

REPORT OF FINANCE MANAGER

SUBJECT:
BUDGET PERFORMANCE REPORT 6 MONTHS TO SEPTEMBER 2018

Revenue Budget

The detailed net revenue budget for the 6 months to 30th September 2018 is presented in Appendix 1, with the summary by service area as follows:

	Net Budget 2018/19	Sept 18 Profiled Budget	Sept 18 Actual & Committed	Variance	% Variance
Conservation of the Natural Environment	348,352	187,659	167,778	19,881	10.6%
Conservation of the Historic & Cultural Env't	144,790	73,587	67,475	6,112	8.3%
Development Management	293,090	140,675	99,689	40,986	29.1%
Forward Planning & Communities	212,399	152,582	126,284	26,298	17.2%
Promoting Understanding & Enjoyment	907,182	491,811	517,225	-25,414	-5.2%
Recreation & Park Management	94,580	-33,595	-61,877	28,282	-84.2%
Rangers, Estates & Volunteers	1,025,532	531,512	543,100	-11,588	-2.2%
Democratic Representation & Management	429,404	229,310	218,541	10,769	4.7%
Service Management & Support Services	1,092,453	536,081	574,402	-38,321	-7.1%
Net Cost of Services	4,547,782	2,309,622	2,252,617	57,005	2.5%

As at 30th September 2018 the Authority's net revenue actual and committed expenditure was £2,253k, £57k (2.5%) under the profiled budget of £2,310k. The main reasons for the variance of actual expenditure against budget for each Service department are as follows:

- **Conservation of the Natural Environment (£20k under budget).** While orders for countryside furniture are running on budget at Cilrhedyn Woodland Centre these have yet to be reflected as recorded sales and contributed to the budget shortfall. In the Nature Conservation area the payment of conservation grants is below the profiled budget but these will be rectified by the in the financial year.

- **Conservation of Cultural Heritage (£6k under budget).** The variances in the Conservation of Cultural Heritage service are considered minor and arise from budget profiling.
- **Development Management (£41k under budget).** Within Development Management planning fee and pre application fees income of £112k are up £25k versus budget but down £26k against the same period for 2017/18. Salary, professional fees and advertising savings together with legal costs recovered have contributed to the under spend.
- **Forward Planning & Communities (£26k under budget).** In the SDF officer post has been vacant for much of the period with a resultant savings in salaries. SDF grants awarded of £38k are £12k below that budgeted.
- **Promoting & Understanding (£25k over budget).**
The table that follows shows the current year budget, actual and prior years' figures for merchandise sales, admissions income and car park income for the 6 months ended 30th September. Total merchandise sales of £190k are on budget but down £4k versus the prior year. The joint admission fee income of £181k for Carew Castle and Castell Henllys is above budget by £2k but is also down £16k versus 2017/18. However analysis of individual centre incomes shows that good incomes from Carew have helped the support the position at Castell Henllys. Visitor numbers were down across all sites compared to last year and factors such as the Easter holidays falling across the two financial years and the bad weather during this period may have impacted on these figures. The Carew Castle Tearoom opened in July and has a very successful summer achieving budgeted sales and an operation surplus of £11k for the 3 month period ended 30th September.

In May 2018 the Authority was awarded £150k in grant-aid support from Visit Wales' Regional Tourism Engagement Fund (RTEF) for Wales Coast Path marketing activities over the next 2 years. This is on top of the £180K obtained in 2017/18 from Welsh Government to deliver an enhanced marketing campaign to celebrate the Wales Coast Path during the '2018 Year of the Sea' and beyond

The Authority's input to the Celtic Routes Interrg project has started and the first grant claim has been submitted. Whilst there is limited refundable cash expenditures the Authority is contributing over £40k of in kind staff time to act a match funding to lever in European grant aid. The aim of the project is to convert the sizable footfall of potential visitors driving though the identified destinations with another final location in mind into staying and paying visitors as well as attracting new visitors to cross the Irish/Celtic Sea.

