

Committee: High Weald AONB Joint Advisory Committee

Date: 1 November 2010

Title of Report: Draft Revenue Budget 2011/12

By: Deputy Treasurer to the Joint Advisory Committee

Purpose: To consider the draft Revenue Budget 2011/12 and agree it as a basis for consultation with contributing bodies

RECOMMENDATIONS

The Joint Advisory Committee is recommended to approve:

1. the draft budget for 2011/12; and
 2. the commencement of budget consultation with the local authorities and Natural England.
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Supporting information

1. FINANCIAL APPRAISAL

1.1 A draft budget for 2011/12 is attached. It is recommended that the budget shown in Appendix A be approved as a basis for consultation with contributing bodies/authorities.

1.2 Savings of £28,300 have been identified and included to balance the 2011/12 budget and address the otherwise possible deficit arising from the likely decrease in contributions.

1.3 There are a number of key/significant financial issues and risks which are detailed in this report.

1.4 Following consultation with contributing bodies/authorities, a final budget for 2011/12 will be presented to the Joint Advisory Committee (JAC) for approval at its March 2011 meeting.

2. CONTEXT

2.1 The draft budget should be considered within the following context.

Background

2.2 As the High Weald is an Area of Outstanding Natural Beauty, the JAC is required to carry out many statutory functions on behalf of local authorities under the Countryside and Rights of Way Act 2000. These statutory duties are set out in detail at the end of this report. At a time of cutbacks in public spending and local authorities having to make considerable savings, it is important that the core funding of the JAC remains sufficient to deliver those statutory services. This ensures that the JAC can continue to manage statutory services in a co-ordinated way.

2.3 It should be noted that local authority contributions in the region of £120,000 in 2010/11 are likely to generate external funding of about £1m through Natural England, partners and other organisations.

The High Weald Unit's Work Plan 2011/12

2.4 The budget has been developed to support the implementation of the Unit's rolling work plan.

High Weald AONB Memorandum of Agreement (MoA) 2010 to 2011

2.5 The budget has been developed within the context of the MoA 2008 to 2011 which is in the process of being signed.

High Weald JAC Budget 2010/11

2.6 In setting the original 2010/11 break-even budget, planned savings of £11,000 were made in respect of staff costs, accommodation/office equipment, partnership running costs and support services. This budget took account of the total contribution (core and projects) from Natural England being reduced by £17,353 (5%) from £347,067 in 2009/10 to £329,714 in 2010/11.

2.7 The forecast outturn for 2010/11 shows a small surplus of £2,300 compared with a budgeted break-even position. This is due to securing additional external contributions to fund core costs, and this surplus will be transferred to reserves. The forecast reserves at 31 March 2011 are £69,300.

3. FINANCIAL ISSUES 2011/12

3.1 The draft budget is presented to the JAC for consideration. Appendix A shows the Core budget and Appendix B shows the Projects budget, for consultation with local authorities and Natural England. Planned savings of £28,300 have been made to achieve break-even budgets for 2011/12. The budget takes account of the reduction in Natural England's contribution as they have advised that their 2010/11 contribution will be reduced by 30% over the next 3 years as a result of the government's request that they make further significant savings. The draft budget therefore assumes a progressive grant reduction of 10% each year for 3 years 2011/12 to 2013/14. The draft budget assumes that local authorities will strive to maintain their contributions at the 2010/11 level.

Core budget - Expenditure

Summary

3.2 Inflation has been applied at the East Sussex County Council (ESCC) recommended general rate of -1% for salaries (to eliminate the 1% pay award included in the original budget 2010/11, because there will not now be a pay increase) and 2% for all other costs. Savings of £21,300 have been made through cutting the budget available to backfill the vacant Interpretation officer and finance officer posts, and savings of £7,000 by reducing the communications budget.

Staff costs

3.3 The draft budget allows for a core team of 5.4 FTE staff. Staff costs are subject to inflation of -1% and incremental progression. The current budget assumes that there are no increased contributions to the pension fund above the current 19.1% of basic salaries.

