

Report No. **20/15**
Audit & Corporate Services Review Committee

REPORT OF FINANCE MANAGER

SUBJECT:
BUDGET PERFORMANCE REPORT 6 MONTHS TO SEPTEMBER 2015

Revenue Budget

The detailed net revenue budget for the 6 months to 30th September 2015 is presented in Appendix 1, with the summary by service area as follows:

	Net Budget 2015/16	Sept 15 Profiled Budget	Sept 15 Actual & Committed	Variance	% Variance
Conservation of the Natural Environment	443,276	234,896	207,844	27,052	11.5%
Conservation of the Historic & Cultural Env't	129,297	63,927	61,324	2,603	4.1%
Development Management	577,456	287,861	212,985	74,876	26.0%
Forward Planning & Communities	392,335	194,819	174,821	19,998	10.3%
Promoting Understanding & Enjoyment	1,167,224	743,046	655,855	87,191	11.7%
Recreation & Park Management	231,773	106,118	-13,053	119,171	112.3%
Rangers, Estates & Volunteers	1,044,424	547,109	543,860	3,249	0.6%
Democratic Representation & Management	654,294	328,154	278,412	49,742	15.2%
Service Management & Support Services	1,008,474	533,518	516,699	16,819	3.2%
Support Services Recharges	-1,008,474	-496,650	-496,864	214	0.0%
Net Cost of Services	4,640,079	3,039,448	2,638,747	400,701	13.2%

As at 30th September 2015 the Authority's net revenue expenditure was £2,639k, £401k (13.2%) under the profiled budget of £3,040k for the 6 month period. The main reasons for the variance of actual expenditure against budget for each Service department are as follows:

- **Conservation of the Natural Environment (£27k under budget).** Cilirhedyn Woodland Centre is running below budget; while sales are running considerably below budget, down £25k, this is more than offset by savings in operational costs. The Nature Conservation Budget is running £27k below budget which is due to the payments of Management Agreements and Biodiversity grants are running behind the budget schedule.
- **Conservation of Cultural Heritage (£2k under budget).** Historically the expenditure in this service has always lagged behind budget but with the

withdrawal of the service level agreement with Dyfed Archaeological Services the service is now running to budget.

- **Development Management (£75k under budget).** Within Development Management planning fee income at £92k is up £22k versus budget and £5k for the same period in 2014/15. There are also various savings adding to the under spend; salaries £17k, professional fees £10k, £17k for statutory advertising and travel costs of £3k.
- **Forward Planning & Communities (£20k under budget).** The under spend is caused by the slow drawn down of Sustainable Development Fund grants. To combat this various activities have been scheduled to publicise and raise awareness of the program during this autumn.
- **Promoting & Understanding (£88k under budget).**
The table that follows shows the budget, actual and prior year's merchandise sales, admissions income and car park income for the 6 months ended 30th September 2015. In total merchandise income is £12k ahead of budget with Carew Castle exceeding budget by more than £21k. Conversely income at Oriely Parc is £19 below budget and down ££30k versus 2014/15. Sales at Tenby and Newport Information Centres are up against budget and at Castell Henllys income is up versus last year but running behind budget. Admission fee income is £30k above budget and £22k up on 2014/15 with both Carew and Castell Henllys figures being significantly above prior years.

The Communications budget is shows an adverse variance of £16k. This is due the profiling of the budget versus the actual expenditure of the marketing budget and will correct itself by the end of the financial year. Following the successful 60th Anniversary poster advertising campaign the Authority has commissioned iconic views of Pembrokeshire from photographer Drew Buckley.

The second cohort of trainees on the Heritage Lottery Fund funded Skill in Action program joined the Authority in September. The 3 year project funds 5 trainees each year to help them develop their skills and career opportunities in the area of land management. The Big Lottery funded social inclusion project "Your Park Your Future", which was due to finish in December 2015, has sufficient residual funds to allow it to continue until March 2016. This extension has been approved by the Big Lottery fund.