A Welsh Government grant is also supporting the work of the Pathways project. The project has delivered a number of volunteering sessions across the Park and two youth rangers from Pembrokeshire attended the Europarcs' Youth event in the Cairngorns National Park as delegates to discuss the representation of young people in NP's

- **Recreation & Park Management (£28k under budget).** The table that follows shows Car Park income for the 6 months at £377k, which is up £1k on budget but

down £5k for the comparable period 2017/18. It is worth noting that after several years of experiencing annual increase revenues car park income appears to be plateauing. However as mentioned earlier in this report reduced visitors numbers probably have had a significant impact on this year on year reduction. A prolonged period sickness and the unbudgeted cost of engaging a contractor to maintain the car parks have resulted in the over spend in car park delivery. The underspend of £17k in the Authority's Technical Officer budget is expected to be rectified by the end of financial year.

- **Rangers, Estates & Volunteers (£12k over budget).** The adverse variances in the Rangers, Estates and volunteers are expected to be resolved by the year end.
- **Democratic Representation & Management (£11k under budget).** Within the Corporate Activities and Management budget the Authority has contributed to the Iron Man Wales event, Tenby Town Council for a memorial and further support for the work of National Parks UK. The Corporate Governance budgeted expenditure is behind profile expenditure by £12k due to outstanding invoices from the Wales Audit Office.
- **Service Management & Support Services (£38k over budget).** It is anticipated that the budget variance in Service Management & Support Services will be corrected by the end of the financial year.

2018/19 2nd Quarter Income Versus Budget & Prior Years

Merchandise Sales	Budget	YTD Actual	Variance	2017/18	Variance	2016/17	Variance	2015/16	Variance	2014/15	Variance
Carew Income	67,237	70,978	3,741	71,006	-28	67,689	3,289	66,968	4,010	60,943	10,035
Castell Henllys Income	31,485	28,533	-2,951	34,906	-6,373	32,213	-3,680	37,833	-9,300	31,618	-3,085
Oriel Y Parc	92,000	90,977	-1,023	88,927	2,050	84,645	6,332	90,209	768	120,197	-29,220
	190,721	190,488	-233	194,839	-4,351	184,547	5,941	195,010	-4,522	212,758	-22,270
Admission Fees											
Carew Income	114,396	121,061	6,665	127,882	-6,821	105,663	15,398	102,859	18,202	87,625	33,436
Castell Henllys	64,284	59,446	-4,838	68,614	-9,168	49,093	10,353	61,209	-1,763	54,587	4,859
	178,680	180,507	1,827	196,496	-15,989	154,756	25,751	164,068	16,439	142,212	38,295
Car Park Income											
Car Park Operations	16,944	16,948	4	16,944	4	4,407	12,541	8,556	8,392	10,562	6,386
Saundersfoot Car Park	56,748	53,271	-3,477	56,750	-3,479	67,607	-14,335	55,583	-2,312	54,049	-778
Manorbier Car Park	38,250	40,687	2,437	38,251	2,436	36,841	3,846	34,915	5,772	37,204	3,483
Freshwater East Car Park	21,924	21,956	32	21,921	34	16,704	5,252	20,457	1,499	23,639	-1,683
Little Haven Car Park	24,348	26,064	1,716	24,348	1,716	32,547	-6,483	31,470	-5,406	30,328	-4,264
Broad Haven Car Park	20,730	20,089	-641	20,728	-639	20,483	-393	18,729	1,360	21,818	-1,729
St Davids Car Park	67,038	62,937	-4,101	67,038	-4,101	70,942	-8,005	68,061	-5,124	47,433	15,504
Newport Car Park	15,354	18,186	2,832	21,356	-3,170	18,457	-271	15,697	2,490	38,861	-20,675
Poppit Car Park	48,390	49,400	1,010	48,391	1,009	38,956	10,443	34,623	14,776	36,657	12,743
Newgale Car Park	16,620	19,038	2,418	16,619	2,419	16,328	2,710	17,568	1,470	17,584	1,454
Solva Car Park	49,452	48,112	-1,340	49,449	-1,338	47,192	920	47,628	484	0	48,112
	375,798	376,688	890	381,796	-5,109	370,463	6,224	353,287	23,401	318,135	58,552