Accommodation/office equipment

3.4 These costs cover rent, rates, office equipment, office maintenance and running costs.

Core communications

3.5 Savings of £7,000 have been made through reducing the budget for the Anvil, the JAC's annual guide to the AONB. It is hoped that grant can be secured to allow publication of the 2012 edition. The remaining budget allows for the production of the annual review and minor public relations costs.

Partnership running costs and support services

3.6 These budget headings cover the costs associated with JAC meetings, events, training and audit fees, including the audit of the Small Bodies Annual Return. Budget forecasts indicate that the High Weald JAC's turnover will exceed the £1 million threshold on an ongoing basis over the three year period 2009/10 to 2011/12 and therefore the JAC's accounts could be subject to a full audit from 2011/12. However, as the Audit Commission are currently reviewing these limits, this risk may be small. If a full audit is required, this would incur higher audit fees for the JAC (and ESCC would incur additional staff costs to compile a statement of accounts).

3.7 These budget headings also assume the secretarial services, IT, personnel and financial support will continue to be provided by ESCC.

Partnership Projects Enabling Fund

3.8 The Projects Enabling Fund (PEF) was established in 2004/05 and its existence has been critical to the development of self-financing projects.

3.9 Without the Fund the following projects would not have gone ahead: The Weald Forest Ridge Landscape Partnership Scheme, the Weald Meadows Initiative, the AONB Sustainable Development Fund and the High Weald Interpretation Programme including High Weald Heroes.

3.10 The Fund will be important in securing external funds for future projects. Those authorities not currently funding have not been asked to contribute in 2011/12. The total contribution to the Fund in 2011/12 is budgeted to be £11,800.

Core Budget – Income

Summary

3.11 The draft budget shows contributions from local authorities at the same level as 2010/11. The contribution from Natural England has been reduced by 10% of the 2010/11 contribution.

Natural England

3.12 Natural England have advised that AONB Joint Advisory Committees should assume that the 2010/11 contribution will be reduced by 30% over the next three years. The 2011/12 core contribution is assumed in this report to be £221,600, which is a 10% (£24,600) from the 2010/11 contribution, which the JAC is using towards funding core costs. However, it should be noted that Natural England give a single pot allocation and the JAC has discretion as to how this is allocated between core funding and projects

Local Authority Contributions

3.13 The draft budget assumes no inflationary increase to the core contributions of local authorities and assumes that they will strive to maintain contributions at the 2010/11 level.

Other Contributions

3.14 The draft budget assumes a contribution towards accommodation costs from the Weald Forest Ridge Landscape Partnership Scheme.

Core Budget - Reserves

3.15 The JAC reserves at 31 March 2012 are estimated to be £69,300.

Self Funding Projects

3.16 The Self Funding Projects budget is attached at Appendix B. The projects include the Weald Forest Ridge Landscape Partnership Scheme, Weald Forest Ridge Interpretation Project, Sustainable Development Fund, the Weald and Downs Ancient Woodland Survey Project, the Ancient Woodland Restoration Project and the High Weald Heroes project.

3.17 The Natural England contribution for projects in 2011/12 has been assumed in this report to be £75,150 which is 10% less than the 2010/11 contribution of £83,500. But as stated above, the funding comprises a single pot and the JAC can decide how this is allocated between core and projects.

3.18 The Natural England contribution allocated to the Sustainable Development Fund is £55,000 in 2010/11, which has been reduced in 2011/12 by 10% to £49,500 .

4. FINANCIAL ISSUES 2011/12 AND BEYOND

4.1 The following table summarises the budget deficit that would arise from a reduction in Natural England's 2010/11 core contribution by 30% over three 3 years unless further savings are made or additional contributions are obtained. The figures assume local authorities maintain their core contributions, including ESCC's additional contribution for accommodation.