The Authority successfully bid for £40k grant under Visit Wales Partnership for Growth Fund. The fund aims to encourage closer joint working between stakeholders through collaborative sustainable tourism projects. Specifically the award to the Authority is for "Dark Skies – Brilliant Parks" project. Wales' National Park Authorities have come together to encourage more people to visit the Brecon Beacons, Pembrokeshire Coast and Snowdonia and enjoy the night sky. The project will develop a dark skies brand for Wales' National Parks, and show how these world class landscapes can be enjoyed just as much by night as they are by day.

- **Recreation & Park Management (£119k under budget).** The table that follows shows Car Park income for the 6 months at £353k, which is up £81k on budget

and £35k on 2014/15. With the exception of Newport, which has been impacted by Newport Golf Club now also charging for car park spaces, all other car parks are on or above budget. Car Park income is however generally running slightly below 2014/15 figures. Other savings in the service are due to salary savings arising from vacant posts in the National Trail & Rights of Ways areas.

- **Rangers, Estates & Volunteers (£3k under budget).** Although not reflected in the total service variance the Estates Management area income from both ice cream concessions and miscellaneous filming income is considerably above budget; £8k and £28k respectively. Other budget variance within this service should be corrected during the remainder of the financial year.
- **Democratic Representation & Management (£49k under budget).** In the Corporate Activities & Management budget there is an unspent job evaluation contingency together with savings in staff awards and advertising. The Corporate Governance budget is currently showing a surplus of £23k due to invoices outstanding from Wales Audit Office.
- **Service Management & Support Services (£16k under budget).** For the 6 months there is a mixture of over and under spends with each department in Support Services.

2015/16 2nd Quarter Income Versus Budget & Prior Years

Merchandise Sales	Budget	Actual	Variance	2014/15	Variance	2013/14	Variance	2012/13	Variance
Carew Income	45,613	66,968	21,356	60,923	6,045	48,077	18,891	44,324	22,644
Castell Henllys Income	43,595	37,833	-5,762	31,557	6,276	37,774	59	39,953	-2,120
Oriel Y Parc	109,000	90,209	-18,791	119,939	-29,730	98,581	-8,372	106,624	-16,415
Newport Information Centre	13,323	24,751	11,428	22,745	2,006	18,881	5,869	15,974	8,776
Tenby Visitor Centre	16,700	20,009	3,309	22,007	-1,999	17,596	2,413	17,779	2,230
	228,231	239,770	11,539	257,171	-17,401	220,909	18,860	224,654	15,116
Admission Fees									
Carew Income	81,950	102,859	20,909	87,586	15,272	79,592	23,267	64,815	38,044
Castell Henllys	51,630	61,209	9,579	54,500	6,709	47,303	13,906	47,654	13,555
	133,580	164,068	30,488	142,086	21,981	126,895	37,173	112,469	51,598
Car Park Income									
Car Park Operations	0	8,556	8,556	10,562	-2,006	4,145	4,412	5,950	2,606
Saundersfoot Car Park	44,935	55,583	10,649	54,049	1,535	59,075	-3,491	69,706	-14,123
Manorbier Car Park	34,000	34,915	915	37,204	-2,289	34,140	775	26,449	8,466
Freshwater East Car Park	17,758	20,457	2,699	23,639	-3,182	15,839	4,618	16,510	3,948
Little Haven Car Park	26,500	31,470	4,970	30,328	1,143	27,712	3,758	25,517	5,953
Broad Haven Car Park	16,886	18,729	1,843	21,818	-3,089	20,986	-2,257	14,133	4,596
St Davids Car Park	32,529	68,061	35,532	47,433	20,628	63,033	5,028	53,624	14,437
Newport Car Park	25,164	15,697	-9,468	38,861	-23,164	20,961	-5,264	20,778	-5,082
Poppit Car Park	29,065	34,623	5,558	36,657	-2,034	37,009	-2,386	25,169	9,454
Newgale Car Park	16,364	17,568	1,204	17,584	-16	17,579	-11	15,239	2,329
Solva Car Park	28,636	47,628	18,991	0	47,628	16,489	31,138	41,702	5,925
	271,837	353,287	81,450	318,135	35,152	316,968	36,319	314,777	3,358

