

Draft Budget 2008-09

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Summary: In view of the uncertainty over grant aid from Natural England for 2008-09, two draft core budgets have been prepared based on varying income levels. It is likely that due to budgetary cut backs by DEFRA the grant aid from Natural England will be reduced. It is likely there will be less grant aid available for special projects and there is doubt that NE will provide the same level of, if any, grant aid for the Sustainable Development Fund. To maintain the work programme the Board will have to consider ways of accommodating some project costs within the core budget and consider release from reserves for specific projects. It is proposed to request the same level of grant aid from NE and the local authorities as 2007-08, adjusted for inflation.

Purpose of Report: To advise the Committee to approve both draft budgets in order to assist with financial and operational planning for 2008-09. A final budget will be produced following an award of grant from Natural England.

Background

1. The funding environment for 2008-09 is uncertain and, therefore, two draft budgets have been prepared based on different assumptions.
2. Last year the budget setting was confused as there was no agreement on which inflation index to use. This year an attempt has been made to assess the Board's own rate of inflation. Where this has not been possible for specific items, the CPI has been used. (CPI is the consumer prices index. It is the measure adopted by the Government for its UK inflation target. The Bank of England's Monetary Policy Committee is required to achieve a target of 2 per cent.)
3. The Board should expect to feel the effects of changes in Government expenditure following the Comprehensive Spending Review and, in particular, the cutbacks in the budget of DEFRA. The Department is expected to reduce the grant aid given to its agencies including Natural England. At the time of writing Natural England has not issued any guidance about grant awards, but there have been enough hints for the Board to assume that, at best, the grant aid offered will be, in real terms, the same as last year. It is equally realistic to assume that the grant aid might be cut in real terms.

Budget A

4. Two budgets have been prepared. Budget A is based on the following assumptions:
 1. Natural England and the local authorities will provide an inflation only increase of 2%.
 2. The NE grant aid for projects is frozen at last year's level - £32,000.
 3. NE grant aid to the Sustainable Development Fund is reduced from £70,000 to £50,000. This is equivalent to a 30% cut. Only £5,000 (10%) of can be used to cover administration. Currently this is £7,000 (10% of £70,000)
 4. Other core budget income is maintained in real terms.
5. Through efficiency savings and re-allocation of funds it would be possible to create a project support budget of £37,000.
6. Overall Budget A represents a real increase in expenditure of 0.3%. based on an CPI of 2.3%. As the Board's own inflation rate is slightly higher than the CPI this represents a standstill budget.

Budget B

7. This budget is based on a worst case scenario: The assumptions are:
 5. There is no increase for inflation in grant to the core budget from Natural England, but local authority contributions are increased by 2%. Other forms of income are increased by 2%. This will mean that the core budget is reduced by 1.4% in real terms.
 6. There is no grant aid from NE for projects.
 7. There is no grant aid from NE for the Sustainable Development Fund.

Under this scenario a project support budget of £25,000 can be created.

8. Overall Budget B represents a real decrease in expenditure of 1.1%. As the Board's own inflation rate is slightly higher than the CPI this represents a decrease of approx 1.4%.

Other factors

Staff Costs

9. The Board's primary asset is its staff. In determining the budget for next year it is possible to avoid redundancies. The increase in employment costs will be at its lowest rate since the Board was established. It is likely that the pay settlement for local government workers for 2008-09 will be at or possibly below the inflation level. A figure of 2.25% has been assumed in the draft budgets.
10. Next year three (out of ten) staff will receive a cost of living increase only as they are at the top of their salary scale. (n.b. the Board needs to introduce a grading review process)
11. At the time of writing the employer's pension contribution is not known. It is assumed that it will be unchanged. However due to stronger pension fund performance over the past three year there is a possibility it will decline slightly. The tri-annual revaluation statement of the pension fund is due in December.
12. Annette Venters will return to work in April 2008, following her maternity leave, on a part time basis (3 days per week). Kath Daly is currently in a trial period of working only 4 days per week. A decision on whether to confirm this arrangement will be taken in February. Currently most of the savings are being used to pay for a consultant to provide some cover for Annette and to meet costs of reviewing the AONB Management Plan. The plan is unlikely to be completed until the autumn of next year and will require funding at the level agreed. No additional grant was awarded by Natural England to cover these costs and they are, therefore, being met to date from savings in staff costs and the local authority additional contributions.

