.7	88.5	95.1	(6.6)
Land Holdings and Maintenance Income	0.0	0.0	(1.8)	1.8
Training	60.1	42.7	43.9	(1.2)
Training Income	0.0	0.0	0.0	0.0
Total Central Net Costs	844.1	694.8	533.7	161.1

1 APRIL 2022 To 31 DECEMBER 2022 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
SUMMARY				
National Park Grant	(5,229.8)	(3,922.4)	(3,922.4)	(0.0)
Other Income	(6,370.5)	(3,921.4)	(3,652.2)	(269.1)
Total Income	(11,600.3)	(7,843.7)	(7,574.6)	(269.1)
Gross Expenditure	12,754.5	8,205.9	7,081.9	1,124.1
Net expenditure (excluding National Park Grant)	6,384.0	4,284.6	3,429.6	854.9
In-Year Deficit/(Surplus)	1,154.2	362.2	(492.7)	854.9

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

Programme Net Costs

Development Management: Adverse variance of £11k;

Staff costs were underspent by £21k, largely balanced by contractors being overspent by £14k, and planning fee income was behind budget by £18k.

Farm Conservation: Positive variance of £387k;

There were underspends in staff costs (£17k), FiPL (£465k), and Tees Swale (£50k), the latter now resolved, and income is ahead of budget for staffing by £40k, and FiPL by £98k.

Biodiversity: Favourable variance £19k;

Community Wildlife spend was behind budget by £13k. Additional expenditure for habitat data issues means the programme may be overspent by around £10k by year end.

Rights of Way: Favourable variance of £109k;

There are underspends in National Trails £135k, Upper Wensleydale £55k, and Southern Dales £17k. Income has been received in advance in Cumbria £10k and for the Three Peaks £17k, and £115k National Trails income is behind budget.

Recreation & Health: Favourable variance of £117k;

There are underspends in Access £20k and Recreational Activity £38k (this includes Dark Skies reserve). £58k of income has been received in advance for DEFRA access funds.

Education & Outreach: Favourable variance of only £7k, however;

This is a combination of underspends of £23k in Learning & Engagement and £16k income behind budget.

Trees & Woodlands: Adverse variance of only £5k, however;

General woodland budget is underspent by £32k, and salaries are underspent by £18k (ongoing vacancy). Staff income is £35k behind budget and the Grow Back Greener income is behind budget by £87k. This budget is projected to be underspent by approximately £25k at 31st March.

Dales Countryside Museum: Adverse Variance of £24k;

Routine income is £18k behind target (Admissions £6k and Renewable Heat Incentive £12k). The 'Changing Places' grant was delayed, but works have gone out to contract so there is a corresponding underspend of £39k. If the income does not pick up in this area, it will have a negative variance at year end.

Historical Environment: Favourable variance of £15k;

Awaiting invoices for works to several monuments at risk.

Landscape Features: Favourable variance of £55k;

As in the past three years, the Westmorland Dales budget has proved difficult to predict due to the collaboration with many third parties. Income is behind by £134k and spend by £189k. This programme now has approval from the Heritage Lottery Fund to extend for 6 months (to September 2023) which should enable all the remaining projects to be completed. The project should net off to the total contribution over the four years of £300k which has been committed by the Authority and will be closely monitored as the project draws to a close in summer 2023.

Tourism: Favourable variance of £14k;

Underspend on visitor orientation car park signage.

National Park Centres: Favourable variance of £28k;

Overspend on salaries of £26k (partly due to sickness cover), additional retail profit of £22k, underspends on refurbishments of £11k and Partnership centres of £18k (£15k relates to the extended Westmorland Dales project). There is also a delay in receiving the Changing Places toilet income for Grassington NPC (£49k) and corresponding expenditure to match.

Sustainable Development: Favourable variance of **£11k**; claims are behind the amount budgeted to this point of the year, although the funds committed are ahead of schedule (and may be in excess of budget by £10k if they are all fully claimed). As always around £200k is likely to be carried forward schemes approved this year but not completing until 2023/24.

Carparks & Toilets: Favourable variance of £67k;

Additional car park income received of £73k.