	2010/11	2011/12	2012/13	2013/2014
	£'000	£'000	£'000	£'000
Expenditure	364.8	335.4	337.5	339.6
N/England core contribution	246.2	221.6	197	172.3
Local authority contribution	106.3	105.1	105.1	105.1
Other	14.6	8.7	0	0
(Surplus)/Deficit	(2.3)	0	35.4	62.2
Reserves at 31 March	69.3	69.3	33.9	-28.3

4.2 However, the deficit may be significantly greater if some local authorities are unable to maintain their contributions at 100% of their 2010/11 contribution. If all authorities were to match the Natural England reduction and reduce their contributions by 30% over 3 years, the deficits would increase by about £10,000 in 2011/12, £21,000 in 2012/13 and £32,000 in 2013/14. These increases in the deficits represent 3%, 6% and 9% respectively of the core budgets for those 3 years.

4.3 In view of the deficits over the coming three years, the JAC needs to consider further savings options so that the full impact of any savings can be realised in 2011/12 and beyond. Savings will be necessary to avoid depleting reserves, as this course of action is not sustainable in the longer term. There needs to be a minimum level of reserves - say, 5% (£18,000) of expenditure - to meet contingencies. Reserves may also be required to fund any potential redundancy costs.

4.4 The remaining options are being explored and include: using core Unit staff to provide JAC clerk services, reducing office accommodation costs and reducing the hours and number of core staff.

4.5 There is also an option to allocate a greater proportion of the Natural England contribution towards core costs.

4.6 There may be scope for new self-financing projects to make a greater contribution towards core costs.

4.7 The majority of the JAC projects come to an end in 2011/12. New projects are in development, but until they are formalised the potential Natural England contribution has not yet been fully allocated in 2012/13.

5. RISKS

5.1 The key risks and financial implications that the JAC will wish to note are that the core budget for 2011/12 assumes:

- that local authorities can maintain their core contributions at the same level as 2010/11.
- that some local authorities can maintain their PEF contributions in 2011/12.
- that Natural England can offer a core contribution of 90% of 2010/11 levels.
- that employers pension costs for 2011/12 will not increase.
- that audit costs will not be greater than £4,300.

6. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

6.1 The JAC should note that the draft budget contains a number of budget assumptions, many of which could change given the current financial climate.

6.2 Officers will investigate the potential for savings and alternative contribution sources so that a balanced budget can be achieved in 2012/13 and 2013/14.

6.3 The draft core budget assumes continuation of the Partnership Project Enabling Fund as it will be essential in enabling the development of new self-financing projects.

6.4 The draft budget for self-financing projects assumes continuation of existing projects in 2011/12.

6.5 Support for the draft budget will provide the JAC with the capacity to deliver its core functions in 2011/12.

MO HEMSLEY

Deputy Treasurer to the High Weald AONB Joint Advisory Committee

Statutory purpose of the High Weald AONB

The designation of the High Weald as an Area of Outstanding Natural Beauty (AONB) places several statutory duties on local authorities under the Countryside and Rights of Way Act 2000:

- **Section 82** affirms the primary purpose of AONBs to conserve and enhance natural beauty
- **Section 84** confirms the powers of local authorities to take all such action expedient to achieve the conservation and enhancement of natural beauty
- **Section 85** places a duty on all public bodies and statutory undertakers to *have regard* to the purpose of conserving and enhancing natural beauty. This duty is in addition to the power under section 84 (above)
- **Section 89** creates a statutory responsibility for local authorities to produce and review AONB management plans, where appropriate acting jointly. Management Plans formulate the local authorities policy for the management of the AONB and for the carrying out of their functions in relation to it.

These duties are principally discharged through the High Weald AONB Unit, acting jointly on behalf of the local authorities, although they apply to all council functions and activities where they affect the use of land, in the AONB.

