

REPORT OF FINANCE MANAGER

SUBJECT:
BUDGET PERFORMANCE REPORT 6 MONTHS TO SEPTEMBER 2014

Revenue Budget

The detailed net revenue budget for the 6 months to 30th September 2014 is presented in Appendix 1, with the summary by service area as follows:

	Net Budget 2014/15	Sept 14 Profiled Budget	Sept 14 Actual & Committed	Variance	% Variance
Conservation of the Natural Environment	532,332	334,340	267,715	66,625	19.9%
Conservation of the Historic & Cultural Env't	163,949	82,476	72,883	9,593	11.6%
Development Management	629,293	313,911	260,289	53,622	17.1%
Forward Planning & Communities	488,918	192,915	180,534	12,381	6.4%
Promoting Understanding & Enjoyment	1,218,431	719,233	650,836	68,397	9.5%
Recreation & Park Management	229,031	154,803	41,451	113,352	73.2%
Rangers, Estates & Volunteers	1,051,689	561,457	531,480	29,977	5.3%
Democratic Representation & Management	667,797	355,880	297,743	58,137	16.3%
Service Management & Support Services	1,002,897	492,387	480,761	11,626	2.4%
Support Services Recharges	-993,299	-496,650	-496,754	104	0.0%
Net Cost of Services	4,991,039	3,207,402	2,783,692	423,710	13.2%

As at 30th September 2014 the Authority's net revenue expenditure was £2,783k, £424k (13.2%) under the profiled budget of £3,207k. The main reasons for the variance of actual expenditure against budget for each Service department are as follows:

- **Conservation of the Natural Environment (£67k under budget).** While timber sales are running £1k below budget, savings in contractor costs and the disposal of redundant equipment have contributed to an under spend at the Cilrhedyn Woodland Centre of £13k. The post of Coed Cymru became vacant this year and has not been replaced which has contributed to an under spend of £8k. The payments of Management Agreements and Biodiversity grants are running the budget schedule by £49k and this explains the under spend in the Nature Conservation Budget.

- **Conservation of Cultural Heritage (£10k under budget).** The under spend in this service area is due to the second quarter service level agreement charge from Dyfed Archaeological Services being outstanding.
- **Development Management (£54k under budget).** Within Development Management planning fee income at £87k is up £27k versus budget and £11k on for the comparable period in 2013/14. There are also savings in staffing costs of £10k, £3k in associated travel costs, and £8k in statutory advertising which offset the over spend of £7k on professional fees.
- **Forward Planning & Communities (£12k 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 September was behind £10k.
- **Promoting & Understanding (£68k under budget).**
The table overleaf shows the budget, actual and prior year's merchandise sales, admissions income and car park income for the 6 months ended 30th September. Across all centres the 6 months merchandise sales at £257k has already exceeded the 12 month budget, and is up £36k versus last year and £33k 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 exceed prior years although understandably merchandise sales are down against prior year figures.

In collaboration with Brecon Beacon National Park and Torfean Council, the Authority has been awarded a Heritage Lottery fund grant of £341,906 over 3 years to fund a "Skills for the Future" project. The project involves employing and training 5 apprentices for each of the next 3 years. The Authority has also obtained a grant of £15k from Visit Wales in relation to a Sustainable Charter for Events in Protected Areas. The work will involve creating a guide to support the management of sport and leisure recreation events in the National Park. In addition Rambles Cymru have given the Walkability Project £15k for the current financial year with a further £10k for both 2015/16 and 2016/17.

Significant budget variances within the Coast to Coast, Communications & Marketing are due to profiling differences in budget, while the Discovery budget is under spent due to an officer being funded under the Your Park Your Future grant. The surplus on Your Park Your future includes grant received in advance from the Big Lottery fund.

- **Recreation & Park Management (£113k under budget).** The table on the following page shows Car Park income for the 6 months of £318k, which is up £29k on budget with all car parks with the exception of Newgale, Manorbier & Solva being ahead of budget. Receipt of income for Solva Car Park has been delayed due to complications surrounding the accounting for VAT. The Authority was awarded a second grant of £59k from Natural Resources Wales 2014 Storm Damage programme; the budget is currently not all spent but the project will be completed by December 2014.

