

REPORT OF THE FINANCE MANAGER

SUBJECT:
BUDGET PERFORMANCE REPORT 9 MONTHS TO DECEMBER 2014

Revenue Budget

The detailed net revenue budget for the 9 months to 31st December 2014 is presented in Appendix 1, with the summary by service area as follows:

	Net Budget 2014/15	Dec 14 Profiled Budget	Dec 14 Actual & Committed	Variance	% Variance
Conservation of the Natural Environment	537,752	446,456	409,414	37,042	8.3%
Conservation of the Historic & Cultural Env't	164,583	123,056	111,522	11,534	9.4%
Development Management	635,999	473,675	391,763	81,912	17.3%
Forward Planning & Communities	390,943	290,829	273,838	16,991	5.8%
Promoting Understanding & Enjoyment	1,207,805	1,075,438	942,752	132,686	12.3%
Recreation & Park Management	229,401	298,278	225,996	72,282	24.2%
Rangers, Estates & Volunteers	1,047,987	819,460	773,869	45,591	5.6%
Democratic Representation & Management	668,637	529,119	448,185	80,934	15.3%
Service Management & Support Services	1,001,230	739,791	708,113	31,678	4.3%
Support Services Recharges	-993,299	-744,974	-745,131	157	0.0%
Net Cost of Services	4,891,039	4,796,102	4,285,452	510,650	10.6%

As at 31st December 2014 the Authority's net revenue expenditure was £4,285k, £511k (10.6%) under the profiled budget of £4,796k. The main reasons for the variance of actual expenditure against budget for each Service department are as follows:

- **Conservation of the Natural Environment (£37k under budget).** Timber sales at the Cilrhedyn Woodland Centre are running £5k below budget, this is offset with savings in contractor costs and the receipt from the disposal of redundant equipment. The post of Coed Cymru became vacant this year and has not been replaced which has contributed to an under spend of £6k. The Nature Conservation Budget is running £20k below budget which is due to the payments of Management Agreements and Biodiversity grants are running behind the schedule.

- **Conservation of Cultural Heritage (£12k under budget).** The under spend in this service area is due to the third quarter service level agreement charge from Dyfed Archaeological Services being outstanding.
- **Development Management (£82k under budget).** Within Development Management planning fee income at £131k is up £41k versus budget and is comparable to the same period in 2013/14. The position of Head of Development was vacant for a couple of months in the period and has contributed to a staff saving of £33k. The post was covered by Prospero Planning which resulted in professional fees being over budget by £19k. There were however additional savings in travel costs of £4k and statutory advertising of £16k.
- **Forward Planning & Communities (£17k under budget).** While all funds for the current year have been allocated the payments out of the Sustainable Development Fund as at the end of December was £13k behind schedule.
- **Promoting & Understanding (£133k under budget).**
The table overleaf shows the budget, actual and prior year's merchandise sales, admissions income and car park income for the 9 months ended 31st December 2014. Across all centres the 9 months the total merchandise sales at £297k is up £48k versus the 12 month budget, and for the 9 months period is up £36k versus last year and £32k against 2012/13. At Carew Castle merchandise income, schools income and admission fee income are up against prior year, with sales at Oriel Y Parc, Newport and Tenby TIC's up against budget and prior years'. Despite the Origins development work Castell Henllys admissions income has exceeded prior years although understandably merchandise sales are down against prior year figures. The Authority was awarded a grant from the Arts Council to help support the Arts Officer based at Oriel y Parc. The post is jointly funded with Pembrokeshire County Council. The Discovery team also obtained additional funding from Welsh Government under the Tidy Towns Community led project for work based at Portfield Gate quarry.

Advertising income arising from the Authority annual publication Coast to Coast of £86k is up versus the budget of £76k. The community engagement project Your Park Your Future is currently underspent by £32k. It has been agreed with project funders, The Big Lottery, that this underspend can be used to extend the project, which was due to finish in June 2015, by another 6 months.