2009/10 Actual	2010/11		2011/12			2012/13	
	Budget £'000	Forecast £'000	Original Budget £'000	Inflation £'000	Other £'000	Budget £'000	Indicative Budget £'000
Actual Details							
Expenditure							
217.4 Staff costs	241.0	240.6	241.0	(2.4)	(21.3)	217.3	217.4
53.1 Accommodation/ office equipment	45.8	42.5	45.8	0.9	(0.0)	46.7	47.7
18.5 Additional ESCC charge for accommodation	13.9	19.2	13.9	0.3	3.8	18.0	18.0
21.1 Communication costs	19.6	19.4	19.6	0.4	(7.0)	13.0	13.3
12.9 Partnership running costs	12.0	15.9	12.0	0.2	0.0	12.2	12.5
27.3 Support services	27.6	27.3	27.6	0.6	0.0	28.2	28.7
350.3 Total core expenditure	359.9	364.8	359.9	(0.0)	(24.5)	335.4	337.5
629.3 JAC expenditure on self-funding projects	747.7	672.5	549.2	11.0	192.0	752.2	15.8
98.3 Natural England expenditure on self-funding projects	83.5	83.5	65.2	0.0	10.0	75.2	0.0
2.1 Project Enabling Fund expenditure on self-funding projects	6.1	6.1	6.1	0.0	19.7	25.8	9.3
729.7 Total JAC expenditure on self-funding Projects	837.3	762.1	620.5	11.0	221.7	853.2	25.1
1080.0 Total Gross Expenditure	1,197.2	1,126.8	980.4	11.0	197.2	1,188.6	362.6
Core Contributions							
258.7 Natural England	246.2	246.2	246.2	0.0	(24.6)	221.6	197.0
22.1 East Sussex County Council	22.4	22.4	22.4	0.0	0.0	22.4	22.4
18.5 Additional ESCC contribution for accommodation	13.9	19.2	13.9	0.0	4.1	18.0	18.0
13.3 Kent County Council	13.3	13.3	13.3	0.0	0.0	13.3	13.3
9.3 West Sussex County Council	9.3	9.3	9.3	0.0	0.0	9.3	9.3
2.9 Surrey County Council	2.9	2.9	2.9	0.0	0.0	2.9	2.9
7.1 Wealden District	7.2	7.2	7.2	0.0	0.0	7.2	7.2
7.1 Rother District Council	7.2	7.2	7.2	0.0	0.0	7.2	7.2
5.6 Mid Sussex District Council	5.6	5.6	5.6	0.0	0.0	5.6	5.6
6.6 Tunbridge Wells Borough Council	6.7	6.7	6.7	0.0	0.0	6.7	6.7
4.6 Horsham District Council	4.7	4.7	4.7	0.0	0.0	4.7	4.7
3.6 Sevenoaks District Council	3.6	3.6	3.6	0.0	0.0	3.6	3.6
0.8 Ashford Borough Council	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4 Hastings Borough Council	1.5	1.5	1.5	0.0	0.0	1.5	1.5
2.2 Tandridge District Council	2.2	2.2	2.2	0.0	0.0	2.2	2.2
0.3 Crawley Borough Council	0.3	0.3	0.3	0.0	0.0	0.3	0.3
0.3 Tonbridge and Malling Borough Council	0.3	0.3	0.3	0.0	0.0	0.3	0.3
16.0 Other Income	12.7	14.5	12.7	0.0	(4.0)	8.7	0.0
380.4 Total Core Contributions	359.9	367.0	359.9	0.0	(24.5)	335.4	302.1
Local Authority Project Enabling Fund Contributions							
2.0 East Sussex County Council	2.0	2.0	2.0	0.0	0.0	2.0	2.0
2.0 Kent County Council	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.0 West Sussex County Council	2.0	2.0	2.0	0.0	0.0	2.0	2.0
0.3 Surrey County Council	0.3	0.0	0.3	0.0	0.0	0.3	0.3
2.0 Wealden District	2.0	2.0	2.0	0.0	0.0	2.0	2.0
2.0 Rother District Council	2.0	2.0	2.0	0.0	0.0	2.0	2.0
2.0 Mid Sussex District Council	2.0	2.0	2.0	0.0	0.0	2.0	2.0
1.0 Tunbridge Wells Borough Council	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.3 Horsham District Council	0.3	0.3	0.3	0.0	0.0	0.3	0.3
0.0 Sevenoaks District Council	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.2 Ashford Borough Council	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.3 Hastings Borough Council	0.3	0.3	0.3	0.0	0.0	0.3	0.3
0.0 Tandridge District Council	0.3	0.3	0.3	0.0	0.0	0.3	0.3
0.3 Crawley Borough Council	0.3	0.3	0.3	0.0	0.0	0.3	0.3
0.3 Tonbridge and Malling	0.3	0.3	0.3	0.0	0.0	0.3	0.3
(12.6) Less project enabling fund c/fwd	(5.7)	(5.4)	(5.7)	0.0	19.7	14.0	(2.5)
2.1 Total Local Authority Project Enabling Fund Contribution	6.1	6.1	6.1	0.0	19.7	25.8	9.3
98.3 Natural England contributions to Self- Project funding	83.5	83.5	65.2	0.0	10.0	75.2	0.0
613.3 Contributions to JAC spend on Self Funding Projects	747.7	672.5	549.2	11.0	192.0	752.2	15.8
1,094.1 Total Contributions	1,197.2	1,129.1	980.4	11.0	187.2	1,188.6	327.2
14.1 Transfer (from)/to reserves	0.0	2.3	0.0	0.0	(10.1)	(0.0)	(35.4)
(14.1) Total (surplus)/deficit for year	0.0	(2.3)				0.0	35.4
52.9 Reserves Brought Forward	67.0	67.0				69.3	69.3
14.1 Transfer (from)/to reserves	0.0	2.3				(0.0)	(35.4)
67.0 Reserves Carried Forward	67.0	69.3				69.3	33.9

