

Date: 29 January 2010

Report: PROPOSED BUDGET 2010/11

### Purpose of the Report

1. To seek approval of the 2010/11 budget, and to note the projections for the Financial years 2011/12 and 2012/13 as considered and recommended by the Finance and Resources Committee at its meeting on 4 December 2009.

### Strategic Planning Framework

2. The information and recommendations contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework, and in particular its objective 'to manage all aspects of the Authority's business so as to make the most effective use of our resources' (Corporate Plan).

### 2009/10 Proposed Budget

3. Financial Regulations require that the Annual budget be approved by the full Authority:

*"3.1.2 Whilst the Finance & Resources Committee have the authority to approve in-year variations and other variations to the budget, the annual 'start' budget will be approved by the full Authority."  
(Financial Regulations, May 2009).*

4. The Finance and Resources Committee met on 4 December 2009 to discuss the proposed budget for 2010/11 and indicative budgets for 2011/12 and 2012/13; a copy of the papers (excluding Appendices 1, 2, and 3, which comprise 56 pages of text; these are available on request as Background Documents) is attached as an **Annex** to this report. Appendix 4 within this Annex summarises the proposed budget for 2010/11 and the Finance & Resources Committee recommended that this be put to the Authority for Approval.

## **RECOMMENDATION**

5. That Members approve the 2010/11 budget as summarised in Appendix 4 of the Annex to this report, as recommended by the Finance and Resources Committee on 4 December 2009.

**Michelle Clyde**  
**Senior Finance Officer**

**Richard Burnett**  
**Head of Finance & Resources**

13 January 2010

### **Background documents:**

Finance and Resources Committee 4 December 2009, Proposed Budget 2010/11:

Appendix 1 – YDNPA Priorities

Appendix 2 – Outline Budget Bids 2010/11 (52 pages)

Appendix 3 – Recommended Changes to Existing Objectives (3 pages)

**YORKSHIRE DALES NATIONAL PARK AUTHORITY****ITEM 7****Committee: FINANCE AND RESOURCES****Date: 4 December 2009****Report: PROPOSED BUDGET 2010/11**

### **Purpose of the Report**

1. To seek the Finance and Resources Committee's approval to recommend, to the full Authority, the 2010/11 budget as described, and to note the projections for the 2011/12 and 2012/13 financial years.

### **Strategic Planning Framework**

2. The information and recommendations contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework, and in particular its objective 'to manage all aspects of the Authority's business so as to make the most effective use of our resources' (Corporate Plan).

### **Introduction**

3. This paper sets out the proposed budget for 2010/11, together with 'indicative' budgets for the subsequent two years. The objective of this paper is to give Members sufficient background to understand the process that has been followed, and to be able to question the allocations made within the draft budget.

The report consist of:

- Appendix 1: List of Priorities (Approved on 29 September 2009)
- Appendix 2: Full set of detailed bids, one for each programme.
- Appendix 3: Changes to Authority Objectives.
- Appendix 4: Draft Budget for consideration.

### What the proposed budget is actually showing

4. The proposed budget shows an increase in Defra Core Grant of £152K (2.8%). However, the impact of this increase is diminished by falls in other income streams (notably bank interest income, down by £94K). Because costs have been closely managed, the effects of inflation have not eaten significantly into the Authority's programmes.

This budget has been balanced, as last year, by an allocation from reserves.

### Budget Headlines

Description	2009/10 Budget £'000	2010/11 Budget £'000	Change £'000
(i) Defra Grant Funding	-5,320	-5,472	-152
SDF Grant Funding	-200	-200	0
<b>Total Grant Funding</b>	<b>-5520</b>	<b>-5672</b>	<b>-152</b>
(ii) Employment Costs	3,967	3,982	15
(iii) Central Costs	<i>816</i>	888	72
(iv) Priority 1 Programme Net Costs	507	588	81
(v) Priority 2 Programme Net Costs	813	<i>799</i>	-14
(vi) Priority 3 Programme Net Costs	-429	-492	-63
<b>Total Net Costs</b>	<b>5674</b>	<b>5765</b>	<b>91</b>
<b>Reserves needed to balance budget</b>	<b>154</b>	<b>93</b>	<b>61</b>

Please note that there are two rounding differences of £1K from the Draft Budget (Appendix 4) in the following lines; (iii) central costs & (v) Priority 2 Programmes, these are marked in italics.

The net change in budget between 2009/10 & 2010/11 is £61K (£152K additional grant, less £91K additional costs).

