

REPORT OF FINANCE MANAGER

SUBJECT:
BUDGET PERFORMANCE REPORT 6 MONTHS TO SEPTEMBER 2019

Revenue Budget

The detailed net revenue budget for the 6 months to 30TH September 2019 is presented in Appendix 1, with the summary by service area as follows:

	Net Budget 2019/20	Sept 19 Profiled Budget	Sept 19 Actual & Committed	Variance	% Variance
Conservation of the Natural Environment	356,158	163,684	171,935	-8,251	-5.0%
Conservation of the Historic & Cultural Env't	141,076	74,285	67,622	6,663	9.0%
Development Management	297,728	143,574	117,955	25,619	17.8%
Forward Planning & Communities	419,635	202,269	172,362	29,907	14.8%
Promoting Understanding & Enjoyment	955,529	330,336	368,598	-38,262	-11.6%
Recreation & Park Management	6,165	-83,683	-78,611	-5,072	6.1%
Rangers, Estates & Volunteers	1,073,662	517,296	523,442	-6,146	-1.2%
Democratic Representation & Management	716,202	340,198	268,863	71,335	21.0%
Service Management & Support Services	1,058,412	464,129	468,325	-4,195	-0.9%
Net Cost of Services	5,024,569	2,152,088	2,080,491	71,597	3.3%

As at 30th September 2019 the Authority's net revenue actual and committed expenditure was £2,080k, £72k (3.3%) under the profiled budget of £2,152k. The main reasons for the variance of actual expenditure against budget for each Service department are as follows:

- **Conservation of the Natural Environment (£8k over budget).** While orders for countryside furniture are running on budget at Cilrhedyn Woodland Centre these have yet to be reflected as recorded sales and this contributed to the budget shortfall.
- **Conservation of Cultural Heritage (£7k under budget).** The variances in the Conservation of Cultural Heritage service are considered minor and arise from budget profiling. In September the Authority received confirmation of funding

from Welsh Government under the “Enabling Natural Resources and Wellbeing in Wales” grant for the Stitch in Time project. The grant is worth £150k over a 3 year period from April 2019 to March 2022 and the project builds on the work the Authority has already delivered in relation to invasive species eradication. In addition the Pembrokeshire Coast National Park Trust (P.C.N.P.T.) awarded the Authority a grant of £10k in support of the non-native Invasive species, funding for which came from the Dwr Cymru.

- **Development Management (£26k under budget).** Within Development Management planning fee and pre application fees income of £84k are down £7k versus budget and £28k against the same period for 2018/19. Savings in salary costs, professional fees and advertising have compensated for income shortfall and resulted in the under spend.
- **Forward Planning & Communities (£30k under budget).** Costs associated with the Local Development Plan are running approximately £9k below that budgeted. S.D.F. grant spend is running £24k below budget and in the year to date the S.D.F. committee have made the following awards:
 - Family Explorers, Learning Pembrokeshire, £19,100
 - Sustainable Printing, KlickKlack Print, £20,428
 - St.David’s Old Farmhouse Brewery, £24,613
 - Little Green Grants (PAVs) £4,500.
- **Promoting & Understanding (£38k 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 2019. Total Merchandise income of £182k is in line with budget although the sales at Oriel Y Parc (OYP) are compensating for Carew and Castell Henllys; sales at the 3 centres are down versus 2018/19. Total Admission income of £191k is also on budget and up £11k on 2018/19, with Carew’s surplus of £13k offsetting the shortfall Castell Henllys. Income at Carew Castle has been bolstered by staging numerous and diverse events including Pembrokeshire Strongest Man and plays such as Romeo and Juliet. It is worth noting the sustained growth in admissions income at Carew of £46k (53%) since 2014/15. The Carew Castle Tearoom has also had a very successful summer achieving exceeding budgeted sales and an operational surplus of £18k for the 6 month period ended 30th September. New tenancy agreements have been signed for both the OYP and Castell Henllys cafés with the tenants due to be changing at the end of the 2019 Autumn half term.

The Authority’s is fulfilling its obligation to match fund staff time two Interreg projects, namely Rediscovering Ancient Connections and the Celtic Routes; the value of staff time contributed so far towards the projects is circa £25k.