2015 / 16 Revenue Forecast

As at the end of the second quarter the forecast revenue position for the year suggests a budget surplus of approximately £96k. This projected underspend is explained as follows:

2015/16 Budget Forecast	£000's	£000's
Published Budget Surplus		Nil
Movements:		
Other (Non identified) Savings	-109	
Voluntary redundancy	18	
Skills In Action Support Costs	14	
Dyfed Archaeological Trust	40	
National Trail Officer	-44	
Estates Rental & Concession Income	20	
Salary Savings	78	
I.T. Service Level Agreement: BBNPA	-10	
Access Grant	8	
Car Park Enforcement	-13	
Archaeology	4	
NRW additional Budget	22	
National Parks Wales	10	
Car Park Income	50	
Centre Income	40	128
National Park Grant / Levy Reduction	-24	
Hypothecated allocation: Member Mentoring	-8	-32
Revised revenue forecast surplus		96

Capital Budget 2015/16

	Original Budget 15/16	Amended Budget 15/16	Funded by EMR	Funded by other Grants	Capital Receipts	Spend as at 30.09.2015
ICT – Equipment	6,000	6,000	6,000			
Carew Interpretation	4,000	4,000	4,000			
Castell Henllys Roundhouses	110,000	110,000	55,000	55,000		
Greening Park Initiatives	10,000	10,000	10,000			310
Fleet Replacement	20,000	20,000			20,000	17,675
Car Par Integration	76,900	76,900	76,900			
Planning / Document Management	30,000	30,000	30,000			
Electronic Point of Sale System	19,000	19,000	19,000			6,030
Castell Henllys Tractor	0	16,440	16,440			16,440
Carew Mill Roof	0	51,085			51,085	995
Total	275,900	343,425	217,340	55,000	71,085	41,450

The capital programme has increased from the original budget of £275.9k to a revised budget of £343.3k. This is due to the inclusion of the purchase of a tractor at Cilrhedyn and the replacement roof for the Mill at Carew Castle. The total programme spend is funded; £217.3k from Earmarked reserves, £55k from a HLF capital grant and £71k from the Capital Receipts 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.
- Castell Henllys Round House. Dyfed Archaeological Trust has been appointed as consultants to carry out a study into the reconstruction of two roundhouses. The consultant's report will be completed by the end of November and will form the basis for an application for HLF funding before the New Year.
- Greening Park Initiatives. As in prior years the Authority plans to allocate funds to energy saving green projects.
- Fleet Replacement. The Authority has purchase two Ford Rangers which were previously used under lease agreements. It is expected the purchases should have a pay back within 3 years and result in revenue savings thereafter.
- 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 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.
- Electronic Point of Sale System. The Authority purchased and is currently installing a new EPOS system at its TIC's and Heritage Centres. New equipment is in place across all the centres and test data appears to be working as expected. It is anticipated that Tenby National Park centre will go live in November with the other centres operational early in the New Year.
- Castell Henllys Tractor. The Authority was awarded an Access grant from Welsh Government earlier in the year and part of the grant has been used to purchase a tractor to maintain and improve the paths at Castell Henllys.
- Carew Mill Roof. The Authority approved the replacement roof for Carew Castle Mill Roof in July 2015. Following a tendering exercise the contract was awarded to WJ Evans and work commenced in early November.

The Authority's Useable Reserves

£000's

	Year-end Position 2014/15	Movement 2015/16	Movement 2015/16	Year-end Position 2015/16
General Reserves	509	96		605
Capital Receipts	247	-71	21	197
TOTAL	756	25		802
Earmarked Reserves:				
Receipts In Advance	118	-118		0
Asset Management	37	-103		-66
Llanion Park	2	-2		0
Planning (Local Development Plan)	220			220
Self-Insurance	30			30
Staff Restructuring	398	-80		318
I.T.	19	-6		13
National Park Wales	35			35
Finance System	19	-19		0
Planning System	100	-30		70
Car Par Integration	77			77
Invasive Species Eradication Program	15	-15		
Memorial Donations	2			2
Wellbeing	5			5
Round Houses	100	-55		45
Castell Henllys Tractor	16	-16		
SDF Increase In Funds For 2015/16	100			100
Machinery For Delivery	27	-27		
NPG Reduction	100			100
Car Park Resurfacing	100			100
TOTAL	1,521	-471		1,050
TOTAL RESERVES	2,277	-446		1,852