	Budget 2010/11			Forecast 2010/11			Draft Budget 2011/12			Indicative Budget 2012/13	
	Exp £'000	Income £'000	Net £'000	Exp £'000	Income £'000	Net £'000	Exp £'000	Income £'000	Net £'000	Exp £'000	Income £'000
1 Weald Meadows Initiative IV											
JAC expenditure	4.5			4.5			4.5			0.0	
Natural England		0.0			0.0			0.0			0.0
Tubney Trust		0.0			0.0			0.0			0.0
Local Authorities		0.0			0.0			0.0			0.0
JAC Partnership Enabling Fund		(4.5)			(4.5)			0.0			0.0
Other		0.0	0.0		0.0	0.0		(4.5)	0.0		0.0
2 Ancient Woodland Restoration Project											
JAC expenditure	32.6			58.7			30.2			0.0	
Natural England		0.0			0.0			0.0			0.0
INTERREG		(15.0)			(20.5)			(7.5)			0.0
Other		(17.6)			(33.2)			(22.6)			0.0
JAC contribution		0.0	0.0		(5.0)	(0.0)			(0.0)		
3 Historic Farmsteads											
JAC expenditure	3.5			3.5			0.0			0.0	
JAC Partnership Enabling Fund		0.0			0.0			0.0			0.0
Other		(3.5)	0.0		(3.5)	0.0		0.0	0.0		0.0
4 Weald and Downs Ancient Woodland Project											
JAC expenditure	35.9			41.8			31.3			9.0	
Natural England		0.0			0.0			0.0			0.0
Local Authority contributions		(33.0)			(13.1)			(13.1)			(3.5)
Forestry Commission		0.0			0.0			0.0			(3.0)
Other (including non-AONB NE contributions)		(2.9)	0.0		(28.8)	0.0		(18.2)	0.0		(2.5)
5 High Weald Heroes (Ashdown Forest)											
JAC expenditure	6.8			9.2			5.4			0.0	
Other (primarily Ashdown Forest Conservators)		(6.8)	0.0		(9.2)	0.0		(5.4)	0.0		0.0
6 High Weald Heroes (AONB wide)											
JAC expenditure	40.0			40.0			35.8			13.6	
Natural England		(20.0)			(20.0)			0.0			0.0
Heritage Lottery Fund		(20.0)			(20.0)			(17.9)			(6.8)
Sustainable Development Fund		0.0			0.0			0.0			0.0
JAC Partnership Enabling Fund		0.0			0.0			(17.1)			(6.8)
Other (primarily charitable trusts)		0.0	0.0		0.0	(0.0)		(0.8)	(0.0)		0.0
7 Weald Forest Ridge Partnership Scheme - Implementation											
JAC expenditure	640.2			515.0			631.8			0.0	
Heritage Lottery Fund		(605.7)			(492.1)			(593.5)			0.0
Natural England		0.0			0.0			0.0			0.0
Other		(34.5)	0.0		(22.9)	0.0		(38.3)	0.0		0.0
8 South East AONB Regional Co-ordinator											
JAC expenditure	1.6			1.6			2.1			2.5	
JAC Partnership Enabling Fund		(1.6)	0.0		(1.6)	0.0		(2.1)	0.0		(2.5)
9 Management Plan Research											
JAC expenditure	17.0			0.0			0.0			0.0	
Natural England		(8.5)			0.0			0.0			0.0
Other		(8.5)	0.0		0.0	0.0		0.0	0.0		0.0
10 Green Living											
JAC expenditure	0.0			2.0			32.6			0.0	
Natural England		0.0			0.0			(18.6)			0.0
Weald Forest Ridge		0.0			(2.0)			(9.0)			0.0
Other		0.0	0.0		0.0	0.0		(5.0)	0.0		0.0
11 Sustainable Development Fund											
JAC expenditure	55.2			55.2			49.5			0.0	
Natural England/Defra		(55.0)			(55.0)			(49.5)			0.0
Other		(0.2)	0.0		(0.2)	0.0		0.0	0.0		0.0
12 WFR Interpretation											
JAC expenditure	0.0			30.6			30.0			0.0	
Natural England		0.0			(8.5)			(7.1)			0.0
Weald Forest Ridge		0.0			(15.3)			(15.0)			0.0
JAC Partnership Enabling Fund		0.0			0.0			(6.6)			0.0
Other		0.0			0.0			(1.3)			0.0
JAC core contribution			0.0		(6.8)	0.0			0.0		
Expenditure/contributions from SDF					0.0						
JAC expenditure (to Appendix A)	837.3	(747.7)		762.1	(672.5)		853.1	(752.2)		25.1	(15.8)
Project Enabling fund expenditure (to Appendix A)		(6.1)			(6.1)			(25.8)			(9.3)
Expenditure Funded by Natural England (to Appendix A)		(83.5)			(83.5)			(75.2)			0.0
TOTAL JAC expenditure/income	837.3	(837.3)	0.0	762.1	(762.1)	(0.0)	853.1	(853.1)	(0.0)	25.1	(25.1)