The amount needed from 2009/10 reserves to balance the deficit in the 2010/11 budget is £93K (Total Defra funding £5672K less budgeted costs £5765K).

Each of the above categories is discussed in more detail below (where a change is noted).

#### (i) The 2010/11 Grant Settlement

5. The Authority received notification from Defra that the settlement for 2010/11 will be as originally identified in 2007 at £5472K; this represents an **increase** of **£152K** on the previous year. Grants for future years have not been confirmed so we have taken a conservative approach for budgeting purposes that the grant will remain at this same level (£5472K) in the following 2 years.

## **(ii) Employment Costs**

6. 2010/11 sees a relatively **modest increase** in Employment Costs **£15K**. This is the net cost of: the national pay award (1%), progression up pay scales, reduction in the vacancy factor from 4% to 3% (a net increase of £37K), and the offsetting impact of job related income. The percentage increase varies across departments depending on:

- Number of staff at the top of the pay scale for their job (only the pay award applies).
- Whether any short-term contracts have come to an end.
- Assumptions as to staff related income.

Positive management of staff costs mean that the Authority's target of keeping Employment Costs below 70% of core funding can be maintained in 2010/11 and 2011/12; however in 2012/13 the ratio increases to 71% if the current DEFRA funding assumptions stated above are confirmed.

As with previous years the report shows **all** staff costs within 'Core Costs'. Although the majority of staff costs relate directly to the delivery of programmes, the reasons for disaggregating them are:

- (i) Salary costs are seen, at least in the short- to medium-term, as fixed costs.
- (ii) Salary cost increases are composed of the nationally-agreed annual pay award and annual incremental movements up pay scales. There is therefore not always a straightforward link between changes in staff costs and the financial allocation to priorities.

## **(iii) Central Costs**

7. Central support costs show a substantial **net increase** of **£72K**. However this is simply the net effect of savings on costs (£22K), unfortunately wiped out by a major decrease in bank interest income (£94K) which reflects continuing low interest rates.

## **Programmes**

8. The second section of Appendix 4 shows planned spending in programmes.

Members will be aware of the work undertaken to identify policy priorities. The budget as presented here links resources to priorities. The 2010/11 list of programmes in priority order (**Appendix 1**) was approved at the Authority meeting on 29 September 2009.

Within the budget process, the **priorities** now direct resources (through the **annual budget**) which are in turn more clearly linked to objectives (the **Corporate Plan**). The emphasis is on ensuring that we stay on course to meet those of the Authority's objectives

that have a higher priority, acknowledging that we are not in a position to fund everything we would like to do.

#### **(iv) Priority Programmes**

9. Changes are either increases (as befits the intention to allocate more resources in line with highest priority) or 'natural' decreases in line with service requirements. The main highlights are listed below but more detailed information is contained within the individual programme schedules (Appendix 2). The total **net increase** in this section is **£81K**. Points to note:

- a significant increase in the Climate Change Programme. The main increases are £60K for Hydro Electric Power Schemes, and extra spending for planting & management of Woodlands.
- Recreational Activities, which has reduced by £39K in line with the life of the programme; Go Dales (part of this budget) had a three year budget commitment allocated in 2008/09 which has been carried forward, so there is no additional budget requirement in 2010/11.
- The Rights of Way Programme shows an apparent decrease of £9K, however £8K is for a vehicle which has been moved to the central vehicle budget and is now included in central costs. In addition the Three Peaks Programme shows a reduction in the Authority's budget commitment. Members may recall that the project was always intended to cost less from 2010/11, and become self funding from 2011/12 onwards.
- Sustainable Tourism has increased by £14K, due to the second phase of the Tourism Partnership work in connection with Europarc.

#### **(v) Programmes where we will maintain a good level of service and/or make steady improvements**

10. Budgets have, in general, either remained static or decreased, in line with the requirement to maintain a good level of service and/or make steady improvements. The total **net decrease** in this group is **£14K**. The most significant changes are;

- The Green Lanes programme has decreased by £22K. The majority of management plans for green lanes are now in place so the budget has been reduced in line with expected spending requirements.
- Countryside Skills and Training has increased from zero to £15K, in line with this programme's priority.