- **Recreation & Park Management (£72k under budget).** The table on the following page shows Car Park income for the 9 months of £374k, which is up £85k on budget with all car parks with the exception of Newgale & Solva being ahead of budget. The Authority was awarded a second Storm Damage grant from Natural Resources Wales of £59k and the work has now been fully completed and grant monies claimed.
- **Rangers, Estates & Volunteers (£46k under budget).** Within the Estates Management area income from both ice cream concessions and miscellaneous filming income is considerably above budget by £7k and £11k respectively. Staff time recharged to Storm Damage grant has resulted in budget underspends, notably in the North Area Manager Budget. Other budget variance within this service should be corrected during the remainder of the financial year.

- **Democratic Representation & Management (£81k under budget).** In the Corporate Activities & Management budget there is an unspent staff evaluation contingency together with savings in advertising and promotion. The National Parks Wales Officer is on a secondment to Welsh Government with a resultant savings. The Corporate Governance budget is currently showing a surplus of £15k due to invoices outstanding from Wales Audit Office.
- **Service Management & Support Services (£32k under budget).** For the 9 months there is a mixture of over and under spends with each department in Support Services. However it is anticipated there will be Service savings of between £10k and £20k at the end of the financial year.

2014/15 3rd Quarter Income Versus Budget & Prior Years							
Merchandise Sales	12 mth Budget	9 mth Income	Variance	2013/14	Variance	2012/13	Variance
Carew Income	52,500	68,669	16,169	53,884	14,785	48,901	19,768
Castell Henllys Income	46,395	36,369	-10,026	42,227	-5,858	45,408	-9,039
Oriel Y Parc	109,263	138,686	29,423	121,160	17,526	129,060	9,626
Newport Information Centre	20,205	27,057	6,852	21,420	5,637	18,544	8,513
Tenby Visitor Centre	20,500	26,476	5,976	22,381	4,095	23,369	3,107
	248,864	297,257	48,393	261,072	36,185	265,281	31,976
Admission Fees							
Carew Income	90,000	99,139	9,139	89,279	9,860	71,400	27,739
Castell Henllys	55,137	60,226	5,089	51,444	8,782	52,775	7,451
	145,137	159,365	14,228	140,723	18,642	124,174	35,191
Car Park Income							
Car Park Operations	0	10,109	10,109	3,722	6,387	5,950	4,159
Saundersfoot Car Park	49,920	65,911	15,991	58,108	7,803	68,539	-2,628
Manorbier Car Park	37,389	41,153	3,764	36,425	4,728	29,806	11,347
Freshwater East Car Park	21,704	26,333	4,629	17,700	8,633	18,596	7,737
Little Haven Car Park	28,155	32,144	3,989	28,454	3,690	27,828	4,316
Broad Haven Car Park	20,638	22,871	2,233	21,498	1,373	15,296	7,575
St Davids Car Park	39,758	74,706	34,948	48,057	26,649	41,418	33,288
Newport Car Park	25,757	26,361	605	20,961	5,400	20,778	5,583
Poppit Car Park	20,524	36,657	16,133	37,009	-352	25,719	10,938
Newgale Car Park	20,000	18,646	-1,354	17,902	744	16,090	2,556
Solva Car Park	25,000	19,583	-5,417	19,401	182	46,403	-26,820
	288,845	374,474	85,629	309,236	65,238	316,424	58,050

2014 / 15 Revenue Forecast

As at the end of the third quarter the forecast revenue position for the year suggests a budget surplus of approximately £180k. This projected underspend is explained as follows:

2014/15 Budget Forecast	£000's	£000's
Original Budget surplus		3
Movements:		
Salary savings		
Budget salary savings	-101	
Actual salary savings	112	
Annual Leave Purchased	5	
Staff Awards	30	46
Additional Income		
Car Park Income	50	
Merchandise sales	25	
Centre Admissions	20	
Orchard Eco Systems Project	17	
Storm Damage	10	
Your Park	5	
Easement Penally Car Park	10	137
Budget Surpluses		
Utilities	20	
Coed Cymru	18	
Support Services	10	
Contract Hire Costs	5	
Fuel	5	
Training	15	
Stationary	10	
Travel	10	93
Budget Shortfalls		
Skills In Action		-15
Contribution to Capital Projects		-32
Origins contingency not required		45
Welsh Government Grant Claw back		-97
Revised revenue forecast surplus		180

