

Committee/Panel:	Thames Basin Heaths Joint Strategic Partnership Board
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Title:	Thames Basin Heaths Financial Statement
Report From:	Administrative Body

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1. Executive Summary

- 1.1 This report presents an update to the Joint Strategic Partnership Board (JSPB), on the financial position of the Thames Basin Heaths Strategic Access Management and Monitoring (SAMM).
- 1.2 The report includes the actual financial position at the 31st March 2017, and the projected financial position for the three years to 31st March 2020, to assist the Board in making their decision on whether financial advisors should now be appointed to invest some or all of the funds held within the Endowment Account.
- 1.3 As at 31st March 2017, the balance in the Endowment Fund was £4.387m, and a further £797,868 was held in the Maintenance Fund, to pay for project expenditure. It is projected that a further £2.057m will be added to Endowment Account in the 2017/18 financial year, giving an anticipated total of £6.444m available to be invested.
- 1.4 Based on current projections of income and expenditure, the balance on the Endowment Fund would increase to £8.978m by 31st March 2020, whilst the balance on the Maintenance Fund is expected to increase to £1.379m in the same period.

2. Financial Position

- 2.1. The financial position as at 31st March 2017 is summarised in the table in Appendix 1, with the projections for the current financial year to 31st March 2018 in Appendix 2. A more detailed summary of the projected income for the year to 31st March 2018 is shown in Appendix 3.
- 2.2. The balance in the Endowment Fund at the end of March 2017 was £4.387m, and it is projected that a further £2.057m will be added to the Endowment Fund in the 2017/18 financial year, giving a balance of £6.444m at the end of March 2018.
- 2.3. This is based upon projected income receivable in 2017/18 of approximately £2.939m, to add to the £6.573m total income received by the Administrative Body to 31st March

2017. This income has been set against costs of £1,388,207 to March 2017, with costs of £451,000 projected for the 2017/18 financial year.

- 2.4. The projected income for the 2017/18 financial year of £2.939m is a significant increase on the £1.614m reported at the previous JSPB meeting. This is primarily due to increased projections for Hart District Council and Woking Borough Council, with the forecast income for these two authorities now £835,000 and £269,000 higher respectively than the original budgeted levels.
- 2.5. The projected costs have increased by £4,000 to £451,000 since the previous outturn. This includes a £20,000 increase in staffing costs, offset by a £16,000 reduction in project costs.
- 2.6. The increase in forecast staffing costs is salary costs, mainly as a result of pay inflation (£13,000), additional staff training (£2,500), a slight increase in rent following the move to new office premises at Heather Farm (£1,000), and spend on mobile devices to facilitate the SANG survey work and increase warden productivity (£3,500).
- 2.7. The reduction in project costs is due to a lack of eligible SANG sites during the summer 2017 for the surveys (£25,000), and an underspend on promotions, events and workshops due to staff sickness (£4,000), offset by additional spend on people counters (£7,500) and GPS personal safety devices (£5,500).
- 2.8. The balance in the Maintenance Account at 31st March 2017 net of expenditure incurred and paid to date was £797,868. A net contribution to the Maintenance Account of £430,451 is projected in 2017/18, increasing the expected balance to £1,228,319 at the end of March 2018. Any balance remaining on the Maintenance Fund after all costs have been paid may be transferred to the Endowment Fund.

3. Projected Financial Position for the 2018/19 and 2019/20 Financial Years

- 3.1. The projected financial position for the 2018/19 and 2019/20 financial years is shown in Appendix 4.
- 3.2. In the SAMM business plan it was envisaged that approximately £1.6m annual tariff income would be required to meet the ongoing expenditure costs, whilst allowing for 70% of total income to be transferred to the Endowment Fund to ensure the financial sustainability of the SAMM in perpetuity. The projected tariff income for the 2018/19 and 2019/20 financial years is £2.1m and £1.5m respectively, based on information provided by each of the partners.
- 3.3. The SAMM business plan also allowed for expenditure of approximately £500,000 per annum on an ongoing basis. Actual ongoing expenditure is expected to be in the region of £460,000 per annum, based on current approved staffing and activity levels.
- 3.4. In previous years, actual annual expenditure has not reached these levels, primarily because fewer wardens have been recruited than initially planned. The project is

currently at full approved staffing levels of six full time and six seasonal workers, a communication officer and a project manager.