- **Rangers, Estates & Volunteers (£30k 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. Other budget variance within this service should be corrected during the remainder of the financial year.
- **Democratic Representation & Management (£58k 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 in that budget. The Corporate Governance budget is currently showing a surplus of £12k due to invoices outstanding from Wales Audit Office.
- **Service Management & Support Services (£12k under budget).** At the half year there is a mixture of over and under spends with each department in Support Services. It is anticipated there will be Service savings of between £10k and £20k at the end of the financial year.

2014/15 2nd Quarter Income Versus Budget & Prior Years							
Merchandise Sales	12 mths Budget	6 mths Income	Variance	2013/14	Variance	2012/13	Variance
Carew Income	52,500	60,923	8,423	48,077	12,846	44,324	16,599
Castell Henllys Income	46,395	31,557	-14,838	37,774	-6,217	39,953	-8,396
Oriel Y Parc	109,263	119,939	10,676	98,581	21,358	106,624	13,315
Newport Information Centre	20,205	22,745	2,540	18,881	3,863	15,974	6,770
Tenby Visitor Centre	20,500	22,007	1,507	17,596	4,412	17,779	4,229
	248,864	257,171	8,307	220,909	36,262	224,654	32,517
Admission Fees							
Carew Income	90,000	87,586	-2,414	79,592	7,995	64,815	22,772
Castell Henllys	55,137	54,500	-637	47,303	7,197	47,654	6,846
	145,137	142,086	-3,051	126,895	15,191	112,469	29,617
Car Park Income							
Car Park Operations	0	10,562	10,562	4,145	6,418	5,950	4,612
Saundersfoot Car Park	49,920	54,049	4,129	59,075	-5,026	69,706	-15,657
Manorbier Car Park	37,389	37,204	-185	34,140	3,064	26,449	10,756
Freshwater East Car Park	21,704	23,639	1,935	15,839	7,800	16,510	7,129
Little Haven Car Park	28,155	30,328	2,173	27,712	2,615	25,517	4,811
Broad Haven Car Park	20,638	21,818	1,180	20,986	832	14,133	7,686
St Davids Car Park	39,758	47,433	7,675	63,033	-15,600	53,624	-6,192
Newport Car Park	25,757	38,861	13,105	20,961	17,901	20,778	18,083
Poppit Car Park	20,524	36,657	16,133	37,009	-352	25,169	11,488
Newgale Car Park	20,000	17,584	-2,416	17,579	5	15,239	2,345
Solva Car Park	25,000	0	-25,000	16,489	-16,489	41,702	-41,702
	288,845	318,135	29,290	316,968	1,167	314,777	3,358

2014 / 15 Revenue Forecast

As at the end of the second quarter the forecast revenue position for the year suggests a budget surplus of approximately £100k. This projected underspend is explained as follows:

2014/15 Budget Forecast	£000's	£000's
Budget surplus		3
Movements:		
Salary savings		
Budget salary savings		-101
Actual salary savings		112
Annual Leave Purchased		5
Additional Income		
Car Park Income	50	
Merchandise sales	20	
Centre Admissions	30	
Orchard Eco Systems Project	17	
Storm Damage	10	
Your Park	5	132
Budget Surplus		
Utilities	20	
Coed Cymru	18	
Support Services	10	
Contract Hire Costs	5	
Fuel	5	
Training	10	
Stationary	10	
Travel	10	88
Budget Shortfalls		
Logicallis PBSA	-10	
Skill In Action	-15	-25
Origins Contingency		50
Contribution to Capital Projects	-21	-21
Welsh Government Claw back		-93
Revised 2014 / 15 revenue forecast surplus		150

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 30.09.2014	Total Project Spend	Total Project Income
ICT – Equipment	18,000	18,000		18,000			18,000			
Carew Interpretation	5,000	5,000		5,000			5,000			
Greening Park Initiatives	50,000	50,000		50,000			50,000	1,205	1,205	
Origins	380,000	453,528	369,780	27,748	6,000	50,000	453,528	353,132	570,000	-199,554
Digital Tourism		72,200	39,535	29,085	3,580		72,200	57,884	57,884	-12,051
Car Par Integration	76,900	76,900		76,900			76,900			
EPOS System	15,000	15,000		15,000			15,000			
Planning / Document Management	30,000	30,000		30,000			30,000			
Sandy Haven River Crossing		29,000	17,000		12,000		29,000			
Total	574,900	749,628	426,315	251,733	21,580	50,000	749,628	412,221	629,089	-211,605

