

Date: 12th September 2018

Report: Finance Report

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Purpose of Report

To present the outturn report for 2017/18 and the estimates for the period 2019/20 based on the agreed Core Costs.

Summary

Every year at the AGM the Board agrees the outturn report for the previous year accounts and agrees the core estimates for the following financial year. In line with the funding formula set out in the AONB Board's Constitution (paragraph 71) and the 5 year Business Plan (2014 – 2019), the estimates demonstrate how we can afford to maintain the core staff resource.

Salaries are based on the employment of the Director (1 FTE), Office Manager (1 FTE), Communications Officer (0.6 FTE), Planning Adviser 0.6 FTE), and Project Assistant/Grants Administrator 0.4 FTE). A 1.5 % inflation increase has been added in line with the current year SCC agreement, plus £3.5k for travel and subsistence and training for the whole unit. Part of the cost of the Project Assistant will now need to be funded from the Projects budget in order to balance the salary costs.

The running costs are showing an increase as the National Trust will introduce a rental cost for Warren Farm Barns. This cost and the service charge is currently being negotiated. In order to reduce rental costs the team will be moving into one room to reduce the square footage and it is proposed to hire out Warren Farm Barns meeting rooms as and when required. This may lead to a slight increase in running costs to cover hire charges, but could be mitigated by reviewing catering costs. Surrey County Council Estates Management is now negotiating a new license with the National Trust and the general heads of terms advised by the Statutory Members Group.

The estimates assume a full budget spend as the Defra grant is paid on expenditure so cannot be "banked". It is acknowledged that we are uncertain of what our budgets will be for the future because of severe pressure on Defra and local authorities' finances. Therefore budgets will still need to be reviewed and agreed annually. The current Defra 4 year funding agreement ends after the next financial year 2019/20 and a new agreement will be negotiated nationally.

Reserves Policy and Surrey County Council hosting. The ability for the AONB Unit to build a restricted reserve is limited. The main funding for the Unit comes from Defra, which has to be restricted to projects and cannot be spent on reserves. The Statutory Members Group will therefore be considering the reserves policy related to covering perhaps 3 months running costs of the AONB Unit and arrangements to reduce Surrey County Council's potential liability regarding staff redundancy. One staffing issue relates to Richard Clarke, who was employed by Surrey CC within the Surrey Hills AONB Unit and is currently seconded to the National Association for AONBs. As there is no role within SCC or the AONB Unit for Richard to come back to, the post has been identified for deletion. As it has not been possible to TUPE Richard to the National Association, there is a settlement being negotiated which should be concluded in September. It is a matter for Surrey CC and HR and Legal to negotiate the settlement agreement, it is anticipated that the majority of the payment will be found out of the restricted reserve that was accumulated through the original project partners.

The Statutory Members Group has already advised that as a matter of policy the AONB should in future avoid, if practicable the direct employment of staff outside the core business of the AONB Unit to avoid the cost and complications of redundancy. In the meantime, the AONB Unit will continue to allocate one day a week of its Office and Finance Manager's time to support the Surrey CC Countryside work. This will be flexible to ensure that the AONB Unit has enough time when it is needed. This will be reviewed as part of the Constitution and Business Plan in 2019/20.

Recommendations

Members are asked to:

1. Approve the outturn report for 2017/2018; and
2. Agree the core estimates for 2019/2020

**SURREY HILLS - AONB (CORE)
OUTTURN REPORT FOR 2017-2018**

	Estimate 2017/2018	Outturn 2017/2018
	£	£
1) Core Staff Costs	170,764	170,201
2) PR and Publicity	5,364	8,812
3) Running Costs	15,939	13,077
Total Core Costs	192,067	192,090

Costs met by:

4) Non-Defra Core Contributions (25%)

Surrey County Council	26,900	26,900
Guildford Borough Council	5,279	5,279
Mole Valley District Council	5,279	5,279
Waverley Borough Council	5,279	5,279
Reigate & Banstead Borough	2,640	2,640
Tandridge District Council	2,640	2,640
	<i>48,017</i>	<i>48,017</i>
5) Defra Core (75%)	144,050	144,050
Other Income	0	840
Total Core Income	192,067	192,907

<u>Deficit/Surplus</u> current year	0	817
Deficit / <u>Surplus</u> previous year – Core	16124	16124
Balancing Deficit /<u>Surplus</u>	16,163	16,941

- 1) Core staff costs (Director, Office Manager, Planning Adviser, Comms, Project Asst).
- 2) Communications, including website development
- 3) Running costs including property service charges, meeting costs, general office costs
- 4) 25% of budget pro-rata as per Constitution
- 5) 75% of budget as per Constitution