General Reserves

The audited statements of accounts as 31st March 2015 verified the Authority's General Reserve at £509k. The forecasted surplus for the year is expected to be £96k and the reasons for this surplus are given on page 5. Accordingly the reserve is expected to increase to £605k at the end of the current financial year.

Earmarked Reserves

Earmarked reserves as at 31/3/15 stood at £1,521k and these are expected to fall by £471 to £1,050k at the year end. The 2015/16 spend will be used for various capital and revenue projects and to cover staff early exit settlements.

Capital Receipts

Capital Receipts started the year at £247k, £71k of which will be used to fund capital expenditure. The sale of the Lime Keepers Cottage at Newport for £21k has been completed and therefore the balance of the reserve is expected to be £197k as at the end of the financial year.

Welsh Government is expected to publish its draft 2016/17 budget on 8th December 2015. While there is expected to be a further significant reduction in the National Park Grant the exact decrease will not be known until sometime after the publication. Depending on the magnitude, and despite the late notification, the Authority's reserves are well positioned to effectively manage the reduction.

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 2015 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 2015/16	September 15 Profiled Budget	September 15 Actual & Committed	Variance
		Conservation of the Natural Environment	443,276	234,896	207,844	27,052
CP2	1	10-20 Cilrhedyn Woodland Centre	93,015	60,792	59,365	1,427
CP3	1	200 Coed Cymru & Pren Preseli	0	0	2,832	-2,832
CP5	1	600 Nature Conservation	341,856	169,902	142,647	27,255
CP11	1	602 Marine Environment	8,405	4,202	3,000	1,202
		Conservation of the Historic & Cultural Env't	129,297	63,927	61,324	2,603
	1	150 Invasive Species	5,000	2,494	5,834	-3,340
CP6	1	400 Conservation Areas & Historic Buildings	56,507	27,806	27,116	690
CP10	1	410 CP10 - Archaeology, Culture & Heritage	67,790	33,627	28,374	5,253
		Development Management	577,456	287,861	212,985	74,876
CP8	1	100 Development Management (incl. Mineral Plan)	577,456	287,861	212,985	74,876
		Forward Planning & Communities	403,485	194,819	174,821	19,998
CP9	1	110 Development Planning	267,923	127,249	129,257	-2,008
SDEV3	4	401 Sustainable Development Delivery	135,562	67,570	45,564	22,006
		Promoting Understanding & Enjoyment	1,167,224	743,046	655,855	87,191
Q17	2	240 Head of Discovery	62,460	31,377	30,526	851
CP12	2	130 Tourism & Wellbeing Officer	39,277	20,041	19,204	837
Q1	2	201-206 Carew Castle	52,691	8,963	-39,357	48,320