2014/15 Capital Programme

Project	Draft Budget 2014/15	Revised Budget 2014/15	Funded by Grants	Funded by EMR	Funded by General Reserves	Funded by Benefit in Kind	Total Funding	Spend Yr as at 31.12.2014	Total Project Spend	Total Project Income
ICT – Equipment	18,000	10,000		10,000			10,000			
Carew Interpretation	5,000	5,000		5,000			5,000			
Greening Park Initiatives	50,000	25,000		25,000			25,000	16,288	16,288	
Origins	380,000	453,528	369,780	33,748		50,000	453,528	393,580	560,052	-334,625
Digital Tourism		72,200	39,535	32,665			72,200	72,376	72,376	-38,360
Car Park Integration	76,900	0		0			0			
EPOS System	15,000	0		0			0			
Planning / Document Management	30,000	0		0			0			
Sandy Haven River Crossing		49,000	17,000	0	32,000		49,000			
Total	574,900	614,728	426,315	106,413	32,000	50,000	614,728	482,245	648,717	-372,985

The capital programme has increased from the original budget of £574.9k to a revised budget of £614.7k. This is down from the £807.5k quoted in the previous quarterly report due to the savings on the contingency assigned to the Origins project and the deferment of projects to the 2015/16 financial year. The Authority has been awarded a grant from the Crown Estate of £17k to repair the bridge at Sandy Haven although the cost of the overall project has increased from £29k to £49k. Of the total programme spend, £116k will be funded from the WG capital grant, £310k other external grant sources which includes Visit Wales & Cadw (European Regional Development Fund and Targeted Match Funding), £106k from Earmarked Reserves, £50k benefit in kind (Origins project) and the balance of £32k from the Authority's General Reserve.

Details of the capital programme are:

- ICT – represents the usual cycle of IT equipment replacement.
- Carew Interpretation. The expenditure is respect of completion of Heritage Tourism Convergence Programme project with the addition work planned for the interpretation of the walled gardens.
- Greening Park Initiatives. The Authority allocated funds to energy saving green projects; the windows at Llanion HQ were replaced in December 2014 and this has considerably improved energy efficiency of the building.
- Origins. This project was completed in the autumn 2014 and an open day was held in November for members and staff. The facility is fully up and running and all grant claims associated to the project were completed on time by the end of December.
- Digital Tourism. This is a project to develop and deliver a smart phone application and touch screen interactive exhibits which will allow users to learn and delve deeper into the history of Castell Henllys.
- Car Park Integration. Work is in progress with Pembrokeshire County Council to integrate some of our car parking function. This will require an initial capital outlay but this should be recouped from efficiency saving within an acceptable time frame. The conversion of livery will now probably not commence until next financial year
- Electronic Point of Sale System. A decision on a replacement of the Authority's point of sale software used by the TIC's and Heritage Centres EPOS system will be deferred until the next financial year.
- Electronic Planning / Document Management Systems. Following the implementation of the SWIFT system further outlay has been identified as a means of improving and producing a more efficient planning process and document management system.
- Sandy Haven River Crossing. The Crown Estate awarded the Authority a grant of £17k to repair / replace the stepping stones Sandy Haven. The total cost of the works is expected to be circa £49k and the Authority will make up the shortfall from its general reserve fund.

The Authority's Useable Reserves

£000's

	Year end Position			Year end Position
	2013/14	Movement 2014/15	Movement 2014/15	2014/15
General Reserves	501	180	-180	501
Capital Receipts	247			247
TOTAL	748	180	-180	748
Earmarked Reserves:				
Receipts In Advance	135	-135		
Asset Management	37			37
Llanion Park	25	-25		
Local Development Plan	120			120
Self-Insurance	30			30
Convergence Funding	4			4
Staff Restructuring	340	-124	150	366
Car Park Refurbishment			30	30
ICT	19	-10		9
National Park Wales	22			22
EPOS System	19			19
Planning System	100			100
Car Par Integration	77			77
Invasive Species Eradication Program	15	-15		
Surface Water Drainage And Sewage System Capacity Project	9	-9		
Origins	259	-259		
Donations	2	-2		
Archaeology	2	-2		
Wellbeing	2	-2		
Round Houses	100			100
Total	1,317	-583	180	914
TOTAL	2,065	-403		1,662

