

2018/19 Financial Outturn and Reserves

Name of Committee	Audit and Scrutiny Committee
Date	26 July 2019
Report Author	Elaine Standen
Job title	Finance Manager
Contact Details	elaine.standen@beacons-npa.gov.uk
Purpose of Report	To inform the Committee of the financial outturn for the year and the reserves position at the year end.
List of Enclosures	Enclosure 1 Budget Outturn Summary for 2018/19 Enclosure 2 Reserve Balances as at 31 March 2019
Public Interest Test	Not applicable
Recommendation(s)	a) That the report be noted

1.1 Introduction or Background

The financial outturn for the year is enclosed. There is a total underspend of some £123,000. The significant variances are highlighted below. See Enclosure 1 for further details by Cost Centre. The Project Scorecard for Quarter 1 provided with the separate budget monitoring report provides further details of project re-profiling and the outturn for 2018/19.

Where project spend is financed by grant or reserves, the related income has been accrued as appropriate and any unspent funds will be applied in 2019/20. There are some significant changes in project timescales and spend which are in the process of being updated in the current year's budget and are likely to affect the planned use of earmarked reserves built into the 2019/20 budget. Significant budget virements to date are noted in the Quarter 1 Budget Monitoring Report.

1.2 Significant Variances

Chief Executives Office

Underspends on Office Services and Democratic Representation, due to staff vacancies, reduced demand for paper and postage and a saving on the accrual from 2017/18 for the final

settlement from HMRC in respect of outstanding Employer's National Insurance liabilities on expenses.

Countryside and Community Core Services

Public Engagement staff costs were lower than estimated and income generated from Education fees was higher, producing a net underspend of close to £44,000. These underspends have helped to offset overspends across the Visitor Services budgets, principally arising from the overspend of £21,000 at the National Park Visitor Centre, impacted by lower than expected income from the catering franchisee, and an over-spend of £12,000 caused by one-off termination costs from the closure of the Llandovery Information Centre.

Projects

A substantial underspend in Sustainable Development Fund Grants (£67,000) was due to delays in the receipt of claims and in project approvals by other funders. The committed but unspent grants have been reserved. Green Growth spending of £50,000 planned was re-profiled to 2019 onwards pending development of the project. The completion of the new partnership Destination Website for the Park was delayed until early 2019/20. Transfers to earmarked reserves balance these underspends at Authority level. An accounting surplus on the Black Mountains Land Use Partnership, arising from the methodology used to calculate some administrative costs has been set aside in an earmarked reserve to provide for project financial risks.

Planning and Development Control

A total underspend of some £21,000 was generated in the department, of which some £9,000 related to a delay in planned expenditure on digitising planning records. This project will be completed in 2019/20. The remaining underspend largely arose from reduced costs in Enforcement.

Capital

The total capital expenditure for the year and related financing is summarised below.

	2018/19 Actual* £000	2018/19 Actual* £000
Gunpowder Works conservation and interpretation project year 3 (capital element)	399	
Micro Hydro Scheme	17	
Access and Rights of Way improvement projects	28	
Peatland Habitat restoration projects	67	
Robotic Flail for remote access vegetation management	56	

Photovoltaic Solar Panel Installations on Authority Buildings	39	
Electric Vehicle Charging Point installations on Authority sites	17	
Wales Way tourism project infrastructure	18	
Mountain Centre Health and Safety/refurbishment	38	
Geopark Centre Interpretation installation	3	
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Total grant-funded project spend classified as capital under accounting rules*		682
Less: Grants & Contributions	(455)	
Use of Capital Receipts Reserve	(169)	
Use of Capital Grants Unapplied Reserves	(55)	
Revenue Financing	(3)	
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Net Expenditure		(682)
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* In line with the Authority's Accounting Policies, individual assets with a value of less than £10,000 are not treated as capital expenditure unless they are effectively part of a larger asset. When projects are completed, the resulting asset is included in the Authority's Balance Sheet.

1.3 Conclusion

The budget for the year was underspent, but by a lower amount than in previous years. Some priority work for 19/20 relating to essential asset surveys, digitization and LDP studies was able to be approved out of the underspend. The increased balance on the General Reserve will assist with the planned restructure of the Authority, arising from the ongoing review of priorities which is expected to feed into the 2020-2022 budget strategy.

RECOMMENDATION:

a) That the report be noted