The capital programme has increased from the original budget of £574.9k to a revised budget of £749.6k. The increase reflects the revision to the expenditure profile and sourcing of additional funding on the Origins and Digital Tourism projects. The Authority has also been awarded a grant from the Crown Estate of £17k to repair the bridge at Sandy Haven. Of the total programme spend of 749.6k, £116k will be funded from the WG capital grant, £310.3k other external grant sources which includes Visit Wales & Cadw (European Regional Development Fund and Targeted Match Funding), £251.7k from Earmarked Reserves, £50k benefit in kind (Origins project) and the balance of £21.6k 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 and it is planned to replace windows at Llanion HQ in the next few months.
- Origins. This is the completion of the Heritage Tourism funded project to develop a National Centre and Hub of the origins and prehistory of Wales based at Castell Henllys. It is now expected that the £50,000 contingency assigned to the project will not be needed but be available for other projects.
- 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.
- Electronic Point of Sale System. Following the successful implementation of the new finance system this project will replace the Authority's point of sale software used by the TIC's and Heritage Centres.
- 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 £30k and the Authority will make up the shortfall from its general reserve fund.

The Authority's Useable Reserves
£000's

	Year end Position	Movement out	Movement in	Year end Position
	2013/14	2014/15	2014/15	2014/15
General Reserves	501	150	-100	551
Capital Receipts	247			247
TOTAL	748	150	-100	798
Earmarked Reserves:				
Receipts In Advance	135	-135		
Asset Management	37	-21		16
Llanion Park	25	-25		
Local Development Plan	120			120
Self-Insurance	30			30
Convergence Funding	4	-4		
Authority Restructuring	340	-124	100	316
ICT/ PSBA	19	-19		
National Park Wales	22			22
Finance System	19	-19		
Planning System	100	-30		70
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	-666	100	751
TOTAL	2,065	-516	-	1,549

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 £150k 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 entire surplus to the General Reserve balance it

proposed to transfer £100k of the revenue surplus to the Authority's Restructuring Earmarked Reserve.

Earmarked Reserves

Earmarked reserves as at 31/3/14 stood at £1,317k and these are expected to fall to £751k at the year end with funds being used for various capital and revenue projects and staff early exit settlements. The Welsh Government capital grant 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.

Recommendation

I shall be pleased to address any questions members may have. Members are invited to **ENDORSE** the budgetary performance for the 6 months ended 30th September 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	September 14 Profiled Budget	September 14 Actual & Committed	Variance
Conservation of the Natural Environment	532,332	334,340	267,715	66,625
Cilrhedyn Woodland Centre	99,157	75,539	62,490	13,049
Coed Cymru & Pren Preseli	12,921	13,651	5,435	8,216
Nature Conservation	412,054	241,050	199,790	41,260
Marine Environment	8,200	4,100	0	4,100
Conservation of the Historic & Cultural Env't	163,949	82,476	72,883	9,593
Conservation Areas & Historic Buildings	56,201	27,647	26,650	997
CP10 - Archaeology, Culture & Heritage	107,747	54,829	46,233	8,596
Development Management	629,293	313,911	260,289	53,622
Development Management (incl. Mineral Plan)	629,293	313,911	260,289	53,622
Forward Planning & Communities	488,918	192,915	180,534	12,381
Development Planning	254,181	125,781	123,890	1,891
Sustainable Development Fund (£250,000 grant)	100,000			0
Sustainable Development Delivery	134,737	67,134	56,644	10,490
Promoting Understanding & Enjoyment	1,218,431	719,233	650,836	68,397
Head of Discovery	62,990	31,557	30,575	982
Tourism & Wellbeing Officer	38,295	19,368	21,446	-2,078
Carew Castle	55,412	-10,942	-26,980	16,038
Castell Henllys	91,917	40,494	38,750	1,744
Central Information Services	2,619	23,779	26,639	-2,860

