

Committee: FINANCE & RESOURCES

Date: 5 December 2023

Report: FINANCIAL PROGRESS REPORT
1 APRIL 2023 to 30 SEPTEMBER 2023

Purpose of the Report

1. To provide Members with details on the financial performance for the first six months of 2023/24, covering the period from 1 April 2023 to 30 September 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 six 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 July 2023 to 30 September 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 July 2023 to 30th September 2023; these details are included by way of governance best practice.

Performance Summary

5. The overall financial position at the end of the first quarter is a net ‘underspend’ compared to profile of **£359k**. However, this masks some quite detailed information on both income and expenditure variances. Key things for Members to be aware of:
 - Planning Fee income is lower than anticipated, largely because of the delayed implementation of national Planning Fees increases, which were due to take effect from 1st April, but are now expected to be introduced from December 2023.
 - Due to a number of vacant posts within the Farming and Trees & Woodlands section, the Authority has already achieved its ‘vacancy factor’ saving (£58k) and made a further saving of £46k.
 - A number of grant funded budgets (FIPL, Grow back Greener and National Trails) had not received the expected grants from DEFRA and Natural England due to a new payment system causing delays; however, this has now been resolved.
 - Sustainable Development Fund: Although this budget is on target at the end of September, there has been a significant reduction in the number of projects submitted. This may be due to the availability of other grants e.g. FiPL and a new YDMT grant scheme. Consequently, officer time has been refocused on completing the Local Plan. In addition, we propose to reduce the SDF budget by £55k (from £155k to £100k).

Income

6. The overall position at the end of September shows a large negative variance of **£1.1m**. These are practically all timing issues relating to external grant-funded projects and should disappear by year end.
7. Further detail is provided at **Appendix 2** but in summary the programmes with grant funded budgets with adverse variances are:
 - i. Farm Conservation – mainly Farming in Protected Landscapes (FiPL) £788k;
 - ii. Trees & Woodlands – mainly Grow Back Greener £312k;
 - iii. Landscape Features (Westmorland Dales) £195k;
 - iv. Recreation & Health £58k - mainly an Arts Council England (ACE) grant which is delayed due to an administrative issue.
8. There is only one programme with lower than expected income:
 - i. Development Management £47k (see para 5 above);

9. The overall income figure includes income streams that performed well in the first six months, and programmes where we have received income ahead of schedule:
- i. Corporate – mainly bank interest & legal income £44k higher than budget;
 - ii. Retail £39k gross (£12k net of purchase costs);
 - iii. Rights of Way £143k. £77k is National Trails grant received in advance (profiling issues). The Three Peaks project is £73k above target mainly due to 2 legacy payments.

Expenditure

10. The overall position at the end of September shows an underspend, against profile, of **£813k**. Again, some of this underspend is accounted for by external grant-funded programmes (with no impact on the Authority's net finances). The majority of the variances are again due simply to timing differences which occur because the estimates of when the budget will be spent are different in practice.

Expenditure Budgets with underspends:

- i. Landscape Features £306k;
- ii. Farm Conservation £188k;
- iii. Central Costs £183k;
- iv. Rights of Way £61k;
- v. Historic Environment £53k;
- vi. Recreation & Health £44k;
- vii. Biodiversity £35k;
- viii. Development Planning £19k;
- ix. Tourism £19k;
- x. NPC & Retail £16k – cost of goods sold;
- xi. Dales Countryside Museum £14k;
- xii. Recreation Management £10k.

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

11. 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 report have been covered by savings due to vacancies. The income position is generally a positive one. Reductions in planning fee income can be covered by additional income from bank interest.