Members Allowances

13. Members' allowances were set in January 2005. It decided in January 2006 to freeze them for a three year period backdated to January 2005. That period ends in January 2008 and it is suggested that allowances be adjusted to cover inflation for the period Jan 2005 – March 2008 = 6.9%. Based on the CPI they would, therefore, be increased to £640. All other special responsibility allowances would be increased by the same figure

Allowance	2005-08	2008-09
Basic	£600	£640
Chairman	£2,000	£2,138
Vice Chairman	£750	£800
Committee Chairman	£750	£800
Committee Member	£500	£534

Note: Committees for which allowances are payable:

- Executive Committee
- Planning committee
- Sustainable Development Fund committee

14. If the grant from NE for the SDF is cut entirely the SDF Panel will be disbanded. If the budget is cut the role of the committee will need to be reviewed, including the allowances paid.

Car User Allowance and Mileage Rates

15. The staff car user allowance (£600) has been frozen since April 2006. It is proposed to adjust the allowance to cover inflationary increases (2.3% in 2006 and 2.3% in 2007). This will raise it to £630. The allowance is taxable but not pensionable.
16. The car mileage rate for both staff and members is 40 pence per mile. Payments above this figure are taxable. It is not proposed to change this rate unless the tax threshold is lifted. Currently it is estimated that a member of staff travelling 2000 miles per year on behalf of the Board is paying approximately an additional £16 in petrol costs compared to April 2006.

Alternative Funding Sources

17. The staff are actively exploring other channels to secure funding for the current work programme and potential new initiatives. Continuing the trend, it is proposed to seek additional resources from sponsorship, advertising and charging fees for events.
18. The aim is to at least cover the direct costs of all major events (e.g. Planning and Access Conferences). However it is intended to retain the Annual Forum as a free event. This to encourage as many community groups and local people to attend as possible.
19. The web site has the potential to be attractive to commercial interests. The Committee is invited to provide guidance on whether this would be appropriate for the Board. The inclusion of advertising in Chalk and Trees has generated approx. £2,500 per edition and has not attracted any criticism.
20. The Board is helping to prepare the bid for the LEADER programme which, if successful, may attract between £2m- £3m for rural development (primarily linked to farming, forestry and ancillary land uses) for the period 2008-2013. It is unlikely the Board itself will be able to secure significant funding from this programme, but it is well placed to help others to apply for funding. This may provide an alternative source of funding for projects which previously the Board might have supported directly.

Work Programme

21. The Board is heavily reliant on Natural England grant aid to the core budget for delivery of much of its work programme. It has, in past years, also been reliant on NE (Countryside Agency) grant for special projects. That reliance is now at a much lower level following the major cuts in each of the past two financial years. Only the Chalk Streams Project is now reliant on NE grant aid, which meets nearly 50% of costs, including the cost of the part time project officer. If NE is able to provide any grant aid it is likely to be lower. Of the £32,000 offered in total for grant aid in 2006-07, £21,000 was for the Chalk Streams project - most that needed to support the project officer post.
22. If NE is able to offer any grant aid for projects further consideration is needed on how that grant would be allocated.
23. Members may recall that a three year priority setting exercise was conducted in 2006. In the event the grant shortfall this year curtailed elements of the work programme. As far as possible it is proposed that work programme be continued (Appendix 1). To implement the entire programme will require a combination of funds from the core budget, ring fenced reserves for specific projects and up to £56,000 from the project support budget and reserves. This may reduce by up to £20,000 if grant aid is provided by Natural England or the Environment Agency for the Chalk Streams Project.
24. At that level (£56,000), reserves of up to £30,000 would have to be released in addition to those reserves already ring fenced for specific projects.(this would represent approx 10% of the general reserve).

Conclusions

25. The Board should try to create a project support budget within its core budget. The core budget is less vulnerable to cuts in grant aid than the separate budgets for projects. Budget A would have a project support budget of £37,000 and Budget B of £25,000. Those projects with ring fenced budgets are likely only to go ahead in future if they can secure support from sources other than Natural England. Consideration should be given to releasing reserves to add to this budget.
26. As far as possible the Board should encourage applications for grant to the LEADER programme for projects which meet the aims of the AONB Management Plan. That would help overcome, in part, the impact of possible cutbacks to the Sustainable Development Fund.
27. The Board can continue with its work programme without resorting to making posts redundant. However the future of the Chalk Streams Officer post is dependent upon securing grant aid from Natural England or possibly the Environment Agency (a meeting to discuss funding has been arranged for 6th Dec – a report will be made to the Executive

Committee). If this is not forthcoming the Board will have to decide on whether to re-allocate some of the newly created Project Support budget or use reserves.

