

## Appendix 1 Thames Basin Heaths Financial Statement

<b>Committee/Panel:</b>	Thames Basin Heaths Joint Strategic Partnership Board
<b>Date:</b>	27 <sup>th</sup> November 2015
<b>Title:</b>	Thames Basin Heaths Financial Statement
<b>Report From:</b>	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), to enable the Board to make a decision on whether independent financial advisors should now be appointed to invest some or all of the funds held within the Endowment Account.
- 1.2 As at 31 March 2015, the Endowment Account balance stood at £1.820m, and an additional £430,340 was held in the Maintenance Account to pay for project expenditure.
- 1.3 It is projected that a further £790,000 will be added to the Endowment Account in the 2015/16 financial year, giving an anticipated total of £2.610m available to be invested.
- 1.4 Based on current projections of income and expenditure, the balance on the Endowment Account would increase to £4.780m by 31 March 2018.
- 1.5 If 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.

### 2. Financial Position as at 31 March 2015

- 2.1. The current financial position is summarised in the table in Appendix 1, with a more detailed summary in Appendix 2.
- 2.2. The tariff income collected has been allocated against the two funds in the following proportions, in accordance with the SAMM agreement (section 3.2):

	2011/12	2012/13	2013/14	2014/15
Endowment Account	40%	50%	70%	70%
Maintenance Account	60%	50%	30%	30%

- 2.3. As at the end of March 2015, the Endowment Account balance stood at £1.820m, approximately 63% of the tariff income received to date. The total income received by the Administrative Body to 31 March 2015 is £2.911m, set against amounts paid out to cover costs of £660,338.
- 2.4. The actual tariff income received in the year to 31 March 2015 was £1.402m, significantly higher than the forecast income of £549,922 reported to the Board in February, with £1.096m of tariff income received in the final quarter of the financial year.
- 2.5. The Maintenance Account balance at 31 March 2015, net of expenditure incurred and paid to date, is £430,340. Any balance held on the Maintenance Account after all costs have been incurred may be transferred to the Endowment Account.
- 2.6. The majority of expenditure incurred is to cover project costs, approximately £550,000 spent to date. The actual project costs for the 2014/15 financial year, and a detailed breakdown of the projected project costs for future years, are shown in Appendix 6. Annual payments are also made to Natural England for administrative support (£10,160) and to Hampshire County Council for financial administration (£20,000), in line with the SAMM agreement.

### **3. Projected Financial Position for the 2015/16 Financial Year**

- 3.1. Full information on the projections for the 2015/16 financial year and budgets and plans for 2016/17 onwards are not the subject of this report and will be covered in the update from Natural England, however an overview of the projections is provided in Appendices 3, 4 and 6.
- 3.2. It is projected that approximately £790,000 will be added to the Endowment account in the 2015/16 financial year, giving a balance of £2.610m at the end of March 2016.
- 3.3. This is based upon anticipated tariff income receivable in 2015/16 of £1.129m, to add to the £2.911m total income received by the Administrative Body to March 2015. Amounts paid out to cover full costs, inclusive of administrative and financial fees, to March 2015 total £660,338, with costs of approximately £305,000 projected for the 2015/16 financial year.
- 3.4. The projected costs for 2015/16 equate to 27% of the total tariff income, and a net increase to the Maintenance Account balance of just under £33,000 is projected.
- 3.5. In the SAMM business plan it was envisaged that approximately £1.6m annual tariff income would be required, to meet the ongoing annual expenditure costs, whilst allowing for 70% of total income to be transferred to the Endowment Fund, to ensure

the sustainability of the SAMM in perpetuity. The projected tariff income for the 2016/17 and 2017/18 financial years is approximately £1.4m and £1.7m respectively.