### (vi) Programmes where progress will be limited and/or dependant on external funding

11. Budgets have on the whole decreased in line with the decision to limit progress in these areas and/or depend on external funding. However the most significant change is in relation to the Car Park programme which contains the effect of an inflationary increase. The total **net decrease** in these programmes is **£63K**. The most significant changes are:

- Net car park income has been predicted to increase by £49K
- There are no budgets proposed in this paper for Environmental Footprint (previously classified as Climate Change - £33K 2009/10) and Traffic Management. Where some spend has (or will) be identified, this will be dealt with through the Opportunities Fund process.
- Net retail income has been predicted to decrease by £25K, when compared to the **original budget** for 2009/10. However this budget was later **revised down** £20K in Qtr1 due to the downturn in the economy, and the real decrease in income from the revised figure (£107K) is only £4K. This is due to falling margins which have dropped from the predicted 42% to nearer 38%.

### Requirements and Assumptions within the budgeting process

12. The draft 2010/11 budget has been based on two requirements:

- That it should balance (allowing for any allocations from or to existing available reserves); we shouldn't plan to spend more money than we receive or already hold in unallocated reserves.
- That the **proportionate relationship between staff costs and the National Park Grant** should be maintained at less than 70% with opportunities being taken to manage costs, principally through staff departures.

13. The budget itself has been prepared according to the following assumptions:

- **Staff costs:** (i) That the national pay award for each of the 3 years will be 1%; (ii) the staff 'vacancy factor' has been reduced to 3% to better reflect the current staff turnover rates; (iii) the employer's contribution rate to the Authority's Pension Scheme will continue at the current rate of 21.8%; (iv) there are no further changes in National Insurance rates. Members should note that there may be a later proposal to increase the rate of pension contributions from 2011/12, following the

triennial review of the Pension Scheme in 2010. Any decision concerning such an increase will be discussed with this committee in the context of existing payment rates, since there will be several options as to how this may be treated.

- The only 'permanent' cash reserve that the Authority holds is the Audit-required contingency fund, currently at £266k, which met the target '5% of core grant income' in 2009/10, as set in the Authority's Treasury Management Policy. In order to maintain this 5% level, it is recommended that the reserve be increased to £274K, using £8K of current unallocated reserves.

### **Future Years**

14. Members will note that budgets for 2011/12 and 2012/13 do not currently balance (or, rather, are shown as balanced by a nominal reserve movement). At this stage, given the uncertainties on the level of DEFRA grant beyond 2010/11, there is no value in creating a detailed balanced budget from 2011/12 when a more radical costing exercise may be needed nearer that date.

### **RECOMMENDATIONS**

15. That Members:

1. Recommend the draft 2010/11 budget as presented for approval by the full Authority, including the proposed increase to the Contingency Fund (£8K).
2. Note the projections for the 2011/12 and 2012/13 financial years.

**Michelle Clyde**  
**Senior Finance Officer**

**Richard Burnett**  
**Head of Finance & Resources**

23 November 2009

**DRAFT BUDGET 2010/11**

	2009/10 BUDGET NET £000's	2010/11 BUDGET NET £000's	CHANGE FROM 2009/10 £'000's	CHANGE FROM 2009/10 %	2011/12 BUDGET NET £000's	2012/13 BUDGET NET £000's
<b>NATIONAL PARK GRANT &amp; LEVIES</b>						
Core Grant	(5,320)	(5,472)	(152)	3%	(5,472)	(5,472)
Sustainable Development Grant	(200)	(200)	0	0%	(200)	(200)
<b>TOTAL CENTRAL INCOME</b>	<b>(5,520)</b>	<b>(5,672)</b>	<b>(152)</b>	<b>3%</b>	<b>(5,672)</b>	<b>(5,672)</b>
<b>EMPLOYMENT &amp; CENTRAL COSTS</b>						
Employee Costs - Conservation of the Natural Environment	379	380	1	0%	377	385
Employee Costs - Conservation of Cultural Heritage	157	137	(20)	-12%	141	144
Employee Costs - Recreation Management	634	618	(16)	-3%	633	641
Employee Costs - Promoting Understanding	818	782	(36)	-4%	799	814
Employee Costs - Traffic and Transport	42	42	(0)	-1%	42	42
Employee Costs - Rangers	308	306	(2)	-1%	310	314
Employee Costs - Planning	595	649	54	9%	661	673
Employee Costs - Forward Planning	125	155	30	24%	157	159
Employee Costs - Corporate Management	909	913	4	0%	926	941
<b>TOTAL EMPLOYMENT COSTS</b>	<b>3,967</b>	<b>3,982</b>	<b>15</b>	<b>0%</b>	<b>4,045</b>	<b>4,114</b>
Media	5	5	0	0%	5	5
Support Services	141	190	49	35%	139	128
Secretariat	8	8	0	2%	8	8
Legal Services	16	16	(0)	-1%	16	16
Office Accommodation	105	121	16	15%	121	121
Health & Safety	5	5	(0)	-6%	5	5
Member Costs	120	121	1	0%	121	121
IT Licences, Consumables and Support	237	226	(11)	-5%	191	222
Contracts	142	166	24	17%	147	147
Training	38	32	(6)	-16%	32	32
<b>TOTAL CENTRAL COSTS</b>	<b>817</b>	<b>888</b>	<b>72</b>	<b>9%</b>	<b>784</b>	<b>804</b>
<b>BIDS:</b>						
<b>PRIORITY PROGRAMMES</b>						
Biodiversity	81	96	15	19%	76	76
Building Conservation	30	35	5	17%	38	38
Climate Change (Inc. Trees & Woodlands)	127	218	91	72%	233	198
Farm Conservation	25	29	4	16%	24	5
Recreational Activities	62	23	(39)	-63%	47	50
Rights of Way - (Including Access for All)	176	167	(9)	-5%	153	151
Sustainable Tourism	6	20	14	233%	20	20
<b>TOTAL</b>	<b>507</b>	<b>588</b>	<b>81</b>	<b>16%</b>	<b>591</b>	<b>538</b>