28. The Board should seek a more stable financial arrangement with Natural England, ideally based on a rolling three year arrangement. Inevitably there will be annual adjustments but it would be preferable to the yearly uncertainty that current arrangement creates.

Recommendations

1. **The Committee provisionally approves both budgets. A final budget will be prepared in the light of the grant aid offered by Natural England.**
2. **To request a grant increase from Natural England and the local authorities of 2% to cover the Board's inflationary rise in costs.**
3. **Staff Car Allowances are increased to cover inflation since April 2006.**
4. **Members allowances are adjusted to cover inflation increases from January 2005.**
5. **To review the role and members' allowances of the SDF panel in the light of Natural England's grant.**
6. **To recommend to the Board that it agrees, in principle, to use reserves to create a project support budget in case of a shortfall in grant aid for projects.**
7. **To recommend to the Board that, subject to a successful bid for the LEADER programme, the Board encourages and assists directly applications to the LEADER fund for projects previously supported by the SDF.**
8. **To advise on whether to offer space for commercial advertising or sponsorship on the Board's web site.**
9. **To request Natural England and local authorities to agree to a rolling three year funding agreement with effect from 2009.**

CHILTERN CONSERVATION BOARD - Draft Budgets 2008-09

Description	Original Budget 2007-08 £	Revised Budget 2007-08 £	Budget A 2008-09 £	Budget B 2008-09 £	Notes
Expenditure					
Department 100: Promotion and Awareness					
Information Officer & RK Officer	(77,534)	(77,207)	(79,845)	(79,845)	
Travel & subsistence	(2,000)	(2,000)	(3,000)	(3,000)	In 07/08 Activities Officer travel costs were met by HLF grant
Publications (bought in)	(500)	(500)	(500)	(500)	
Web site	(9,000)	(9,000)	(9,000)	(9,000)	
CCB Literature (C&T etc.)	(26,000)	(26,000)	(25,750)	(25,750)	
Displays	(600)	(600)	(600)	(600)	
Events	(3,500)	(3,500)	(3,500)	(3,500)	Includes costs of two parish council fora
Annual Forum	-	-	(2,500)	(2,500)	
Environmental education	(2,500)	(2,500)	(5,000)	(5,000)	In 07/08 environmental education costs were partly met by HLF grant
Miscellaneous	(1,000)	(1,000)	(1,000)	(1,000)	
Sub total	(122,634)	(122,307)	(130,695)	(130,695)	

Description	Original Budget 2007-08 £	Revised Budget 2007-08 £	Budget A 2008-09 £	Budget B 2008-09 £	Notes
Expenditure					
Department 200: Countryside Management					
Countryside &FLU Officer	(74,004)	(68,778)	(65,646)	(68,646)	Countryside Officer now working 4 days per week Budget A - £5,000 re-charged to SDF
Travel & subsistence	(3,500)	(3,500)	(3,500)	(3,500)	
Award schemes	(800)	(800)	(800)	(800)	
Research & monitoring	(6,000)	(6,000)	(4,000)	(4,000)	
Publications	(500)	(500)	(500)	(500)	
Events	(500)	(500)	(500)	(500)	
Commons network	(1,000)	(1,000)	(1,000)	(1,000)	
Chalk Grassland managers' group	(1,000)	(1,000)	(1,000)	(1,000)	
Miscellaneous	(500)	(500)	(500)	(500)	
Sub total	(87,804)	(82,578)	(77,446)	(80,446)	

Description	Original Budget 2007-08 £	Revised Budget 2007-08 £	Budget A 2008-09 £	Budget B 2008-09 £	Notes
Expenditure					
Department 300: Planning & Development					
Planning Officer	(53,478)	(53,161)	(54,326)	(54,326)	
Travel & subsistence	(1,500)	(1,500)	(1,500)	(1,500)	
Technical assistance	(2,000)	(2,000)	(2,000)	(2,000)	
Planning Committee	(1,500)	(1,500)	(800)	(800)	
Design award	(1,500)	(800)	(1,000)	(1,000)	
Planning conference	(2,500)	(1,300)	(2,500)	(2,500)	
Publications	(200)	(200)	(200)	(200)	
Traffic & transport	(1,000)	(1,000)	-	-	
Landscape award	(1,000)	(200)	(500)	(500)	
Design guidance	(2,000)	(2,000)	(2,000)	(2,000)	
Historic environment	(1,000)	(1,000)	(1,000)	(1,000)	
AONB Management Plan	(15,000)	(15,000)	(10,000)	(10,000)	Plan should be published Autumn 2008
Miscellaneous	(500)	(500)	(500)	(500)	
Sub total	(83,178)	(80,161)	(76,326)	(76,326)	