Note

1 The JAC should note that their contribution of £1,600 in 2010/11 enables delivery of a regional influencing project with a value of £60,000+.

The table overleaf summarises total project expenditure, including that incurred by partners which the JAC (ESCC) has, under contract, responsibility for monitoring and evidencing - in order to claim full grant award from the external bodies supporting its self-financing projects.

	Budget 2010/11			Forecast 2010/11			Draft Budget 2011/12			Indicative Budget 2011/12	
	Exp £'000	Income £'000	Net £'000	Exp £'000	Income £'000	Net £'000	Exp £'000	Income £'000	Net £'000	Exp £'000	Income £'000
Partner Expenditure											
Weald Meadows Initiative IV	0.0			0.0			0.0			0.0	
Weald Forest Ridge Partnership Scheme - Implementation	377.3			318.1			375.1			0.0	
Sustainable Development Fund	20.0			68.0			14.3			14.3	
Total partner Expenditure	397.3			386.1			389.4			14.3	
JAC Expenditure	837.3			762.1			853.1			25.1	
TOTAL Project expenditure	1,234.6			1,148.2			1,242.5			39.4	
Local Partnership Contributions											
Weald Meadows Initiative IV		0.0			0.0			0.0			0.0
Weald Forest Ridge Partnership Scheme - Implementation		(377.3)			(318.1)			(375.1)			0.0
Sustainable Development Fund		(20.0)			(68.0)			(14.3)			(14.3)
Total Local Partner funding		(397.3)			(386.1)			(389.4)			(14.3)
Total JAC funding		(837.3)			(762.1)			(853.1)			(25.1)
Total Project funding		(1,234.6)	0.0		(1,148.2)	0.0		(1,242.5)	(0.0)		(39.4)