Sport Wales & Welsh Government have provided £400,000 to support the West Wales Walking for Wellbeing project. This money has been allocated to the Authority through a series of payments over the next 3 years and PCNPA will be the lead partner and manage the project on behalf of the project partners. In addition to PCNPA, the partnership includes Ceredigion Actif (Ceredigion County Council), Carmarthenshire Fifty Plus Forum (Walking Well Carmarthenshire),

Hywel Dda Local Public Health Team (Public Health Wales) and Snowdrop Independent Living. The P.C.N.P.T. has also awarded the Authority a grant of £16k in support of the Pembrokeshire Outdoor Schools, funding for which has come from the Postcode Lottery Trust.

- **Recreation & Park Management (£5k over budget).** The table that follows shows total Car Park income of £379k is £13k above budget and up £2k on 2018/19. Saundersfoot and Solva incomes are considerable down on prior years and compensated by increased income at Poppit. It is worth noting that after several years of experiencing annual increase revenues car park income appears has plateaued over the last three years. Other variances in this service are expected to be corrected by the end of the financial year.
- **Rangers, Estates & Volunteers (£6k over budget).** The P.C.N.P.T. has awarded the Authority a grant of £2k in support of the coastal path storm damage with funding coming from the British Mountaineering Council Access and Conservation Trust. Other variances are due to timing differences and will be corrected by the end of year.
- **Democratic Representation & Management (£71k under budget).** The under spend in Democratic Representation is due savings on members allowances and expenses and translations and conferences costs. The main underspend is this area due to the funds held in regard to the Future landscapes Wales which is currently underspent by £47k.
- **Service Management & Support Services (£4k over budget).** While General Building Maintenance budget is over spent by £37k versus the profile budget it is anticipated that this and other budget variances in Service Management & Support Serves will be corrected by the end of the financial year.

2019/20 2nd Quarter Income Versus Budget & Prior Years

Merchandise Sales	Budget	YTD Actual	Variance	2018/19	Variance	2017/18	Variance	2016/17	Variance	2015/16	Variance	2014/15	Variance
Carew Income	72,425	66,875	-5,550	70,978	-4,104	71,006	-4,131	67,689	-814	66,968	-814	60,943	5,932
Oriel Y Parc	75,318	88,724	13,405	90,977	-2,253	88,927	-203	84,645	4,079	90,209	4,079	120,197	-31,473
Castell Henllys Income	34,256	25,906	-8,350	28,533	-2,627	34,906	-9,000	32,213	-6,307	37,833	-6,307	31,618	-5,712
	181,999	181,504	-495	190,488	-8,984	194,839	-13,335	184,547	-3,043	195,010	-3,043	212,758	-31,254
Admission Fees													
Carew Income	120,601	133,784	13,183	121,061	12,723	127,882	5,902	105,663	28,121	102,859	28,121	87,625	46,159
Castell Henllys	70,890	57,479	-13,411	59,446	-1,967	68,614	-11,135	49,093	8,386	61,209	8,386	54,587	2,892
	191,491	191,263	-228	180,507	10,756	196,496	-5,233	154,756	36,507	164,068	36,507	142,212	49,051
Car Park Income													
Car Park Operations	15,006	21,170	6,164	16,948	4,222	16,944	4,226	10,562	10,607	0	10,607	10,562	10,607
Manorbier Car Park	38,607	41,430	2,823	40,687	743	38,251	3,179	37,204	4,226	37,389	4,226	37,204	4,226
Little Haven Car Park	27,892	26,663	-1,229	26,064	599	24,348	2,315	30,328	-3,665	28,155	-3,665	30,328	-3,665
St Davids Car Park	67,189	61,058	-6,131	62,937	-1,879	67,038	-5,981	67,433	-6,375	60,778	-6,375	47,433	13,625
Poppit Car Park	34,838	52,004	17,166	49,400	2,604	48,391	3,613	36,657	15,347	35,524	15,347	36,657	15,347
Saundersfoot Car Park	56,845	47,470	-9,375	53,271	-5,801	56,750	-9,280	54,049	-6,579	54,920	-6,579	54,049	-6,579
Freshwater East Car Park	21,482	22,203	721	21,956	247	21,921	281	23,639	-1,436	21,704	-1,436	23,639	-1,436
Broad Haven Car Park	20,094	22,054	1,960	20,089	1,965	20,728	1,326	21,818	236	20,638	236	21,818	236
Newport Car Park	17,867	23,033	5,166	18,186	4,846	21,356	1,676	38,861	-15,828	30,757	-15,828	38,861	-15,828
Newgale Car Park	16,793	18,675	1,882	19,038	-363	16,619	2,055	17,584	1,091	20,000	1,091	17,584	1,091
Solva Car Park	48,521	43,245	-5,276	48,112	-4,866	49,449	-6,204	0	43,245	35,000	43,245	0	43,245
	365,134	379,004	13,870	376,688	2,317	381,796	-2,792	338,135	40,869	344,865	40,869	318,135	60,869