- 3.5. Based on the current projections of income and expenditure, the Endowment Fund balance is expected to increase over the next three financial years to £8.978m by March 2020, as shown in Appendix 5. The balance within the Maintenance Fund is expected to increase to £1.379m, and as stated above, this could be transferred to the Endowment Fund, but does provide assurance that should actual income fall below projected levels, full staffing levels and therefore delivery can be maintained.

4. Investment of funds in the Endowment Account

- 4.1. Tariff income is collected by LPAs and passed to the Administrative Body. This tariff income is used to fund current project expenditure (the Maintenance Account) and to accumulate sufficient balances to fund future project expenditure and the cost of long term maintenance and protection of the SPA (the Endowment Account).
- 4.2. Under the terms of the SAMM agreement (section 5.3) the JSPB is given responsibility to review the value and performance of the Endowment Fund on a regular basis and provide direction as to when, how and from whom the services of an Independent Financial Adviser are to be procured.
- 4.3. The SAMM agreement envisaged the management of the balance in the Endowment Fund to be undertaken by an Independent Financial Adviser, to maximise the return achieved within the investment guidelines set by the JSPB.
- 4.4. Fund balances are currently held by the Administrative Body, receiving interest at a rate of 0.25%. Under the terms of the SAMM agreement, the Administrative Body is required to pay interest at not less than 0.25% below the Bank of England base rate, with that base rate currently standing at 0.5% after the recent rate rise.

5. Recommendations

- 5.1. It is recommended that:
 - The current financial position and projected financial position for the three financial years to 31st March 2020 is noted.
- 5.2. If deemed appropriate, the Board is asked to provide direction as to how and from whom the services of an independent financial advisor are to be procured.

Appendix 1 - Financial Summary to 31 March 2017

Income	Cumulative to 2014/15 £	2015/16 £	2016/17 £	Total £
Bracknell Forest BC	287,230	201,542	729,955	1,218,727
Elmbridge BC	45,557	50,483	151,164	247,204
Guildford BC	469,325	177,310	147,644	794,279
Hart BC	422,559	208,010	99,197	729,766
Runnymede BC	64,260	132,930	88,200	285,390
Rushmoor BC	197,210	144,881	142,761	484,852
Surrey Heath BC	401,960	135,781	90,017	627,758
Waverley BC	108,326	31,261	71,338	210,925
Windsor & Maidenhead RB	101,292	28,372	13,249	142,913
Woking BC	388,916	62,691	45,461	497,068
Wokingham BC	411,097	57,799	825,511	1,294,407
Interest	13,366	13,059	12,991	39,416
Total Income	2,911,098	1,244,119	2,417,488	6,572,705
Expenditure				
Project Co-ordinator Natural England	26,058	0	0	26,058
Project costs Natural England	530,281	236,629	420,758	1,187,669
Administration fee Natural England	29,000	20,320	10,160	59,480
Financial Administration HCC	75,000	20,000	20,000	115,000
Total Expenditure	660,339	276,949	450,918	1,388,207
Net Income/(Expenditure)	2,250,759	967,170	1,966,570	5,184,498

Appendix 2 – Projected Financial Summary for the year to 31 March 2018

2017/18	Budget	Actuals to end of October	Outturn Forecast	Variance to Budget
Income	£	£	£	£
Bracknell Forest BC	248,904	107,343	248,904	0
Elmbridge BC	19,360	6,898	30,000	10,640
Guildford BC	170,000	94,168	170,000	0
Hart DC	32,100	0	867,322	835,222
Runnymede BC	47,754	8,820	88,250	40,496
Rushmoor BC	281,788	164,434	281,788	0
Surrey Heath BC	142,676	153,645	153,645	10,969
Waverley BC	0	12,218	64,734	64,734
Windsor & Maidenhead RB	27,720	0	27,720	0
Woking BC	193,158	(40,403)	462,424	269,266
Wokingham BC	450,296	153,027	524,486	74,190
Interest	20,000	0	20,000	0
Total Income	1,633,756	660,150	2,939,273	1,305,517
Expenditure				
Natural England Staff Costs	350,069	214,010	370,282	20,213
Natural England Project Costs	65,350	7,799	49,468	(15,882)
Natural England Admin Fee	11,581	0	11,581	0
HCC Admin Fee	20,000	0	20,000	0
Total Expenditure	447,000	221,808	451,331	4,331
Net Income/(Expenditure)	1,186,756	438,342	2,487,942	1,301,186