- 3.6. The annual expenditure projections on an ongoing basis are approximately £427,000, following planned recruitment to four full time and ten seasonal wardens by March 2016, as agreed by the JSPB at the meeting on 18<sup>th</sup> December 2013. The ongoing annual expenditure projections are slightly lower than the level originally anticipated in the SAMM business plan of approximately £500,000 per annum.
- 3.7. To date, actual expenditure has not reached these levels, primarily because the full allocation of wardens has not been met. The four full time wardens are now in post, and the full ten seasonal wardens are planned to be in post for 2016/17.
- 3.8. Based on the current projections of income and expenditure, the Endowment Fund balance is expected to increase over the next three financial years to £4.780m by March 2018, as shown in Appendix 5. The balance within the Maintenance Account is expected to increase to £539,238, and as stated above, this could be transferred to the Endowment Fund.

#### **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 Account on a regular basis and provide direction as to when, how and from whom the services of an Independent Financial Advisor are to be procured.
- 4.3. The SAMM agreement envisaged the management of the funds in the Endowment Account to be undertaken by an Independent Financial Advisor, 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 0.5%, the current Bank of England base rate.

#### **5. Recommendations**

5.1. It is recommended that:

- The current financial position and projected financial position for the three financial years to 31 March 2018 is noted,
- The transfer of any unused Maintenance Account balance to the Endowment Account is considered,

- The investment strategy for the Endowment Account fund is considered.

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 2015

	Cumulative to 2012/13	2013/14	2014/15	Total
Income	£	£	£	£
Bracknell Forest BC	12,866	69,058	205,306	287,230
Elmbridge BC	13,069	23,367	9,121	45,557
Guildford BC	110,535	168,111	190,679	469,325
Hart DC	116,063	59,270	247,226	422,559
Runnymede BC	25,830	19,530	18,900	64,260
Rushmoor BC	62,235	63,829	71,146	197,210
Surrey Heath BC	159,815	115,152	126,993	401,960
Waverley BC	18,439	31,378	58,509	108,326
Windsor & Maidenhead RB	29,186	36,905	35,201	101,292
Woking BC	78,870	34,619	275,427	388,916
Wokingham BC	244,025	9,584	157,488	411,097
Interest	3,168	3,729	6,469	13,366
<b>Total income</b>	<b>874,101</b>	<b>634,532</b>	<b>1,402,465</b>	<b>2,911,098</b>
<b>Expenditure</b>				
Project Co-ordinator Natural England	26,058	0	0	26,058
Project costs Natural England	251,511	125,767	144,342	521,620
Administration fee Natural England	17,500	10,000	10,160	37,660
Financial Administration HCC	35,000	20,000	20,000	75,000
<b>Total expenditure</b>	<b>330,069</b>	<b>155,767</b>	<b>174,502</b>	<b>660,338</b>
<b>Net income/(expenditure)</b>	<b>544,032</b>	<b>478,765</b>	<b>1,227,963</b>	<b>2,250,760</b>

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Maintenance Account</b>				
Balance b/fwd	0	39,458	134,105	185,111
Additions to fund	162,741	301,434	206,773	419,731
Expenditure	(123,283)	(206,786)	(155,767)	(174,502)
Balance c/fwd	<b>39,458</b>	<b>134,105</b>	<b>185,111</b>	<b>430,340</b>

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Endowment Account</b>				
Balance b/fwd	0	108,494	409,927	837,685
Additions to fund	108,494	301,434	427,758	982,733
Expenditure	0	0	0	0
Balance c/fwd	<b>108,494</b>	<b>409,927</b>	<b>837,685</b>	<b>1,820,418</b>

