

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Blackwater Valley Countryside Partnership Members Group
Date:	7 th November 2014
Title:	Final Accounts 2013/14, Outturn Forecast 2014/15 and Forward Budget 2015/16
Reference:	
Report From:	Report of the Honorary Treasurer

Contact name: Jenny Wadham

Tel: 01962 847193

Email: Jennifer.wadham@hants.gov.uk

1. Introduction

- 1.1. The purpose of this report is to note the 2013/14 final accounts and to report the outturn forecast for 2014/15 and the forward budget and partner contributions for 2015/16.
- 1.2. The figures include the Core service of the Partnership and Non Core project work. All activities of the Partnership further its aim to provide “a continuous green space along the Blackwater Valley.” The Non Core activities are those that deliver an extra service to the benefit of partners or outside organisations, such as site management principally relating to Suitable Alternative Natural Green Space (SANGS). The Non Core project work is self-funding and provides additional resources and economies of scale, with the aim of making the Partnership financially secure. The income and expenditure for Non Core projects is shown as a total of all projects for 2013/14.
- 1.3. The final outturn for 2013/14 is contained in Appendix 1 and shows a draw from the reserve account of £4,001 to meet the Core work, an increase on the revised budget figure of £3,050 to be transferred from reserves. The increase was mainly due to less Non Core work than originally envisaged.
- 1.4. The actual contributions from partners for 2013/14, and the anticipated contributions for 2014/15 and 2015/16 are shown in Appendix 2.
- 1.5. The outturn forecast for 2014/15 as at the end of September is contained in Appendix 3. This shows an anticipated transfer to reserves of approximately £33,000, due to the increased work on the Aldershot Urban Extension (AUE) SANGS during the set up period.

- 1.6. The forward budget for Core and Non Core work for 2015/16 is shown in Appendix 3. Income from Non Core work is expected to continue at a high level as the initial phase of the AUE SANGS work is completed, and a further transfer to reserves of approximately £9,000 is anticipated.
- 1.7. It should be noted that the figures for 2015/16 may change, once more detailed information is available on the next phase of the Aldershot Urban Extension (AUE) SANGS work.
- 1.8. The forecast balance on the reserve at the end of 2015/16 financial year is £131,658 as shown in Appendix 4. The significant increase in Non Core work due to the AUE set up phase has resulted in expected contributions to reserves in the short term, that it is proposed are used to invest in required grass cutting machinery and other equipment, as well as potentially improving the buildings used by the Partnership. Further commentary on the use of the reserves is given in section 5.

2. 2013/14 Final Accounts

- 2.1. The revised budget for 2013/14 was set on the basis of apportionment linked to anticipated staff time spent on each Non Core project with the balance of activities being covered by the Core. Any re-allocation of time spent on the Non Core projects would therefore have a knock on effect on both Core and Non Core income and expenditure.
- 2.2. As the Non Core projects are self funding, income is drawn down from project specific funds or invoiced to landowners to offset the direct and apportioned expenditure and Partnership management fee of the projects. Increases in staff time to projects will therefore have the effect of increasing income and expenditure in Non Core and reducing expenditure chargeable to Core activities, and vice versa, decreases in staff time to projects will reduce income and expenditure in Non Core and increase expenditure chargeable to Core activities.
- 2.3. The final position for 2013/14 is net expenditure on Core work of £116,189, met by £112,188 Partner contributions and a transfer from the reserve account of £4,001. This is a slight increase on the revised budget figure of £3,050 to be transferred from reserves, due to less Non Core work being undertaken than originally envisaged, which has resulted in a higher apportionment of costs to Core work. The main variations are explained below.
- 2.4. The project specific costs for Non Core activities were lower than predicted, mainly for project work for Surrey County Council, leading to a reduction in Non Core income of £27,500. This in turn led to a lower apportionment of costs to Non Core work.
- 2.5. The change in the split of Core and Non Core work also led to a reduction in the management fee charged to Non-Core services of £3,768, as a greater proportion of staff time was spent on Core work.

- 2.6. Total transport costs were £4,124 lower than budgeted, due to vehicle upgrades being postponed, replicating the approach taken in 2012/13. This resulted in lower than anticipated costs for the upgrades as well as postponing end of hire repair costs.