2018/19 Revenue Forecast

As at the end of the second quarter the forecast revenue position for the 2018/19 financial year is a surplus of approximately £200k against an original budget surplus/deficit of nil. This projected surplus is explained as follows:

2018/19 Budget Forecast	£000's	£000's
Original Budget		Nil
Movements:		
Additional / Reduced Costs		
Salary Savings	60	
Non budgeted Costs	-40	
		20
Additional Income		
Planning Fee Income	25	
Estates Income	10	
		35
National Park Grant Adjustment		145
Revised revenue forecast (surplus)		200

Several posts became vacant during the year resulting in salary savings during the recruitment period. There were also a number of unbudgeted expenditure items including the financial support for the Pembrokeshire Coast National Park Trust and enhancement of broadband connectivity at Cilrehedyn and Castel Henllys. While the major income streams for the Authority are on budget there is an additional planning fee and estates income. In July 2018 the Welsh Government notified the Authority that the budgeted 5% reduction in the National Park Grant for 2018/19 would now not be imposed and has resulted in the grant being £145K higher than anticipated. However due to the timing of this notification the Levy from Pembrokeshire County Council is to remain at the initial budgeted funding level as approved by the Authority in Levy letter of February 2018.

Capital Programme 2018/19

	Draft Budget 2018/19	Revised Budget 2018/19	Funded by EMR	Funded by other Grants	General Reserve	Capital Receipts	Spend as at 30.09.2018
ICT – Equipment	10,000	10,000			10,000		
Plant & Equipment - Fleet Replacement	30,000	75,000				75,000	73,519
Carew Walled Garden	146,000	146,950		123,212	23,738		250
Causeway Repairs		51,750	51,750				1,776
Carew Café		137,747				137,747	137,747
Castell Henllys Roundhouses	72,000	72,000	43,000			29,000	1,748
Greening Park Initiatives	5,000	5,000			5,000		2,387
Broad Haven Car Park	100,000						260
WG Funded: Castell Henllys Programme	30,000	30,000	30,000				1,170
WG Funded: Digital Park	85,000	15,000	15,000				
WG Funded: Charging Points	15,000	15,000	15,000				
WG Funded: Delivery Equipment		34,000	34,000				
Total	493,000	592,447	188,750	123,212	38,738	241,747	218,857

The 2018/19 Capital Programme has increased from the original budget of £493k to a revised budget of £592k. This is due to a number of factors; the Carew Café development which was originally budgeted for in 2017/18 rolled forward to the current year, additional expenditure to replace some of the Authority's vehicle fleet, lower than expected expenditure on the Digital Park Initiative and the deferring of the Broad Haven Car Park to 2019/20. Total capital expenditure as at 30th September 2018 was £219k.

Details of the capital programme are:

- ICT – represents the usual cycle of IT equipment replacement.
- Fleet Replacement. During the year to date the Authority has acquired new vehicles for the South and the West area warden teams. Both leasing and purchase options were looked into but in these cases outright purchase was considered to be the most cost effective of procurement.
- Carew Walled Garden. Work on the Tourist Amenity Investment Support Scheme funded Walled Garden project is expected that this will be undertaken in the autumn of 2018.
- Carew Causeway Repairs. The Reservoirs Inspector's report identified that expenditure in the region of £150k will be needed in the next 5 years to maintain the causeway and at the end of the 2017/18 financial year an appropriate earmarked reserve was created to cover this expenditure.
- Carew Interpretation / cafe. In the September 2017 National Park Authority Meeting work to build a Café on site was approved and it was fully operational in July 2018.
- Castell Henllys Round House. Work to complete the refurbishment of the Earth Watch Round House is expected to start towards the end of the financial year.
- Greening Park Initiatives. This reflects the Authority continuing plans to allocate funds to energy saving green projects.
- Broad Haven Car Park. Due to the volume of other major projects planned the scheme to redevelop the Broad Haven Car Park has been deferred until 2019 /20 financial year
- Welsh Government Funded Capital Projects. In March 2018 the Authority was awarded significant additional revenue (£350k) and capital (£730k) grant funding from the Welsh Government. Included in the capital grant allocation is £150k for the further development of Castell Henllys and it is expected that £30k of this will be spent in 2018/19. A further £34,000 will be spent on equipment for the Delivery service and 15k will be spent in the year on both the development of charging points and digital technology across the area teams.