Corporate & Central Costs

Corporate Employment Costs

The total adverse variance is £112k;

The 'Vacancy factor' (a projection of expected savings made through staff vacancies) for the whole Authority sits in this budget category, at £81k. 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 £31k 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 total favourable variance is £161k;

Support services income is £47k above budget mainly due to increased bank interest rates; £23k of 2021/22 legal costs are still due (the courts will apply for the money at some point); there are underspends of £28k IT costs and £23k in Communications. Communications income of £21k was invoiced in error and will be credited in January so the £21k variance will disappear.

Opportunities Fund

The Opportunities Fund exists primarily to provide match funding for new externally funded projects. There was one allocation of £10k for the New to Nature Apprentice (Education & Outreach). The remaining balance in the Fund is **£12k**.

Virements

Virements are additions, transfers or reductions to the original budget authorised by Members in March 2022, during the period 1st October 2022 to 31st December 2022.

Additional income and savings are denoted as bracketed figures (£) in line with accounting practice.

Total Adjustments – additional net income/savings (£66k)

Reduced Costs (Savings) – (£55k)

- Committee room equipment, saving (£19k).
- Tourism subscription budget not required (£12k).
- Net decrease in Members budget (training/venue/mileage and increase in allowances) (£8k).
- Car park rates budget reduced (set too high) (£16k).

Increased Costs – £1k

- History of the YDNPA book, additional £1k.

Net Additional Income - £69k income/£57k expenditure: net income (£12k)

- NY Trail Riders Fellowship; income (£5k)/ expenditure £5k, net zero.
- Revere; income (£17k)/ expenditure £5k, net (£12k).
- Access DEFRA funds; income (£58k)/ expenditure £58k, net zero.
- Access & Engagement self-funded post; income (£9k)/ expenditure £9k, net zero.
- Tees Swale trainees; income (£45k)/ expenditure £45k, net zero.
- Biodiversity; Dry Rigg Quarry funds not being received in 22/23; income *not being received* £35k/*expenditure saved* (£35k), net zero
- Biodiversity Swinton Quarry budget correction; income *not being received* £30k (it is income in advance)/*expenditure saved* (£30k), net zero

Earmarked Reserves Movements

Members have previously authorised a number of Earmarked Reserves for specific pieces of work. During the year, a transfer from Reserves is made into the budget to cover this expenditure. This is a technical adjustment rather than an additional budget requirement. In the period 1st October 2022 to 31st December 2022 the following movements were made:

Taken from/(to) reserves:

- Barns Legacy Reserve – £10k
- Yoredale Roof Reserve – Phase 1 & 2 works £57k
- Bolton Abbey Erosion Interpretation – £1k
- Swaledale Barns YDMT funding £5k cost/ (£20k income), (net £15k)
- IT hardware budget transferred to reserves (£41k)

Description	Approved	Date
<p>LIDAR and Aerial Survey data Although the sum proposed for the contract is less than the Authority’s threshold for requiring quotes, the value of the total contract – adding this latest spending to the preceding contract with ARS – would have exceeded that threshold.</p> <p>ARS did the previous work and were trained by YDNPA. For this next study to be undertaken seamlessly and to benefit from the training already invested in the ARS staff, the contract was awarded without going out to quote, as it was specialist in nature and time sensitive.</p>	<p>Richard Burnett, Director of Corporate Services</p>	<p>7 November 2022</p>
<p>Car Park Resurfacing, Grassington Only two quotes were received for this work:</p> <ul style="list-style-type: none"> • JM Stubbs £85,746 • Websters £149,862 <p>The lower of the two quotes was accepted and the contract awarded to Stubbs.</p>	<p>Richard Burnett, Director of Corporate Services</p>	<p>18 November 2022</p>
<p>Our Common Cause, Ingleborough Cave Archaeology Project A number of organisations were contacted but were unwilling to bid for the contract. One bid was received from the University of Central Lancaster (UCLAN), costed at £43,350.</p> <p>The National Lottery Heritage Fund have approved a ‘single tender action’ because of the highly specialised nature of the archaeological assessment, and management, of early cave deposits.</p>	<p>Richard Burnett, Director of Corporate Services</p>	<p>21 November 2022</p>
<p>Aysgarth Access Path and Boardwalk An open quote was sought for Landscape Architects to design Access works and boardwalk at Aysgarth for construction in 2024/25. The contract was widely advertised, but only one company quoted for the works.</p> <p>The quote met the requirements and was deemed to be a reasonable cost for the works. The Authority accepted this quote from Conservfor for £14,183.20.</p>	<p>Michelle Clyde, Head of Finance</p>	<p>19 December 2022</p>