Julie Braid
Finance Officer

Michelle Clyde
Head of Finance

16 November 2023

Detailed Analysis of 2023/24 Budget Performance

This table presents the financial results from 1st April 2023 to 30th September 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 30 SEPTEMBER 2023 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	748.1	374.0	370.8	3.3
Programme Costs	59.9	29.5	36.1	(6.6)
Income	(320.0)	(160.0)	(113.5)	(46.5)
Development Management Total	488.0	243.5	293.5	(49.9)
Staff Costs	461.4	230.7	195.5	35.2
Programme Costs	1,965.4	414.1	260.7	153.4
Income	(2,051.5)	(949.1)	(160.6)	(788.4)
Farm Conservation Total	375.4	(304.3)	295.5	(599.8)
Staff Costs	195.0	98.6	97.2	1.3
Programme Costs	117.3	70.9	37.0	33.9
Income	(106.3)	(83.3)	(114.9)	31.6
Biodiversity Total	206.1	86.1	19.4	66.8
Staff Costs	496.4	248.2	246.5	1.7
Programme Costs	778.3	246.9	187.6	59.3
Income	(543.9)	(28.4)	(171.7)	143.4
Rights of Way Total	730.7	466.7	262.4	204.3
Staff Costs	141.7	70.8	70.4	0.4
Programme Costs	41.0	21.5	2.5	19.0
Income	0.0	0.0	0.0	0.0
Development Planning Total	182.7	92.3	72.9	19.4
Staff Costs	101.7	50.8	52.3	(1.4)
Programme Costs	97.4	50.7	5.7	45.1
Income	(67.2)	(58.5)	(7.8)	(50.7)
Recreation & Health Total	131.8	43.1	50.2	(7.1)
Staff Costs	281.1	142.3	141.0	1.3
Programme Costs	55.6	30.2	37.4	(7.2)
Income	(128.4)	(43.0)	(68.7)	25.7
Education & Outreach Total	208.3	129.6	109.7	19.8

1 APRIL 2023 To 30 SEPTEMBER 2023 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	323.8	161.9	137.9	24.0
Programme Costs	994.9	17.4	107.4	(90.0)
Income	(1,130.9)	(422.4)	(110.2)	(312.2)
Trees & Woodlands Total	187.9	(243.2)	135.0	(378.2)
Staff Costs	94.4	47.2	47.4	(0.2)
Programme Costs	140.5	74.9	61.0	13.9
Income	(101.2)	(74.3)	(75.0)	0.8
Dales Countryside Museum Total	133.7	47.9	33.4	14.5
Staff Costs	134.0	67.0	69.9	(2.9)
Programme Costs	94.5	62.5	6.6	55.9
Income	(68.0)	(29.0)	(4.2)	(24.8)
Historical Environment Total	160.5	100.5	72.3	28.2
Staff Costs	0.0	0.0	0.0	0.0
Programme Costs	900.8	722.8	416.6	306.1
Income	(734.7)	(300.0)	(105.0)	(195.0)
Landscape Features Total	166.1	422.8	311.6	111.2
Staff Costs	203.4	101.7	102.3	(0.6)
Programme Costs	128.0	63.0	61.2	1.8
Income	(18.0)	(4.0)	(2.2)	(1.8)
Volunteers & Apprentices Total	313.4	160.7	161.4	(0.6)
Staff Costs	118.8	59.4	59.4	(0.0)
Programme Costs	34.6	21.6	2.7	18.9
Income	0.0	0.0	(0.2)	0.2
Tourism Total	153.4	81.0	61.9	19.1
Staff Costs	350.4	175.2	188.5	(13.3)
Programme Costs	395.7	266.2	237.1	29.1
Income	(389.3)	(295.7)	(290.4)	(5.2)
National Park Centres Total	356.8	145.7	135.2	10.6
Staff Costs	41.4	20.7	20.7	(0.0)
Programme Costs	326.9	44.3	48.9	(4.6)
Income	0.0	0.0	0.0	0.0
Sustainable Development Fund Total	368.3	65.0	69.7	(4.7)
Staff Costs	80.0	40.0	40.6	(0.6)
Programme Costs	568.9	263.6	275.0	(11.4)
Income	(953.1)	(655.3)	(661.2)	5.9
Carparks & Toilets Total	(304.1)	(351.6)	(345.6)	(6.1)