3. 2014/15 Outturn Forecast

- 3.1. A summary of the total outturn forecast for the 2014/15 financial year as at the end of September 2014 for both Core and Non Core work is shown in Appendix 3. The original budget identified the need for additional funding or savings of £20,000 to be found to enable the Core activities to achieve a balanced position. However this was expected to be resolved once further information was available in relation to the AUE SANGS work and, with this information now available, the forecast position is for a transfer to be made to reserves of approximately £33,000.
- 3.2. The Land Trust has agreed a budget to cover the costs and management fee incurred on the Non Core AUE SANG works, and therefore the outturns reflect the increased Non Core income and apportionment of expenditure to Non Core activities. In total, the net expenditure for Core has reduced by £33,200 to £71,000, and the main variations between the original budget and the forecast outturn are explained below.
- 3.3. The apportionment of salary costs to the AUE has resulted in a significant reduction in the salary costs for Core work (from £100,400 to £68,000). In total, £82,000 of salary costs have been apportioned to AUE, based on 2 FTE posts, plus an allowance for casuals.
- 3.4. The greater focus of work on AUE has had a similar effect on the remaining breakdown of expenditure and income across Core and Non Core work, in particular leading to an increase of £11,000 in the management fee (to £24,000).
- 3.5. Non Core work will form over 68% of the work undertaken by the Partnership in 2014/15 and provides a significant service to individual partners whilst adding value to the role of the Partnership. Without the Core partnership this service could not be offered, although as Partnership funding becomes more difficult to secure, the Core activities are also becoming more dependant on Non Core projects in the longer term.

4. 2015/16 Forward Budget

- 4.1. A summary of the total Forward Budget for Core and Non Core work is shown in Appendix 3. It has been prepared based on anticipated receipts from Partners, Town Councils and confirmed project funding streams.

- 4.2. The proposed budget identifies an expected transfer to the reserve account of approximately £9,000 due to a high concentration of income and expenditure in AUE, which will reduce costs within the Core work.
- 4.3. The contributions from partners are expected to continue at the same levels of 2014/15, with Bracknell Forest Borough Council, Waverley Borough Council and Wokingham Borough Council not contributing having previously withdrawn from the Partnership. Once again no inflationary increase is being requested from partners.
- 4.4. The set up work for AUE will continue into 2015-16 requiring a significant amount of resource to be focussed on this project. Total gross expenditure is expected to be £500,000, which includes £259,000 for AUE.
- 4.5. It is expected that salary costs will continue to be at a high level, with a total overall forecast of £221,000, and the focus again expected to be on AUE work (the salary costs for AUE are projected at £74,000).
- 4.6. Site specific maintenance costs for AUE are expected to reach £152,000.

5. Reserve Account

- 5.1. The Reserve Account balance at the end of 2013/14 after the draw from reserves of £4,001 was £87,895, as detailed in Appendix 4.
- 5.2. It has been determined that an absolute minimum of three months of operating costs should be held in reserve to cover any costs should the Partnership need to be wound up. For 2014/15, this equates to a minimum reserve value of £59,000. The additional reserves are available to fund one-off investment costs for the work of the Partnership, such as the replacement of machinery or improvement to premises.
- 5.3. In the near future, improved grass cutting machinery will be required for both Core and Non-Core work. Options will need to be investigated to determine whether it is more cost-effective to purchase or lease machinery, however it is estimated that the cost of this machinery would be in the region of £20,000 to £30,000.
- 5.4. Due to the increased non-core work on the AUE SANG in particular, it is anticipated that there will be a transfer of approximately £33,000 to the reserve account at the end of 2014/15, giving a balance of £121,692. In 2015/16, it is anticipated there will be a transfer of £9,358 to the reserve account, thus increasing the balance on the reserve to £131,658.
- 5.5. The current level of reserves is considered to be appropriate to maintain the financial stability and service capacity of the Partnership, and the short term influx of monies arising from the set up phase of the AUE are considered necessary to invest in the future service capacity of the Partnership by covering

the cost of the required grass cutting machinery, and future improvements to both premises and equipment.

6 Conclusion

- 6.1 The Blackwater Valley Countryside Partnership continues to work hard to ensure the wildlife and landscape is protected for the benefit of residents and visitors, whilst keeping costs to a minimum. Through links with other stakeholders, the Partnership is able to pick up additional Non Core project work, which helps to maintain the long-term viability of the Partnership.
- 6.2 The AUE has provided a significant income stream for the 2014/15 financial year, which is expected to continue into the 2015/16 financial year, but this income stream will reduce once the set up phase is completed, and the additional contributions to reserves in these years is not expected to continue.
- 6.3 As always, it is essential that all Partners maintain their financial commitment to the Partnership. The combination of Partner contributions and additional Non Core work is important to ensure the continued viability of the Partnership for the foreseeable future, maintaining its ability to continually improve the Blackwater Valley for the benefit of its residents and visitors.