	Revisions To Budgets 2014/15	September 14 Profiled Budget	September 14 Actual & Committed	Variance
Newport Information Centre	41,580	25,104	23,147	1,957
Oriel Y Parc, St David's	300,750	175,161	162,591	12,570
Oriel Y Parc Cafe	-7,250	-3,625	-2,730	-895
Tenby National Park Office	97,825	56,026	51,324	4,702
Coast to Coast	-15,431	34,379	13,859	20,520
Communications	246,736	126,220	136,930	-10,710
SUP9 - Graphic Services	142,283	93,050	87,149	5,901
Discovery	145,558	74,674	69,883	4,791
Activities & Events	7,657	3,603	18	3,585
Flexible Programme	0	18,280	10,269	8,011
Skills in Action	7,491	10,701	5,727	4,974
Nevern Castle Project	0	0	835	-835
Your Park Your Future	0	1,404	1,404	0
Recreation & Park Management	229,031	154,803	41,451	113,352
Sustainable Transport	81,689	202	202	0
National Trail	58,048	119,488	103,441	16,047
Access Officer and Rights of Way	117,694	62,310	77,924	-15,614
Technical Officer	108,451	50,712	53,029	-2,317
Local Community & Match Funds	3,229	1,614	1,614	0
Charging Car Parks	-140,080	-155,104	-249,476	94,372
Rights of Way Improvement Plan	0	15,430	14,897	533
Sustainable Tourism	0	3,572	0	3,572
Recreation Planning	0	0	0	0
Storm Damage	0	56,579	39,820	16,759

	Revisions To Budgets 2014/15	September 14 Profiled Budget	September 14 Actual & Committed	Variance
Rangers, Estates & Volunteers	1,051,689	561,457	531,480	29,977
Head of Park Delivery	153,692	78,908	79,736	-828
Ranger Services	170,016	86,428	95,066	-8,638
North Area	315,438	169,871	146,246	23,625
West Area	176,188	89,059	98,849	-9,790
South Area	177,324	91,123	88,195	2,928
Kiln Park Ranger	0			0
Castlemartin Ranger	10,500	18,142	20,604	-2,462
Estates Management (incl. Surplus Properties)	48,531	27,926	2,784	25,142
				0
Democratic Representation & Management	667,797	355,880	297,743	58,137
DRM2 - Chief Executive's Office	125,385	61,800	60,014	1,786
DRM1 - Corporate Activities & Management	195,236	103,993	78,936	25,057
Democratic Representation	251,232	131,094	125,936	5,158
National Parks Wales	38,999	30,436	16,940	13,496
Corporate Governance	56,945	28,557	15,917	12,640
Service Management & Support Services	1,002,897	492,387	480,761	11,626
<i>(Memorandum account, recharged to services)</i>				
SUP1 - Director of Park Direction & Planning	76,537	37,541	36,009	1,532
SUP3 - Director of Delivery & Discovery	92,761	45,944	39,810	6,134
SUP5 - Reception/Admin Services	78,482	38,382	41,856	-3,474
SUP2 - Performance Management	41,058	22,788	21,322	1,466
SUP6 - Legal Services	32,531	16,266	13,120	3,146
SUP7 - Financial Services	134,790	62,618	60,354	2,264
SUP8 - IT Services	237,760	128,114	123,665	4,449

	Revisions To Budgets 2014/15	September 14 Profiled Budget	September 14 Actual & Committed	Variance	
SUP16 - Parc Llanion Park	60,915	22,325	33,238	-10,913	
SUP12 - General Building Maintenance	79,991	39,997	43,747	-3,750	
Projects Team	42,750	19,749	19,313	436	
SUP14 - Pool Vehicles	8,588	1,015	3,593	-2,578	
Personnel, Health & Safety, Staff Training	116,735	57,648	44,734	12,914	
Support Services Recharges		-496,650	-496,754	104	
TOTALS	5,984,338	3,207,402	2,783,692	423,710	
Conservation of the Natural Environment	532,332	334,340	267,715	66,625	19.9%
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