1 APRIL 2023 To 30 SEPTEMBER 2023 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	65.5	32.7	31.0	1.7
Programme Costs	16.0	13.5	5.0	8.5
Income	0.0	0.0	0.0	0.0
Recreation Management	81.5	46.2	36.0	10.2
Programme Summary				
Total Programme Gross Costs	10,552.8	4,335.0	3,660.1	674.9
Total Programme Income	(6,612.3)	(3,102.9)	(1,885.7)	(1,217.2)
Total Programme Net Cost	3,940.5	1,232.1	1,774.5	(542.3)
Corporate Employment and Central Costs				
Conservation and Communities Staff Costs	128.9	64.4	64.6	(0.2)
Conservation and Communities Staff Income	0.0	0.0	(0.8)	0.8
Park Management Staff Costs	387.7	193.9	178.9	15.0
Corporate Staff Costs	1,031.4	515.7	519.4	(3.7)
Corporate Staff Income	0.0	0.0	0.0	0.0
Vacancy Factor 2%	(115.2)	(57.6)	0.0	(57.6)
Other Employee Related Costs	19.9	8.7	6.8	1.9
Other Employee Related Income	0.0	0.0	0.0	0.0
Total Corporate Employment Net Costs	1,452.7	725.1	768.9	(43.8)
Support Services	300.4	217.0	213.0	4.0
Support Services Income	(251.5)	(168.5)	(204.4)	35.9
CEO Support	6.9	0.5	0.7	(0.2)
CEO Support Income	0.0	0.0	0.0	0.0
Legal Services	30.9	23.2	(10.3)	33.5
Legal Services Income	(17.0)	(8.5)	(14.6)	6.0
Office Accommodation	165.1	86.2	58.7	27.6
Office Accommodation Income	(14.5)	(7.3)	(7.1)	(0.2)
Health and Safety	8.1	2.8	2.7	0.1
Members	122.7	60.4	59.9	0.5
Members Income	0.0	0.0	(0.6)	0.6
IT Licences, Consumables and Support	279.3	219.0	130.7	88.3
Communications and Web Services	98.8	63.1	28.6	34.5
Communication Income	(23.4)	0.0	(0.8)	0.8
Land Holdings and Maintenance	40.2	8.6	23.3	(14.8)
Land Holdings and Maintenance Income	0.0	0.0	(0.1)	0.1
Training	63.1	33.1	23.6	9.5
Training Income	0.0	0.0	(0.3)	0.3
Total Central Net Costs	809.1	529.6	303.0	226.7

1 APRIL 2023 To 30 SEPTEMBER 2023 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	(5,669.8)	(3,054.9)	(3,054.9)	(0.0)
Other Income	(6,918.7)	(3,287.1)	(2,114.3)	(1,172.8)
Total Income	(12,588.5)	(6,342.0)	(5,169.2)	(1,172.8)
Gross Expenditure	13,121.0	5,774.0	4,960.6	813.4
Net expenditure (excluding National Park Grant)	6,202.3	2,486.9	2,846.3	(359.4)
In-Year Deficit/(Surplus)	532.5	(568.0)	(208.6)	(359.4)

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 **£47k** arising from delays in implementing national Planning Fee increases. This shortfall is very unlikely to be made up.

Farm Conservation: Adverse variance of **£599k**; there is a saving on staff costs of £35k. FiPL expenditure is behind by £153k and income is also behind target by £800k (but this has now been resolved - see covering report). The entire FiPL grant (£1.6m) has been committed to projects so will be fully spent if all projects are completed by the end of March.

Biodiversity: Favourable variance of **£66k**, this is a combination of £32k of Community Wildlife and peat consultancy income received ahead of budget; delays in spending the quarry Natural Environment Funds (£20k) and Biodiversity behind budget by £14k. All budgets are expected to be on target by year end.

Rights of Way: Favourable variance of **£204k**; income received ahead of budget of £143k (mainly Three Peaks and National Trails) and an underspend of £59k (National Trails, Upper Wensleydale, Cumbria, Southern Dales) this should be spent by year end aside from the Three Peaks which will have an element of carry forward.

Development Planning: Favourable variance of **£19k** – delays in letting contracts for some Local Plan evidence because of the additional ongoing work on the housing sites.

Education & Outreach: Favourable variance of **£20k**; salaries income received ahead of budget by £25k (£18k Tees- Swale) and (£7k Access to Eden), expenditure over budget by £5k. All budgets are expected to be on target by year end.