7 Recommendations

- 7.1 That the final accounts for 2013/14 as set out in Appendix 1 be noted.
- 7.2 That Partner Authorities are urged to meet the full requested contributions as shown in Appendix 2.
- 7.3 That the Outturn Forecast for 2014/15 in Appendix 3, including a planned transfer to reserves of £33,358, be approved.
- 7.3 That the Forward Budget for 2015/16 in Appendix 3 be approved.
- 7.4 That the level of reserves set out in Appendix 4 and the proposed use of reserves explained in section 5 be approved.
- 7.5 That the valuable support of the Town and Parish Councils that help to fund the service is gratefully acknowledged.
- 7.6 That the budgetary situation should continue to be closely monitored, to ensure staff costs and other expenditure is controlled in line with predicted income, thus maintaining the ability to provide services within budgets.

FINANCIAL OUTTURN 2013/14

	CORE SERVICE			NON CORE SERVICES			TOTAL		
	Revised Budget 2013/14 £	Final Outturn 2013/14 £	Over/(Under) Spend £	Revised Budget 2013/14 £	Final Outturn 2013/14 £	Over/(Under) Spend £	Total Revised 2013/14 £	Total Outturn 2013/14 £	Total (under)/Over spend £
Employees	98,400	103,072	4,672	61,200	55,704	(5,496)	159,600	158,776	(824)
Premises	5,900	5,750	(150)	3,700	3,109	(591)	9,600	8,859	(741)
Transport	11,300	9,210	(2,090)	7,000	4,966	(2,034)	18,300	14,176	(4,124)
Supplies & Services	19,800	21,080	1,280	12,300	11,514	(786)	32,100	32,594	494
	135,400	139,112	3,712	84,200	75,293	(8,907)	219,600	214,405	(5,195)
Project Specific Costs	9,000	3,161	(5,839)	44,700	29,150	(15,550)	53,700	32,311	(21,389)
Less:									
Non Core management Fee	(14,400)	(10,632)	3,768	14,400	10,632	(3,768)	0	0	0
Gross Expenditure	130,000	131,641	1,641	143,300	115,075	(28,225)	273,300	246,716	(26,584)
Income	(14,750)	(15,452)	(702)	(143,300)	(115,714)	27,586	(158,050)	(131,166)	26,884
Total Net Expenditure	115,250	116,189	939	0	(639)	(639)	115,250	115,550	300
Transfer To/(From) Reserves	(3,050)	(4,001)	(951)	0	639	639	(3,050)	(3,362)	(312)
Total to be financed by Local Authorities	112,200	112,188	(12)	0	0	0	112,200	112,188	(12)

Blackwater Valley Countryside Partnership

APPENDIX 2

Contribution Shares

		Formula	2013 / 14	2013 / 14	2014 / 15	2014 / 15	2015 / 16
	%	£	Revised	Actual	Original	Outturn Forecast	Original
Bracknell Forest Borough Council	13.56	18,897	0	0	0	0	0
Guildford Borough Council	8.26	11,504	10,300	10,300	10,300	10,300	10,300
Hampshire County Council	14.67	20,446	20,446	20,446	20,446	20,446	20,446
Hart District Council	14.41	20,075	19,580	19,580	19,580	19,580	19,580
Rushmoor Borough Council	19.57	27,272	17,500	17,500	17,500	17,500	17,500
Surrey County Council	9.39	13,086	13,086	13,086	13,086	13,086	13,086
Surrey Heath Borough Council	8.70	12,122	10,000	10,000	10,000	10,000	10,000
Waverley Borough Council	5.54	7,714	0	0	0	0	0
Wokingham District Council	5.90	8,224	7,990	7,990	0	0	0
	100.00	139,340	98,902	98,902	90,912	90,912	90,912
Blackwater & Hawley Town Council	n/a	1,269	1,500	1,500	1,500	1,500	1,500
Sandhurst Town Council	n/a	804	5,000	5,000	5,000	5,160	5,160
Yateley Town Council	n/a	786	786	786	786	786	786
Farnham Town Council	n/a	817	1,500	1,500	1,500	1,500	1,500
Ash Parish Council	n/a	0	500	500	500	500	500
Finchampstead Parish Council	n/a	0	4,000	4,000	4,000	4,000	4,000
		143,016	112,188	112,188	104,198	104,358	104,358