General Reserves

At the end of the 2014/15 financial year the Authority's audited General Reserve stood at £501k. The forecast surplus for the year is expected to be £180k and the reasons for this surplus are given on page 4 which notably includes the grant claw back by Welsh Government. Instead of adding to the General Reserve balance it proposed to transfer this projected £180k revenue surplus to the Authority's Earmarked Reserves.

Earmarked Reserves

Earmarked reserves as at 31/3/14 stood at £1,317k and these are expected to fall to £914k at the year end with funds being will be used for various capital and revenue projects and staff early exit settlements. It is proposed that the anticipated revenue surplus of £180k will be used to increase the restructuring reserve by £150k and to create a £30k reserve for car park resurfacing work. There is considerably uncertainty surrounding the continuation of the Capital Grant which the Authority receives from Welsh Government; it is therefore deemed expedient to create a reserve to cover the cost of future car park reserves. The Welsh Government capital grant for 2014/15 of £116k has been allocated to the Origins project and this will result in a surplus on the earmarked reserve being transferred back to the general reserve fund.

Capital Receipts

Capital Receipts started the year at £247k and there are no disposals or acquisitions are currently planned to affect this balance. The Authority has however received an easement, credited to the revenue account, from National Rail for used of the Authority's car park at Penally.

Recommendation

I shall be pleased to address any questions members may have. Members are invited to **ENDORSE** the budgetary performance for the 9 months ended 31st December 2014 as presented in this report.

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

	Revisions To Budgets 2014/15	December 14 Profiled Budget	December 14 Actual & Committed	Variance
Conservation of the Natural Environment	537,752	446,456	409,414	37,042
Woodlands Management				
10-20 Cilrhedyn Woodland Centre	103,766	102,686	97,347	5,339
200 Coed Cymru & Pren Preseli	12,921	12,414	6,851	5,563
600 Nature Conservation	412,865	325,206	305,216	19,990
602 Marine Environment	8,200	6,150	0	6,150
Conservation of the Historic & Cultural Env't	164,583	123,056	111,522	11,534
150 Invasive Species (SDF)	0			
400 Conservation Areas & Historic Buildings	56,467	41,693	40,415	1,278
410 CP10 - Archaeology, Culture & Heritage	108,115	81,363	71,107	10,256
Development Management	635,999	473,675	391,763	81,912
100 Development Management (incl. Mineral Plan)	635,999	473,675	391,763	81,912
Forward Planning & Communities	390,943	290,829	273,838	16,991
110 Development Planning	256,103	190,082	185,692	4,390
401 Sustainable Development Fund (£250,000 grant)	100,000			0
401 Sustainable Development Delivery	34,840	100,747	88,146	12,601
Promoting Understanding & Enjoyment	1,207,805	1,075,438	942,752	132,686
240 Head of Discovery	63,174	47,400	46,502	898
130 Tourism & Wellbeing Officer	38,459	36,496	36,847	-351
201-206 Carew Castle	55,447	21,305	-11,061	32,366
402-406 Castell Henllys	91,917	78,026	72,895	5,131