2019/20 Revenue Forecast

At the end of the second quarter the forecast revenue position for the 2019/20 year is a surplus of £10k, versus a nil surplus as laid out in the original budget. This position is explained as follows:

2019/20 Budget Forecast	£000's	£000's
Original Budget Surplus		Nil
Movements:		
Additional / Reduced Costs		
Additional Seasonal Staff	-20	
Enforcement Costs	-30	
Software Costs	-10	
Other savings	20	
		-40
Additional / Reduce Income		
Car Park Income	15	
Carew Tea Room	5	
Compensation Payment	8	
Investment & Other Income	22	
		50
Revised revenue forecast Surplus / Deficit		10

There are a number of unbudgeted expenditure items including additional seasonal staff, enforcement and software costs which have been mitigated in other budget savings of approximately £20k. It is also anticipated that there will be additional income in excess of that budgeted of circa £50k from a combination of: car park income, Carew tearoom income, a compensation payment and investment and other income. In aggregate this means the current revenue forecast is a surplus of £10k for the year.

Capital Programme 2019/20

	Draft Budget 2019/20	Revised Budget 2019/20	Funded by EMR	Funded by other Grants	General Reserve	Capital Receipts	Spend as at 30.09.2019	Receipts as at 30/09/2019
ICT – Equipment	10,000	10,000			10,000			
Carew Walled Garden - Landscaping	96,950	159,016		103,645		55,370	159,016	-103,645
Carew Castle Infrastructure Sewage/Drainage	45,000	45,000				45,000	18,793	
Carew Castle Visitor Access	15,000	15,000				15,000		
Castell Henllys Roundhouses	50,000	51,201	21,000			30,201	51,201	
Greening Park Initiatives	5,000	5,000			5,000		567	
WG Funded: Broad Haven Car Park	453,200	100,000	46,800	53,200			7,774	
Castell Henllys Broadband	32,000	0						
PV's in the Park	60,000	0						
Charging Points	30,000	15,000	15,000					
WG Funded: Causeway Repairs Phase 1	46,750	46,750	46,750					
WG Funded: Causeway Repairs Phase 2	60,000	0						
WG Funded: Castell Henllys Programme	113,000	113,000	113,000				644	
WG Funded: Delivery Equipment	126,000	126,000	126,000				63,650	
Total	1,142,900	685,967	368,550	156,845	15,000	145,572	301,646	-103,645

The Authority's capital program is an essential part of the Authority financial planning and is based on the Authority's corporate objectives, operational need, making prudent investments and the availability of sources of internal and external funding. The capital programme for the year has decreased from the original budget of £1,143k to a revised budget of £686k. The forecast is down due to the slippage of some of the program to 2020/21 budget year and includes work on: the Broad Haven Car Park, the Electric Vehicle Charging Points project, Photovoltaic Generation in the Park and Carew Castle Causeway Phase 2. The upgrade of the Castell Henllys Broad Band was also completed in 2018/19.

Total capital expenditure as at 30th September 2019 was £302k and details of the capital programme are:

- ICT Equipment. This expenditure represents the usual cycle of IT equipment replacement.
- Carew Walled Garden. The project was completed in July 2019 with the majority of the funding coming from the Welsh Government Tourist Amenity Investment Support Scheme. Further infrastructure Work and improvement to visitor access will be completed in the autumn of 2019.
- Castell Henllys Roundhouses. The Earth Watch Round House and Smithy building repairs were completed in the summer of 2019.
- Castell Henllys Broadband. Limited Broad Band capacity at Castell Henllys has been an operational issue for a number of years and this project to address these deficiencies was completed in 2018/19.
- Greening Park Initiatives. The Authority intends to spend funds on energy saving green projects with the exact nature of the expenditure yet to be determined.
- Photovoltaic (PV's) Generation. This project is to look at the installation of PV's at suitable sites across the Authority has been delayed until 2020/21.
- Broad Haven Car Park. Partially funded by the Welsh Government Capital Grant and The Tourist Amenity Investment Support Scheme the scope of the project has been enhanced to a major redevelopment of the site. Stage one of the project will be completed in this financial year with the balance in 2020/21.
- Charging Points. Currently there is just one electric vehicle charging point at PCNPA facilities. (Oriol y Parc, St Davids). This facility has been well used since it was installed and an improvement in the parks offering would enhance the opportunity for sustainable travel in Pembrokeshire. The Authority is working in conjunction with Pembrokeshire County Council to procure this project.
- Carew Castle Causeway. Under the Reservoirs Act the Authority has statutory duty to undertake the repairs as instructed by the Reservoirs Inspectorate. The Causeway has undergone many phases of major and minor repair works to prevent / minimise water leakage through the structure from the mill pond which is accepted as an ongoing and permanent issue. Repairs are programmed in