**DRAFT BUDGET 2010/11**

	2009/10 BUDGET NET £000's	2010/11 BUDGET NET £000's	CHANGE FROM 2009/10 £'000's	CHANGE FROM 2009/10 %	2011/12 BUDGET NET £000's	2012/13 BUDGET NET £000's
<b>PROGRAMMES WHERE WE WILL MAINTAIN A GOOD LEVEL OF SERVICE AND/OR MAKE STEADY IMPROVEMENTS</b>						
Dales Countryside Museum (Was Cultural Heritage)	85	84	(1)	-1%	84	84
Development Control (Inc Enforcement)	(121)	(119)	2	-2%	(119)	(119)
Green Lanes	39	17	(22)	-56%	16	16
Planning Policy	17	13	(4)	-24%	40	30
Sustainable Development	205	203	(2)	-1%	203	203
Volunteers	80	81	1	1%	81	82
YDMT	45	45	0	0%	45	45
Archaeology (Inc Historic Env Record)	34	33	(1)	-3%	33	33
Communications	51	51	0	0%	51	51
Countryside Skills & Training	0	15	15		15	15
National Park Centres	105	105	0	0%	105	105
Outreach	15	15	0	1%	16	16
Toilets	231	231	0	0%	231	231
Web-based Services	27	25	(3)	-9%	26	26
<b>TOTAL</b>	<b>813</b>	<b>798</b>	<b>(14)</b>	<b>-2%</b>	<b>826</b>	<b>818</b>
<b>PROGRAMMES WHERE PROGRESS WILL BE LIMITED AND/OR DEPENDANT ON EXTERNAL FUNDING</b>						
Branding	7	7	0	0%	7	8
Car Parks	(426)	(475)	(49)	11%	(470)	(485)
Definitive Map	9	9	(0)	-3%	9	9
Education	4	4	0	0%	4	4
Geodiversity	5	3	(2)	-40%	4	4
National Park Management Plan	2	3	1	25%	5	0
Open Access	23	19	(4)	-17%	18	18
Retail	(97)	(72)	25	-26%	(81)	(88)
Environmental Footprint (Previously part of Climate Change)	33	0	(33)	-100%	0	0
Events	3	3	0	0%	3	3
Park Information Points	3	1	(3)	-83%	1	1
Pennine Bridleway	(11)	(9)	2	-20%	0	0
Public Transport	15	15	0	0%	15	15
State of the Park	1	1	0	0%	6	1
Traffic Management	0	0	0	0%	0	0
<b>TOTAL</b>	<b>(429)</b>	<b>(492)</b>	<b>(63)</b>	<b>15%</b>	<b>(480)</b>	<b>(511)</b>
<b>TOTAL BUDGET SUMMARY</b>						
<b>Net Expenditure</b>	<b>5,674</b>	<b>5,765</b>	<b>91</b>	<b>2%</b>	<b>5,767</b>	<b>5,763</b>
<b>National Park Grant &amp; Levies</b>	<b>(5,520)</b>	<b>(5,672)</b>	<b>(152)</b>	<b>3%</b>	<b>(5,672)</b>	<b>(5,672)</b>
<b>TOTAL BUDGET DEFICIT</b>	<b>154</b>	<b>93</b>	<b>61</b>		<b>95</b>	<b>91</b>