Summary Core, Non Core and Total - Actuals, Outturn Forecast and Forward Budget**2013 / 14 Actuals**

	Total Revised	Actual Core	Actual Non Core	Total
	£	£	£	£
Employees	159,600	103,072	55,704	158,776
Premises	9,600	5,750	3,109	8,859
Transport	18,300	9,210	4,966	14,176
Supplies & Services	32,100	21,080	11,514	32,594
	<u>219,600</u>	<u>139,112</u>	<u>75,293</u>	<u>214,405</u>
Project Specific Costs	53,700	3,161	29,150	32,311
Less:				
Non Core management Fee	0	(10,632)	10,632	0
Gross Expenditure	<u>273,300</u>	<u>131,641</u>	<u>115,075</u>	<u>246,716</u>
Income	<u>(158,050)</u>	<u>(15,452)</u>	<u>(115,714)</u>	<u>(131,166)</u>
Total Net Expenditure	<u>115,250</u>	<u>116,189</u>	<u>(639)</u>	<u>115,550</u>
Transfer To/(From) Reserves	<u>(3,050)</u>	<u>(4,001)</u>	<u>639</u>	<u>(3,362)</u>
Total to be financed by Local Authorities	<u>112,200</u>	<u>112,188</u>	<u>0</u>	<u>112,188</u>

2014 / 15 Outturn Forecast

	Original Budget	Outturn Forecast Core	Outturn Forecast Non Core	Outturn Forecast Total
	£	£	£	£
Employees	154,400	68,000	146,000	214,000
Premises	9,600	3,000	8,000	11,000
Transport	17,000	5,000	13,000	18,000
Supplies & Services	19,200	11,000	21,000	32,000
Savings (or additional funding to be identified)	<u>-20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>180,200</u>	<u>87,000</u>	<u>188,000</u>	<u>275,000</u>
Project Specific Costs	55,800	9,000	169,000	178,000
Less:				
Non Core management Fee	0	(24,000)	24,000	0
Gross Expenditure	<u>236,000</u>	<u>72,000</u>	<u>381,000</u>	<u>453,000</u>
Income	<u>(131,800)</u>	<u>(1,000)</u>	<u>(381,000)</u>	<u>(382,000)</u>
Total Net Expenditure	<u>104,200</u>	<u>71,000</u>	<u>0</u>	<u>71,000</u>
Transfer To/(From) Reserves	<u>0</u>	<u>33,358</u>	<u>0</u>	<u>33,358</u>
Total to be financed by Local Authorities	<u>104,200</u>	<u>104,358</u>	<u>0</u>	<u>104,358</u>

2015 / 16 Forward Budget

	Forward Core	Forward Non Core	Forward Total Budget
	£	£	£
<u>Shared Expenditure</u>			
Employees	86,000	135,000	221,000
Premises	4,000	6,000	10,000
Transport	7,000	12,000	19,000
Supplies & Services	12,000	18,000	30,000
	<u>109,000</u>	<u>171,000</u>	<u>280,000</u>
Directly	9,000	211,000	220,000
Less:			
Non Core	<u>(22,000)</u>	<u>22,000</u>	<u>0</u>
Gross Expenditure	<u>96,000</u>	<u>404,000</u>	<u>500,000</u>
Income	<u>(1,000)</u>	<u>(404,000)</u>	<u>(405,000)</u>
Total Net Expenditure	<u>95,000</u>	<u>0</u>	<u>95,000</u>
Transfer to/(from) reserve	<u>9,358</u>	<u>0</u>	<u>9,358</u>
Total to be financed by Local Authorities	<u>104,358</u>	<u>0</u>	<u>104,358</u>

General Reserve Account

£

2013/14

Balance b/fwd at 1 April 2013	91,828
Add interest	411
Less apportionment of interest 11/12 and 12/13	<u>(343)</u>
	91,896

Transfer (to) / from revenue	<u>(4,001)</u>
Balance at 31 March 2014	<u><u>87,895</u></u>

2014/15

Balance b/fwd at 1 April 2014	87,895
Add projected interest	<u>439</u>
	88,334

Projected transfer (to) / from revenue	<u>33,358</u>
Projected balance at 31 March 2015	<u><u>121,692</u></u>

2015/16

Projected balance b/fwd at 1 April 2015	121,692
Add projected interest	<u>608</u>
	122,300

Projected transfer (to) / from revenue	<u>9358</u>
Projected balance at 31 March 2016	<u><u>131,658</u></u>