line with the recommendations of the Reservoirs Engineer and repair works are as per the recommendations of the report following statutory annual inspection. Phase 2 has been deferred until 2020/21.

- Castell Henllys Development Scheme. A number of repairs and enhancements other than the Round Houses were identified including the sewage treatment works, rebuilding of ramparts and improving both internal and external access.
- Delivery Equipment. This expenditure will be on new equipment for the Delivery Service including as a pedestrian flails, a compact paths tractor, collection flails and large forestry tractor.

The Authority's Useable Reserves

£000's

	Year-end Position	Movement 2018/19	Year-end Position	Movement 2019/20	Year-end Position
	2017/18		2018/19		2019/20
General Reserves	1,006	2	1,008	-5	1,003
Capital Receipts	263	391	654	-146	508
TOTAL	1,269	393	1,662	-152	1,510
Earmarked Reserves:					
Receipts In Advance	1,877	653	2,530	-826	1,704
Asset Management	37		37		37
LDP	133	-10	123	-90	33
Self-Insurance	30		30		30
Staff Restructuring	264	-50	214	-25	189
National Park Wales	41		41	-7	34
Planning System	89		89		89
Car Par Integration (Broad Haven)	77		77		77
Maintenance re Sponsor A Gate	4	2	5		5
Rangers Services - Landscape Fund				4	4
Round Houses	43	-23	20	-20	0
SDF Fund	29		29		29
NPG Reduction	100	187	287		287
Car Park Resurfacing (Broad Haven)	98		98	-47	51
Biodiversity	11		11		11
Planning Enforcement	100		100		100
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 At Newport Parrog	14		14		14
Pollinator Project		15	15		15
Total	3,178	774	3,952	-1,012	2,940

General Reserve

The audited statements of accounts as at 31st March 2019 verified that the Authority's General Reserve stood at £1,008k. The forecasted surplus for the year is expected to be £10k and the reasons for this surplus are given earlier the report. When that element of the Capital Expenditure funded from the General Reserve of £15k is deducted, the reserve is expected to reduce to £1,003k at the end of the current financial year.

Earmarked Reserves

Earmarked reserves as at 31st March 2019 stood at £3,952k and these are expected to fall by £1,012k to £2,940k at the year end. At the end of 2018/19, the Authority was holding circa £243k of reserves on behalf of National Parks Wales and £2,139k in respect of grants received from Welsh Government to fund specific projects.

Capital Receipts

The Capital Receipts reserve started the year at £654k and after funding various capital projects the reserve is expected to fall to £508k at the end of the 2019/20.

Recommendation

Members are invited to **NOTE** the budgetary performance for the 6 months ended 30th September 2019 as presented in this report.

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

Appendix 1

	Revisions to Budgets 2019/20	September 19 Profiled Budget	September 19 Actual & Committed	Variance
Conservation of the Natural Environment	356,158	163,684	171,935	-8,251
Cilrhedyn Woodland Centre	53,059	36,355	45,069	-8,714
Nature Conservation	297,471	124,514	126,716	-2,202
Marine Environment	5,629	2,815	150	2,665
Conservation of the Cultural Heritage	141,076	74,285	67,622	6,663
Invasive Species	36,303	23,888	29,517	-5,629
Conservation Areas & Historic Buildings	46,310	22,109	20,855	1,254
CP10 - Archaeology, Culture & Heritage	51,004	21,142	16,682	4,460
Heritage Guardians	7,459	7,146	568	6,578
Development Control	297,728	143,574	117,955	25,619
Development Management (inc Mineral Plans)	297,728	143,574	117,955	25,619
Forward Planning & Communities	419,635	202,269	172,362	29,907
Development Planning	285,202	146,246	138,222	8,024
Sustainable Development Fund	121,717	56,023	34,140	21,883
Promoting Understanding	955,529	330,336	368,598	-38,262
Tourism & Wellbeing Officer	43,191	20,980	21,076	-96
Carew Castle	14,997	-80,936	-70,091	-10,845
Carew Castle Tea Room	-15,493	-13,367	-17,585	4,218