The Authority's Useable Reserves £000's

	Year end Position	Movement	Year end Position	Movement	Year end Position
	2016/17	2017/18	2017/18	2018/19	2018/19
General Reserves	939	67	1,006	161	1,167
Capital Receipts	281	-18	263	408	671
TOTAL	1,220	14	1,269	569	1,838
Earmarked Reserves:					
Receipts In Advance	846	1,030	1,877	-188	1,689
Asset Management	37		37		37
Llanion Park	2	-2			
Local Plan Development	188	-55	133	-20	113
Self-Insurance	30		30		30
Staff Restructuring	319	-55	264	-11	253
IT	4	-4			
National Park Wales	54	-13	41		41
Planning System	94	-5	89		89
Car Par Integration	77		77		77
Memorial Donations	3	0	4		4
Round Houses	100	-57	43	-43	0
SDF	129	-100	29		29
Machinery For Delivery	4	-4			
NPG Reduction	100		100		100
Car Park Resurfacing	98		98		98
Biodiversity	11		11	-11	
Planning Enforcement	100		100		100
Portfield Gate	2	-2	0		0
Stitch In Time	25		25		25
The Pathways Project	35		35		35
Skills In Action	15		15		15
Carew Causeway		158	158		158
Underground Cables		14	14	-14	
TOTAL	2,273	905	3,178	-287	2,891
TOTAL	3,493	919	4,447	281	4,728

General Reserve

The audited statements of accounts as at 31st March 2018 verified that the Authority's General Reserve stood at £1,006k. The forecasted surplus for the year is expected to be £200k and the reasons for this surplus are given earlier the report. When that element of the Capital Expenditure funded from the General Reserve of £39k is deducted, the reserve is expected to increase to £1,167k at the end of the current financial year.

Earmarked Reserves

Earmarked reserves as at 31st March 2018 stood at £3,178k and these are expected to fall by £284k to £2,894k at the year end. The 2018/19 expenditure from these reserves will be used for various capital and revenue projects.

Capital Receipts

Capital Receipts reserves started the year at £263k with £242k of this being used to fund the café at Carew Castle, the fleet replacement and refurbishment of the Earth Watch Round House. The Authority completed the sale of land held at Sageston on the 30th October which has added £650k to the Capital Receipts. As it currently stands the balance on this reserve is expected to be £671k at the year end, however this may be reduce as there are additional capital expenditure proposals for 2018/19 awaiting approval.

Recommendation

Members are invited to **NOTE** the budgetary performance for the 6 months ended 30th September 2018 as presented in this report.

(Further information is available from the Financial Manager Richard Griffiths, on 01646 624815 – email richardg@pembrokeshirecoast.org.uk)