## Appendix 2 – Detailed Financial Statement to 31 March 2015

	2014/15						Annual total £	Cumulative Total £
	Previous years £	Adjustment to previous years £	Quarter 1 £	Quarter 2 £	Quarter 3 £	Quarter 4 £		
<b>1. Income</b>								
Bracknell Forest BC	81,924	0	0	37,112	23,511	144,683	205,306	287,230
Elmbridge BC	36,436	0	0	670	0	8,451	9,121	45,557
Guildford BC	278,646	0	0	28,054	42,581	120,044	190,679	469,325
Hart DC	175,333	0	0	14,487	0	232,739	247,226	422,559
Runnymede BC	45,360	0	0	17,010	0	1,890	18,900	64,260
Rushmoor BC	126,064	0	0	18,818	16,986	35,342	71,146	197,210
Surrey Heath BC	274,967	0	0	24,080	8,145	94,768	126,993	401,960
Waverley BC	49,817	13,318	0	2,527	4,272	38,392	58,509	108,326
Windsor & Maidenhead RB	66,091	18,451	0	1,070	3,940	11,740	35,201	101,292
Woking BC	113,489	0	0	0	0	275,427	275,427	388,916
Wokingham BC	253,609	(529)	26,553	3,663	1,766	126,035	157,488	411,097
Interest	6,897					6,469	6,469	13,366
<b>Total Income</b>	<b>1,508,633</b>	<b>31,240</b>	<b>26,553</b>	<b>147,491</b>	<b>101,201</b>	<b>1,095,980</b>	<b>1,402,465</b>	<b>2,911,098</b>
<b>Maintenance Fund</b>	<b>670,948</b>	<b>9,372</b>	<b>7,966</b>	<b>44,247</b>	<b>30,360</b>	<b>327,787</b>	<b>419,732</b>	<b>1,090,680</b>
<b>Endowment Fund</b>	<b>837,685</b>	<b>21,868</b>	<b>18,587</b>	<b>103,244</b>	<b>70,841</b>	<b>768,193</b>	<b>982,733</b>	<b>1,820,418</b>

## Appendix 2 – Detailed Financial Statement to 31 March 2015

	2014/15							Cumulative Total £
	Previous years £	Adjustment to previous years £	Quarter 1 £	Quarter 2 £	Quarter 3 £	Quarter 4 £	Annual total £	
<b>2. Maintenance Fund</b>								
<b>a) Expenditure</b>								
Project co-ordinator NE	26,058	0	0	0	0	0	0	26,058
Project costs NE	373,978	(4,185)	18,822	21,999	49,246	58,460	144,342	518,320
Administration Fee NE	30,800	0	0	0	0	10,160	10,160	40,960
Financial Administration HCC	55,000	0	0	0	0	20,000	20,000	75,000
<b>Total Expenditure</b>	<b>485,837</b>	<b>(4,185)</b>	<b>18,822</b>	<b>21,999</b>	<b>49,246</b>	<b>88,620</b>	<b>174,502</b>	<b>660,338</b>
<b>b) Balance</b>	<b>185,111</b>	<b>13,557</b>	<b>(10,856)</b>	<b>22,248</b>	<b>(18,886)</b>	<b>239,167</b>	<b>245,229</b>	<b>430,340</b>
<b>3. Endowment Fund</b>								
<b>a) Expenditure</b>	0	0	0	0	0	0	0	0
<b>b) Balance</b>	<b>837,685</b>	<b>21,868</b>	<b>18,587</b>	<b>103,244</b>	<b>70,841</b>	<b>768,193</b>	<b>982,733</b>	<b>1,820,418</b>
<b>Total Fund Balance</b>	<b>1,022,796</b>	<b>35,425</b>	<b>7,731</b>	<b>125,492</b>	<b>51,955</b>	<b>1,007,360</b>	<b>1,227,962</b>	<b>2,250,758</b>



**Appendix 2 – Detailed Financial Statement to 31 March 2015**

	2014/15						Annual total £	Cumulative Total £
	Previous years £	Adjustment to previous years £	Quarter 1 £	Quarter 2 £	Quarter 3 £	Quarter 4 £		
<b>4. Summary of Returns</b>								
Number of Net Units	1,930	101	222	178	378	1,295	2,174	4,104
Number of residents	2,881	195	453	355	746	2,769	4,518	7,399
Number of bedrooms	1,112	0	0	0	0	0	0	1,112
	5,923	296	675	533	1,124	4,064	6,692	12,615