Trees & Woodlands: Adverse variance of **£378k**; Grow Back Greener (GBG) income of £358k not received, but £34k received in advance for New Native Woodland and Revere Trees, GBG is overspent by £99k, and there are underspends in salaries of £24k. The Grow Back Greener programme is being re-profiled to reflect the revised funding agreement agreed with the Woodland Trust. This will be included in the next committee report which will clear most of the variance. The overall GBG budget will be reduced by £82k to £372k.

Dales Countryside Museum: Favourable Variance of **£15k**; mainly savings in the 'Changing Places' toilet project, the excess grant received will be repaid to North Yorkshire Council, it was hoped it could be used against the Grassington changing places project but the funds cannot be transferred between regions.

Historic Environment: Favourable variance of **£28K**; £53k underspend and £25k delayed income, largely as a result of slippage on two externally funded projects (Ingleborough Cave Archaeology; Smardale Lime Kilns). These will be on track by year end. £10k of planned income for community heritage projects will not be achieved, so the Monuments at Risk budget will be reduced by the same amount.

Landscape Features: Favourable variance of **£111k**; as in the previous years, the Westmorland Dales budget has proved difficult to predict due to the collaboration with lots of third parties. £195k income has not been received and £306k worth of projects are behind budget. The last claim will be submitted to the Heritage Lottery Fund in February 2024 and the final projects are being completed. The net cost to the Authority should remain at or below £300k which was our original commitment.

Tourism: Favourable variance of **£19k**. Dark Skies signage has been delayed as the approved logo has not been received. The budget will be reduced by £10k as work originally planned has been completed within the Westmorland Dales project instead.

National Park Centres: Favourable variance of **£11k**; £13.3k overspend on staff costs, and £12k additional profit on goods sold, and a £11k underspend on the refurbishment budget. The works at Aysgarth have been delayed until November/December.

Recreation Management: Favourable variance of **£10k** - mainly Green Lanes. Should be spent by year end.

Corporate & Central Costs

Corporate Employment Costs

The total adverse variance is **£44k**; the 'Vacancy factor' (a projection of expected savings made through staff vacancies) for the whole Authority sits in this budget category, at £58k. 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 £14k saving comes from park management corporate staff costs.

Central Costs

The favourable variance is **£227k**. Some of these are timing issues: £33k underspend on legal expenses partly due to a 2022/23 court case which has now been settled. £88k underspend on IT due mainly to the delay in replacing the phone system. £30k underspend on Lead Mining interpretation part of the Our Common Cause project.

There is an underspend of £27k on office accommodation mainly for utilities which were increased significantly, With the winter months ahead the charges will increase but there may be a saving if fuel prices are not inflated as much as was expected.

Bank interest income is higher than budgeted (£32k) and can be expected to increase further.

Opportunities Fund

The Opportunities Fund exists primarily to provide match funding for externally funded projects. No allocations were made from the Fund between 1st July 2023 and 30th September 2023.

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

Virements

Virements are additions, transfers or reductions to the original budget authorised by Members in March 2023, during the period 1st July 2023 to 30 September 2023. Additional income and savings are denoted as bracketed figures (£) in line with accounting practice.

Total Adjustments – additional net income/savings (**£15k**)

Additional Income - (**£79.6k extra income / £64.6k extra expenditure: net £15k**)

- BMW vehicle charger grant (£10k), expenditure £10k, net result £0k.
- NYC unsurfaced unclassified roads grant (41.1k), expenditure £26.1k, net income (£15k).
- Sports England grant for Dales Fellbeing (£7.8k), expenditure £7.8k, net £0k.
- YDMT national citizenship service funding (£20.7k), expenditure £20.7k, net £0k.

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 - £31.1k, which has been used to fund the restoration of two traditional field barns, with additional support from the Yorkshire Dales Millennium Trust.

Delegations, 1 July 2023 to 30 September 2023

Description	Approved	Date
Westmorland Dales Booklets Under the delegation 'Significant and demonstrable benefits in service or value for money are likely to be obtainable', a single quote was sought for the design and printing of 3,000 copies of a pack of four Westmorland Dales booklets to Nectar Creative.	Clare Burrows	17/08/2023
Yoredale Heat Pump 3 contractors were invited to quote but only two were received. The lower of two quotes from Heat Pump Tech £35,745, was accepted.	Michelle Clyde	12/09/2023

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