			Draft net Budget 2018/19	Revisions to Budgets 2018/19	September 18 Profiled Budget	September 18 Actual & Committed	Variance
		Conservation of the Natural Environment	347,774	348,352	187,659	167,778	19,881
CP2	1	10-20 Cilirhedyn Woodland Centre	49,589	50,089	44,603	49,559	-4,956
CP5	1	600 Nature Conservation	292,693	292,771	140,310	116,719	23,591
CP11	1	602 Marine Environment	5,492	5,492	2,746	1,500	1,246
		Conservation of the Cultural Heritage	130,536	144,790	73,587	67,475	6,112
	1	150 Invasive Species	50,000	54,390	27,202	26,483	719
CP6	1	400 Conservation Areas & Historic Buildings	46,292	46,308	22,398	20,930	1,468
CP10	1	410 CP10 - Archaeology, Culture & Heritage	34,243	36,778	18,747	16,385	2,362
	1	411 Heritage Guardians	0	7,313	5,240	3,677	1,563
		Development Control	291,743	293,090	140,675	99,689	40,986
CP8	1	100 Development Management (inc Mineral Plans)	291,743	293,090	140,675	99,689	40,986
		Forward Planning & Communities	212,209	212,399	152,582	126,284	26,298
CP9	1	110 Development Planning	192,089	192,279	92,857	86,174	6,683
SDEV3	4	401 Sustainable Development Delivery	20,120	20,120	59,725	40,110	19,615
		Promoting Understanding	773,041	907,182	491,811	517,225	-25,414
CP12	2	130 Tourism & Wellbeing Officer	41,470	41,478	20,038	20,418	-380
Q1	2	01-206 Carew Castle	6,556	6,685	-64,506	-69,079	4,573
		207 Carew Castle Tea Room	-11,128	-11,128	-10,514	-11,043	529
Q3	2	02-406 Castell Henllys	44,647	44,648	-8,256	24,386	-32,642

			Draft net Budget 2018/19	Revisions to Budgets 2018/19	September 18 Profiled Budget	September 18 Actual & Committed	Variance
Q5	2	212 Newport Information Centre	2,065	18,323	16,831	17,120	-289
Q7	2	211 Oriel Y Parc, St David's	242,678	242,715	94,562	98,687	-4,125
Q15	2	215 Oriel Y Parc Cafe	-21,000	-21,000	-10,500	-10,020	-480
Q13	2	214 Tenby National Park Office	7,490	7,490	3,745	4,505	-760
Q8	2	213 Coast to Coast	-37,546	-37,546	26,875	17,008	9,867
	2	220 Wales Coast Path Marketing	0	79,500	139,750	138,716	1,034
Q9	2	221 Communications	189,686	209,709	95,655	103,285	-7,630
SUP9	3	640 SUP9 - Graphic Services	88,364	85,728	36,840	34,364	2,476
Q10	2	231 Discovery	148,604	148,934	72,916	71,541	1,375
Q12	2	241 Activities & Events	-466	-466	-392	220	-612
Q14	2	242 Flexible Programme	15,863	15,864	16,523	16,113	410
	2	243 Skills in Action	0	0	23,326	23,328	-2
	2	244 Pembs Outdoor Schools	427	427	213	3,985	-3,772
	2	246 Celtic Routes	0	0	0	1,958	-1,958
Q16	2	250 Nevern Castle Project	0	251	251	520	-269
	2	270 Pathways Project	55,332	75,571	38,454	31,213	7,241
		Recreation & Park Management	28,986	94,580	-33,595	-61,877	28,282
CP7	1	140 Sustainable Transport	78,547	78,122	10,534	7,000	3,534
REC10/	2	70-376 National Trail	48,698	43,340	110,554	108,191	2,363
REC13	2	380 Access Officer and Rights of Way	104,858	113,608	65,644	59,864	5,780
REC15	2	390 Technical Officer	64,617	75,848	42,794	9,168	33,626
REC16	2	500 Local Community & Match Funds	800	800	402	402	0
REC17	2	800-81 Charging Car Parks	-268,534	-248,638	-263,523	-246,502	-17,021