SURREY HILLS - AONB (PROJECTS)
OUTTURN REPORT FOR 2017-2018

	Estimate	Outturn
	2017/2018	2017/2018
	£	£
Working Groups/Projects	36,299	36,299
SEEPL/NAAONB	56,000	54,599
North Downs Facilitation Fund	0	9,196
Cycle Trail	0	0
Other Expenditure	0	24,330
Total Project Costs	92,299	124,424
 <i>Costs met by:</i>		
Defra Working Groups/Projects	36,299	36,299
SEEPL/NAAONB	56,000	54,599
Natural England -North Downs Facilitation Fund	0	9,196
London Marathon Trust	0	0
Other Income	0	28,433
Total Project Income	92,299	128,527
Deficit/ <u>Surplus</u> current year	0	4,103
Deficit / <u>Surplus</u> previous year SEEPL/NAAONB (ringfenced)	5,140	5,140
Deficit / <u>Surplus</u> previous year – Projects	6750	6,750
Balancing Deficit / <u>Surplus</u>	11,890	15,993

Estimates

ESTIMATES 2019/2020

TO BE AGREED BY SURREY HILLS BOARD ON 13th SEPTEMBER 2017

SURREY HILLS - CORE FUNDING	Revised		
	Estimate	Estimate	Estimate
	2018/2019	2019/2020	2020/21
		£	£
1) Core Staff Costs	169,297	169,025	168,903
2) Communications	9,912	4,960	5,008
3) Running Costs	12,858	18,082	18,156
Total Core Costs	192,067	192,067	192,067
<i>Costs met by:</i>			
4) <u>Non-Defra Core Contributions (25%)</u>			
Surrey County Council	26,900	26,900	26,900
Guildford Borough Council	5,279	5,279	5,279
Mole Valley District Council	5,279	5,279	5,279
Waverley Borough Council	5,279	5,279	5,279
Reigate & Banstead Borough	2,640	2,640	2,640
Tandridge District Council	2,640	2,640	2,640
	48,017	48,017	48,017
5) Defra Core (75%)	144,050	144,050	144,050
Total Core Income	192,067	192,067	192,067
Deficit/Surplus current year	0	0	0
Deficit / <u>Surplus</u> previous year - Core	16,941	16,941	16,941
<u>CORE</u> Balancing Deficit /<u>Surplus</u>	16,941	16,941	16,941

- 1) Core staff costs (Director, Office Manager, Planning Adviser, Comms, Project Asst). In order to balance the Core budget, part of the Project Assistant salary will be taken out of Working Group/Project budget from 18/19
- 2) Communications, including website. Increase in 18/19 due to Management Plan review.
- 3) Running costs, including property service charges, meeting costs, general office costs. From January 2018 will include rent. The amount is currently being negotiated.
- 4) 25% of budget pro-rata as per Constitution.
- 5) 75% of budget as per Constitution

Estimates

SURREY HILLS - PROJECT FUNDING			
	Revised Estimate 2018/2019	Estimate 2019/2020	Estimate 2020/21
		£	£
1) Working Groups/Projects	39,401	42,557	42,557
2) SEEPL/NAAONB	56,000	0	0
3) North Downs Facilitation Fund	12,800	12,800	12,800
4) Greenscape Facilitation Fund	15,521	14,572	14,572
5) Cycle Trail	19,000	0	0
6) Surrey Unearthed	145,000	0	0
Total Project Costs	287,722	69,929	69,929
<i>Costs met by:</i>			
1) Defra Working Groups/Projects	39,401	42,557	42,557
2) SEEPL/NAAONB	56,000	0	0
3/4) Natural England – Facilitation Funds	28,321	27,372	27,372
5) London Marathon Trust – Cycle Trail	19,000	0	0
6) Arts Council England – Sy Unearthed	145,000	0	0
Total Project Income	287,722	69,929	69,929
Deficit/Surplus current year	0	0	0
Deficit / Surplus previous year - SEEPL/NAAONB (ringfenced)	5,140	5,140	5,140
Deficit / Surplus previous year - Projects	10,853	10,852	10,853
PROJECTS Balancing Deficit / Surplus	15,993	15,993	15,993

- 1) Business Plan agrees to prioritise spend on Working Groups
- 2) South East & East Protected Landscape Coordinator seconded to National Association for AONBs with full reimbursement
- 3&4) Natural England funded projects
- 5) London Marathon Trust Funded Project
- 6) Arts Council England Funding