			Revisions To Budgets 2015/16	September 15 Profiled Budget	September 15 Actual & Committed	Variance
Q3	2	402-406 Castell Henllys	83,166	42,072	37,113	4,959
Q4	2	210 Central Information Services	2,874	26,684	34,871	-8,187
Q5	2	212 Newport Information Centre	39,641	26,945	25,045	1,900
Q7	2	211 Oriel Y Parc, St David's	282,713	147,353	160,399	-13,046
Q15	2	215 Oriel Y Parc Cafe	-7,250	-3,625	-3,878	253
Q13	2	214 Tenby National Park Office	93,158	55,768	50,224	5,544
Q8	2	213 Coast to Coast	-19,307	14,129	14,040	89
Q9	2	221 Communications	250,626	127,185	143,649	-16,464
SUP9	3	640 SUP9 - Graphic Services	92,015	40,866	36,990	3,876
Q10	2	231 Discovery	145,106	74,125	68,908	5,217
Q12	2	241 Activities & Events	8,579	3,280	2,650	630
Q14	2	242 Flexible Programme	14,114	18,206	16,993	1,213
	2	243 Skills in Action	0	57,972	46,606	11,366
Q16	2	250 Nevern Castle Project	0	0	540	-540
Q18	2	260 Your Park Your Future	27,361	51,705	11,332	40,373
		Recreation & Park Management	231,773	106,118	-13,053	119,171
CP7	1	140 Sustainable Transport	81,694	9,730	7,949	1,781
REC10/1	2	370-375 National Trail	58,496	122,613	104,132	18,481
REC13	2	380 Access Officer and Rights of Way	119,623	66,119	47,214	18,905
REC15	2	390 Technical Officer	111,887	55,785	27,058	28,727
REC16	2	500 Local Community & Match Funds	3,229	1,614	1,614	0
REC17	2	800-810 Charging Car Parks	-159,403	-176,156	-223,686	47,530
REC24	2	381 Rights of Way Improvement Plan	0	6,504	6,418	86

			Revisions To Budgets 2015/16	September 15 Profiled Budget	September 15 Actual & Committed	Variance
REC25	2	305 Sustainable Tourism	0	3,661	0	3,661
-	2	383 Access Projects	16,248	16,248	16,248	0
		Rangers, Estates & Volunteers	1,044,424	547,109	543,860	3,249
REC1	2	301 Head of Park Delivery	130,254	66,878	72,115	-5,237
REC 28	2	360 Ranger Services	225,274	118,316	122,636	-4,320
REC3	2	320 North Area	285,301	147,616	158,699	-11,083
REC4	2	330 West Area	183,211	84,141	87,066	-2,925
REC5	2	340 South Area	178,944	86,304	92,229	-5,925
REC7	2	342 Castlemartin Ranger	9,089	18,692	19,803	-1,111
SUP10	3	650 Estates Management (incl. Surplus Properties)	32,350	25,162	-8,688	33,850
		Democratic Representation & Management	654,294	328,154	278,412	49,742
DRM2	7	710 DRM2 - Chief Executive's Office	126,911	62,569	61,039	1,530
DRM1	7	700 DRM1 - Corporate Activities & Management	168,251	84,176	62,185	21,991
DRM3	7	715 Democratic Representation	237,577	120,885	118,521	2,364
DRM4	7	755 National Parks Wales	43,493	21,493	20,972	521
DRM5	7	716 Corporate Governance	78,061	39,031	15,695	23,336
		Service Management & Support Services	729,551	533,518	516,699	16,819
		<i>(Memorandum account, recharged to services)</i>				
SUP1	3	50 SUP1 - Director of Park Direction & Planning	60,784	35,424	34,830	594
SUP3	3	60 SUP3 - Director of Delivery & Discovery	90,645	44,837	40,413	4,424
SUP5	3	601 SUP5 - Reception/Admin Services	78,654	39,207	40,794	-1,587

			Revisions To Budgets 2015/16	September 15 Profiled Budget	September 15 Actual & Committed	Variance
SUP2	3	605 SUP2 - Performance Management	34,662	16,749	21,424	-4,675
SUP6	3	610 SUP6 - Legal Services	45,645	22,822	17,517	5,305
SUP7	3	620 SUP7 - Financial Services	152,984	77,545	70,030	7,515
SUP8	3	630 SUP8 - IT Services	266,178	148,669	140,193	8,476
SUP16	3	651 SUP16 - Parc Llanion Park	0	28,058	38,020	-9,962
SUP12	3	654 SUP12 - General Building Maintenance	0	46,120	30,952	15,168
SUP13	3	670 Projects Team	0	20,261	20,376	-115
SUP14	3	720 SUP14 - Pool Vehicles	0	-12	12,125	-12,137
SUP15	3	740-741 Personnel, Health & Safety, Staff Training	0	53,838	50,025	3,813
TOTALS			5,380,781	3,039,448	2,638,747	400,701