Appendix 2 – Detailed Income Summary

	Previous years	2017/18					
		Budget	Actuals to date	Notified contributions	Forecast qtr 4	Projected total	Variance
	£	£	£	£	£	£	£
INCOME							
Bracknell Forest BC	1,218,727	248,904	107,343	0	141,561	248,904	0
Elmbridge BC	247,204	19,360	6,898	(7)	23,109	30,000	10,640
Guildford BC	794,279	170,000	94,168	0	75,832	170,000	0
Hart DC	729,766	32,100	0	867,322	0	867,322	835,222
Runnymede BC	285,390	47,754	8,820	79,430	0	88,250	40,496
Rushmoor BC	484,852	281,788	164,434	0	117,354	281,788	0
Surrey Heath BC	627,758	142,676	153,645	0	0	153,645	10,969
Waverley BC	210,925	0	12,218	52,516	0	64,734	64,734
Windsor & Maidenhead RB	142,913	27,720	0	0	27,720	27,720	0
Woking BC	497,068	193,158	(40,403)	502,827	0	462,424	269,266
Wokingham BC	1,294,407	450,296	153,027	262,362	109,096	524,486	74,190
Interest	39,417	20,000	0	0	0	20,000	0
Total Income	6,572,705	1,633,756	660,150	1,764,450	494,672	2,939,273	1,305,517
Maintenance Fund	2,186,075	484,127				875,782	
Endowment Fund	4,386,631	1,129,629				2,043,491	

Appendix 4 – Projected Income and Expenditure 2017/18 to 2019/20

Income	Previous years £	Projected 2017/18 £	Projected 2018/19 £	Projected 2019/20 £
Bracknell Forest BC	1,218,727	248,904	615,564	440,424
Elmbridge BC	247,204	30,000	70,000	25,000
Guildford BC	794,279	170,000	170,000	45,246
Hart BC	729,766	867,322	130,427	130,427
Runnymede BC	285,390	88,250	59,185	35,875
Rushmoor BC	484,852	281,788	395,369	338,578
Surrey Heath BC	627,758	153,645	0	0
Waverley BC	210,925	64,734	0	0
Windsor & Maidenhead RB	142,913	27,720	56,595	56,595
Woking BC	497,068	462,424	193,158	193,158
Wokingham BC	1,294,407	524,486	379,508	235,261
Interest	39,416	20,000	25,000	25,000
Total Income	6,572,705	2,939,273	2,094,806	1,525,564
Total Expenditure	1,388,207	451,331	473,087	462,367
Net Income/(Expenditure)	5,184,498	2,487,942	1,621,719	1,063,197

Appendix 5 – Projected Endowment Fund Balance

	2016/17 Actuals £	2017/18 Projected £	2018/19 Projected £	2019/20 Projected £
Income	2,417,490	2,939,273	2,094,806	1,525,564
70% to Endowment Fund	1,693,909	2,057,491	1,466,364	1,067,895
30% to Maintenance Fund	723,581	881,782	628,442	457,669
Expenditure	450,918	451,331	473,087	462,367
Maintenance Fund:				
Balance brought forward	525,205	797,868	1,228,319	1,383,674
Transfer from/(to) income	272,663	430,451	155,355	(4,698)
Balance carried forward	797,868	1,228,319	1,383,674	1,378,976
Endowment Fund:				
Balance brought forward	2,692,722	4,386,631	6,444,122	7,910,486
Transfer from/(to) income	1,693,909	2,057,491	1,466,364	1,067,895
Balance carried forward	4,386,631	6,444,122	7,910,486	8,978,381