210	Central Information Services	2,619	24,538	20,319	4,219
212	Newport Information Centre	41,580	36,159	35,375	784
211	Oriel Y Parc, St David's	300,750	260,025	243,699	16,326
215	Oriel Y Parc Cafe	-7,250	-5,438	-6,690	1,252
214	Tenby National Park Office	97,825	81,131	72,640	8,491
213	Coast to Coast	-15,431	-15,137	-33,476	18,339
221	Communications	247,450	186,129	190,933	-4,804
640	SUP9 - Graphic Services	129,829	105,154	95,413	9,741
231	Discovery	146,289	109,909	104,011	5,898
241	Activities & Events	7,657	5,305	2,630	2,675
242	Flexible Programme	0	14,330	22,467	-8,137
243	Skills in Action	7,491	42,804	34,835	7,969
250	Nevern Castle Project	0	0	229	-229
260	Your Park Your Future	0	47,302	15,184	32,118
	Recreation & Park Management	229,401	298,278	225,996	72,282
140	Sustainable Transport	81,689	79,899	68,671	11,228
370-375	National Trail	58,048	131,739	170,608	-38,869
380	Access Officer and Rights of Way	118,064	97,390	105,716	-8,326
390	Technical Officer	108,451	78,675	69,871	8,804
500	Local Community & Match Funds	3,229	2,422	2,422	0
800-810	Charging Car Parks	-140,080	-171,048	-257,342	86,294
381	Rights of Way Improvement Plan	0	19,645	5,866	13,779
305	Sustainable Tourism	0	2,977	0	2,977
382	Storm Damage	0	56,579	60,184	-3,605
	Rangers, Estates & Volunteers	1,047,987	819,460	773,869	45,591
301	Head of Park Delivery	154,379	118,874	115,682	3,192
360	Ranger Services	170,016	133,245	136,575	-3,330
320	North Area	315,438	246,793	214,650	32,143
330	West Area	178,388	134,633	134,203	430
340	South Area	170,515	128,733	129,607	-874

342 Castlemartin Ranger	10,500	7,347	12,333	-4,986	
650 Estates Management (incl. Surplus Properties)	48,751	49,835	30,819	19,016	
Democratic Representation & Management	668,637	529,119	448,185	80,934	
710 DRM2 - Chief Executive's Office	125,525	92,391	89,664	2,727	
700 DRM1 - Corporate Activities & Management	195,236	149,326	109,570	39,756	
715 Democratic Representation	251,881	191,065	176,251	14,814	
755 National Parks Wales	38,999	53,535	45,048	8,487	
716 Corporate Governance	56,996	42,802	27,652	15,150	
Service Management & Support Services	1,006,230	739,791	708,113	31,678	
<i>(Memorandum account, recharged to services)</i>					
50 SUP1 - Director of Park Direction & Planning	76,595	56,362	54,748	1,614	
60 SUP3 - Director of Delivery & Discovery	93,080	68,922	61,725	7,197	
601 SUP5 - Reception/Admin Services	78,686	57,751	63,696	-5,945	
605 SUP2 - Performance Management	41,397	31,358	29,452	1,906	
610 SUP6 - Legal Services	32,531	24,398	21,115	3,283	
620 SUP7 - Financial Services	135,498	94,460	90,745	3,715	
630 SUP8 - IT Services	238,019	181,578	177,155	4,423	
651 SUP16 - Parc Llanion Park	60,915	47,901	44,442	3,459	
654 SUP12 - General Building Maintenance	79,991	59,996	62,222	-2,226	
670 Projects Team	43,083	29,824	29,250	574	
720 SUP14 - Pool Vehicles	4,483	697	5,704	-5,007	
740-741 Personnel, Health & Safety, Staff Training	121,953	86,544	67,859	18,685	
699 Support Services Recharges		-744,974	-745,131	157	
TOTALS	5,889,338	4,796,102	4,285,452	510,650	
Conservation of the Natural Environment	537,752	446,456	409,414	37,042	8.3%
Conservation of the Historic & Cultural Env't	164,583	123,056	111,522	11,534	9.4%
Development Management	635,999	473,675	391,763	81,912	17.3%
Forward Planning & Communities	390,943	290,829	273,838	16,991	5.8%

Promoting Understanding & Enjoyment	1,207,805	1,075,438	942,752	132,686	12.3%
Recreation & Park Management	229,401	298,278	225,996	72,282	24.2%
Rangers, Estates & Volunteers	1,047,987	819,460	773,869	45,591	5.6%
Democratic Representation & Management	668,637	529,119	448,185	80,934	15.3%
Service Management & Support Services	1,006,230	739,791	708,113	31,678	4.3%
7105 Support Services Recharges	-993,299	-744,974	-745,131	157	0.0%
Net Cost of Services	4,896,039	4,796,102	4,285,452	510,650	10.6%