			Draft net Budget 2018/19	Revisions to Budgets 2018/19	September 18 Profiled Budget	September 18 Actual & Committed	Variance
REC24	2	381 Rights of Way Improvement Plan	0	31,500	18,000	12,092	5,908
		Rangers, Estates & Volunteers	1,000,472	1,048,880	531,512	543,100	-11,588
REC1	2	301 Park Delivery Management	119,508	119,541	58,237	60,487	-2,250
REC 28	2	360 Ranger Services	213,827	214,120	104,069	92,125	11,944
REC3	2	320 North Area	286,394	298,539	142,949	153,251	-10,302
REC4	2	330 West Area	159,290	168,651	90,463	92,517	-2,054
REC5	2	340 South Area	186,703	201,905	107,739	111,799	-4,060
REC7	2	342 Castlemartin Ranger	3,896	14,389	17,746	21,889	-4,143
	2	365 Summer Rangers	16,272	17,106	14,653	18,212	-3,559
SUP10	3	650 Estates Management	14,582	14,629	-4,344	-7,180	2,836
		Democratic Representation & Management	419,518	429,404	229,310	218,541	10,769
DRM2	7	710 DRM2 - Chief Executive's Office	106,517	106,525	51,428	51,359	69
DRM1	7	700 DRM1 - Corporate Activities & Management	36,374	41,024	30,916	37,694	-6,778
DRM3	7	715 Democratic Representation	196,212	196,237	96,545	93,507	3,038
DRM4	7	755 National Parks Wales	11,012	16,215	15,191	12,707	2,484
	7	756 National Parks Wales Seminar		0	0	17	-17
DRM5	7	716 Corporate Governance	69,403	69,403	34,702	22,729	11,973
	7	717 PCNPA Trust			528	528	0
		Service Management & Support Services	150,941	157,796	536,081	574,402	-38,321
SUP1	3	50 SUP1 - Director of Park Direction & Planning	67,234	67,236	32,208	31,473	735
SUP3	3	60 SUP3 - Director of Delivery & Discovery	83,707	90,560	40,455	43,086	-2,631

			Draft net Budget 2018/19	Revisions to Budgets 2018/19	September 18 Profiled Budget	September 18 Actual & Committed	Variance
SUP5	3	601 SUP5 - Reception/Admin Services	0	0	43,158	44,555	-1,397
SUP2	3	605 SUP2 - Performance Management	0	0	20,527	18,680	1,847
SUP6	3	610 SUP6 - Legal Services	0	0	15,375	15,008	367
SUP7	3	620 SUP7 - Financial Services	0	0	82,665	86,523	-3,858
SUP8	3	630 SUP8 - IT Services	0	0	127,027	126,278	749
SUP16	3	651 SUP16 - Parc Llanion Park	0	0	41,078	49,494	-8,416
SUP12	3	654 SUP12 - General Building Maintenance	0	0	43,224	43,290	-66
	3	660 Fund Raising	0	0	-3,649	18,446	-22,095
SUP13	3	670 Projects Team	0	0	21,642	21,553	89
SUP14	3	720 SUP14 - Pool Vehicles	0	0	11,385	16,511	-5,126
SUP15	3	40-741 Personnel, Health & Safety, Staff Training	0	0	60,986	59,505	1,481

TOTALS	3,355,220	3,636,473	2,309,622	2,252,617	57,005
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Conservation of the Natural Environment	347,774	348,352	187,659	167,778	19,881	10.6%
Conservation of the Historic & Cultural Env't	130,536	144,790	73,587	67,475	6,112	8.3%
Development Control	291,743	293,090	140,675	99,689	40,986	29.1%
Forward Planning & Communities	212,209	212,399	152,582	126,284	26,298	17.2%
Promoting Understanding & Enjoyment	773,041	907,182	491,811	517,225	-25,414	-5.2%
Recreation & Park Management	28,986	94,580	-33,595	-61,877	28,282	-84.2%
Rangers, Estates & Volunteers	1,000,472	1,048,880	531,512	543,100	-11,588	-2.2%
Democratic Representation & Management	419,518	429,404	229,310	218,541	10,769	4.7%
Service Management & Support Services	150,941	157,796	536,081	574,402	-38,321	-7.1%
Net Cost of Services	3,355,220	3,636,473	2,309,622	2,252,617	57,005	2.5%