Description	Original Budget 2007-08 £	Revised Budget 2007-08 £	Budget A 2008-09 £	Budget B 2008-09 £	Notes
Expenditure					
Department 400: Recreation and Access					
Access Officer / Consultant	(23,081)	(21,081)	(24,733)	(24,733)	Access officer returns part time in April 2008
Travel & subsistence	(2,000)	(200)	(1,200)	(1,200)	
Access publications	(3,000)	(3,000)	(3,000)	(3,000)	
Fieldwork & research	(2,000)	(2,000)	(2,000)	(2,000)	
Access conference	(1,500)	(1,500)	(1,500)	(1,500)	
Miscellaneous	(500)	(200)	(500)	(500)	
Sub total	(32,081)	(27,981)	(32,933)	(32,933)	

Description	Original Budget 2007-08 £	Revised Budget 2007-08 £	Budget A 2008-09 £	Budget B 2008-09 £	Notes
Expenditure					
Department 500: Corporate Services					
Chief Officer / Office Manager / Admin	(113,561)	(114,236)	(118,608)	(118,608)	
Travel & subsistence	(3,000)	(3,000)	(3,000)	(3,000)	
Staff training & insurance	(6,000)	(3,000)	(6,000)	(6,000)	
Premises	(30,000)	(30,000)	(31,308)	(31,308)	
Office costs	(17,700)	(15,700)	(14,200)	(14,200)	
Office furniture & equipment	(600)	(600)	(600)	(600)	
IT (incl. OS licences)	(24,000)	(24,000)	(19,700)	(19,700)	Reduced investment in IT replacement
Meetings & events	(1,500)	(1,500)	(1,550)	(1,550)	
Finance	(19,000)	(19,000)	(19,035)	(19,035)	
Personnel	(2,000)	(2,000)	(2,000)	(2,000)	
Legal services	(10,000)	(10,000)	(8,000)	(8,000)	
Insurance	(9,000)	(9,000)	(7,700)	(7,700)	
Miscellaneous	(2,000)	(1,500)	(1,500)	(1,500)	
Sub total	(238,361)	(233,536)	(233,201)	(233,201)	

Description	Original Budget 2007-08 £	Revised Budget 2007-08 £	Budget A 2008-09 £	Budget B 2008-09 £	Notes
Expenditure					
Department 600: Member Services					
Members' allowances	(36,000)	(36,000)	(40,000)	(40,000)	Increased allowances
Board member training	(1,800)	(2,550)	(2,500)	(2,500)	
Board meetings	(2,700)	(1,500)	(1,500)	(1,500)	
Miscellaneous	(1,500)	(1,500)	(200)	(200)	
Sub total	(42,000)	(41,550)	(44,200)	(44,200)	
Contribution to SE Protected Landscapes Co-ordinator	(2,100)	(1,600)	(2,000)	(2,000)	
Project budget support	(10,000)	(28,470)	(37,000)	(25,000)	
Merchandise purchases	(1,000)	(500)	(1,000)	(1,000)	
TOTAL EXPENDITURE	(619,158)	(618,683)	(634,801)	(625,801)	

Description	Original Budget 2007-08 £	Revised Budget 2007-08 £	Budget A 2008-09 £	Budget B 2008-09 £	Notes
INCOME					
Natural England	467,620	467,620	476,975	467,620	
Local Authorities	121,014	121,014	123,434	123,434	
Local Authorities – Management Plan	3,050	2,575	3,050	3,050	
Merchandise sales	5,000	5,000	2,000	2,000	Red Kite booklet sales are falling
Other income	25,000	25,000	30,000	30,000	Increased delegate fees and sponsorship
TOTAL INCOME	621,684	621,209	635,459	626,104	
NET SURPLUS (DEFICIT)	2,526	2,526	658	303	