Appendix 1

	Revisions to Budgets 2019/20	September 19 Profiled Budget	September 19 Actual & Committed	Variance
Castell Henllys	51,613	5,072	32,723	-27,651
Oriel Y Parc, St David's	235,190	74,977	79,250	-4,273
Oriel Y Parc Cafe	-21,000	-10,500	0	-10,500
Tenby National Park Office	8,294	5,035	4,933	102
Coast to Coast	-39,328	14,409	11,423	2,986
Wales Coast Path Marketing Communications	89,814	55,304	50,269	5,035
SUP9 - Graphic Services	196,159	105,380	109,485	-4,105
Discovery	88,144	38,138	33,473	4,665
Activities & Events	142,749	69,121	66,211	2,910
Flexible Programme	536	106	600	-494
Celtic Routes	13,955	15,597	16,206	-609
West Wales Walking for Wellbeing Project	0	0	-2,401	2,401
Nevern Castle Project	84,941			
Pathways Project	210	210	782	-572
	61,555	30,810	32,244	-1,434
Recreation & Park Management	6,165	-83,683	-78,611	-5,072
Sustainable Transport	80,075	10,622	7,000	3,622
National Trail	40,924	111,923	120,073	-8,150
Access Officer and Rights of Way	114,967	62,552	61,742	810
Local Community & Match Funds	800	0	0	0
Charging Car Parks	-244,525	-282,704	-273,954	-8,750

Appendix 1

	Revisions to Budgets 2019/20	September 19 Profiled Budget	September 19 Actual & Committed	Variance
Paths & Pollinators Project	10,000	10,000	6,528	3,472
Sustainable Tourism	3,924	3,924	0	3,924
Rangers, Estates & Volunteers	1,073,662	517,296	523,442	-6,146
Park Delivery Management	146,600	62,381	58,874	3,507
Ranger Services	218,246	107,074	105,217	1,857
North Area	300,030	136,427	136,368	59
West Area	181,827	86,213	94,378	-8,165
South Area	208,541	99,089	95,672	3,417
Castlemartin Ranger	7,906	4,239	6,815	-2,576
Tenby / Newport Ranger	17,570	15,403	16,104	-701
Estates Management	-7,059	6,470	10,014	-3,544
Democratic Representation & Management	716,202	340,198	268,863	71,335
DRM2 - Chief Executive's Office	108,323	52,642	52,161	481
DRM1 - Corporate Activities & Management	174,690	56,449	58,373	-1,924
Democratic Representation	199,013	101,138	87,678	13,460
Future Landscapes Wales	150,000	75,000	28,000	47,000
National Parks Wales	8,232	15,641	11,876	3,765
Corporate Governance	69,944	34,972	25,564	9,408
PCNP Trust	6,000	4,356	5,211	-855

Appendix 1

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Service Management & Support Services	1,058,412	464,129	468,325	-4,195	
Director of Park Direction & Planning	79,889	39,372	38,890	482	
Director of Delivery & Discovery	81,466	39,296	41,575	-2,279	
Reception/Admin Services	92,961	45,208	42,521	2,687	
Performance Management	51,260	19,615	19,385	230	
Legal Services	31,519	15,759	14,357	1,402	
Financial Services	173,154	84,578	77,306	7,272	
IT Services	239,419	99,574	100,906	-1,332	
Parc Llanion Park	92,878	33,323	30,011	3,312	
General Building Maintenance	95,520	50,518	87,237	-36,719	
Grants Officer	-103,365	-77,346	-79,497	2,150	
Projects Team	86,231	43,010	37,570	5,440	
Pool Vehicles	11,402	9,275	4,879	4,396	
Personnel, Health & Safety, Staff Training	126,079	61,947	53,184	8,763	
TOTALS	5,024,569	2,152,088	2,080,491	71,597	
Conservation of the Natural Environment	356,158	163,684	171,935	-8,251	-5.0%
Conservation of the Historic & Cultural Env't	141,076	74,285	67,622	6,663	9.0%
Development Control	297,728	143,574	117,955	25,619	17.8%
Forward Planning & Communities	419,635	202,269	172,362	29,907	14.8%
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Democratic Representation & Management	716,202	340,198	268,863	71,335	21.0%

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Net Cost of Services	5,024,569	2,152,088	2,080,491	71,597	3.3%