### Appendix 3 – Projected Financial Summary for the year to 31 March 2016

	Budget	Sept forecast outturn	Forecast variance
	£	£	£
<b>Income</b>			
Bracknell Forest BC	120,792	120,792	0
Elmbridge BC	19,360	19,360	0
Guildford BC	185,083	185,083	0
Hart DC	84,396	84,396	0
Runnymede BC	137,730	137,730	0
Rushmoor BC	75,720	75,720	0
Surrey Heath BC	110,000	110,000	0
Waverley BC	24,495	24,495	0
Windsor & Maidenhead RB	42,210	42,210	0
Woking BC	193,158	193,158	0
Wokingham BC	124,740	124,740	0
Interest	11,000	11,000	0
<b>Total income</b>	<b>1,128,684</b>	<b>1,128,684</b>	<b>0</b>
<b>Expenditure</b>			
Project Co-ordinator Natural England	0	0	0
Project costs Natural England	275,666	275,666	0
Administration fee Natural England	10,160	10,160	0
Financial Administration HCC	20,000	20,000	0
<b>Total expenditure</b>	<b>305,826</b>	<b>305,826</b>	<b>0</b>
<b>Net income/(expenditure)</b>	<b>822,858</b>	<b>822,858</b>	<b>0</b>

## Appendix 4 - Projected Detailed Financial Statements for the year to 31 March 2016

	Previous years	Budget	Actuals to date	2015/16		Projected total	Variance
				Notified contributions	Forecast qtrs 3 - 4		
1. INCOME	£	£	£	£	£	£	£
Bracknell Forest BC	287,230	120,792	(2)	70,325	50,469	120,792	
Elmbridge BC	45,557	19,360	4,727	11,355	3,278	19,360	
Guildford BC	469,326	185,082	38,427	61,992	84,663	185,082	
Hart BC	422,560	84,396	78,136	25,613	(19,353)	84,396	
Runnymede BC	64,260	137,730	93,870	28,350	15,510	137,730	
Rushmoor BC	197,210	75,720	8,874	38,923	27,923	75,720	
Surrey Heath BC	401,960	110,000	20,535	40,548	48,917	110,000	
Waverley BC	108,326	24,495	3,131	0	21,364	24,495	
Windsor & Maidenhead RB	101,292	42,210	21,274	0	20,936	42,210	
Woking BC	388,916	193,158	0	5,984	187,174	193,158	
Wokingham BC	411,096	124,740	4,217	(4,217)	124,740	124,740	
Interest	13,366	11,000	0	0	11,000	11,000	
<b>Total Income</b>	<b>2,911,098</b>	<b>1,128,683</b>	<b>273,190</b>	<b>278,874</b>	<b>576,620</b>	<b>1,128,683</b>	<b>0</b>
Maintenance Fund	1,090,680	338,605				338,605	
Expenditure	660,339	305,826				305,826	
<b>Maintenance Fund Balance</b>	<b>430,341</b>	<b>32,779</b>				<b>32,779</b>	
<b>Endowment fund</b>	<b>1,820,418</b>	<b>790,078</b>				<b>790,078</b>	

## Appendix 5 – Projected Endowment Fund Balance

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>Actuals</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Income	1,402,466	1,128,684	1,439,893	1,659,908
70% to Endowment Fund	982,733	790,079	1,007,925	1,161,936
30% to Maintenance Fund	419,731	338,605	431,968	497,972
Expenditure	174,502	305,826	426,822	427,000
<b>Maintenance Fund:</b>				
Balance brought forward	184,733	430,341	463,120	468,266
Transfer (to)/from income	245,608	32,779	5,146	70,792
Balance carried forward	<b>430,341</b>	<b>463,120</b>	<b>468,266</b>	<b>539,238</b>
<b>Endowment Fund:</b>				
Balance brought forward	838,062	1,820,418	2,610,497	3,618,422
Transfer (to)/from income	982,356	790,079	1,007,925	1,161,936
Balance carried forward	<b>1,820,418</b>	<b>2,610,497</b>	<b>3,618,422</b>	<b>4,780,358</b>

## Appendix 6 - Breakdown of Natural England Project Expenditure

	2014/15 Actuals £	2015/16 Projected £	2016/17 Projected £
<b>Staffing Costs :</b>			
Project manager and Full Time Wardens		177,972	194,071
Seasonal wardens		10,481	104,807
Other Staff Costs		32,243	42,593
<b>Total Staff Costs</b>	<b>107,992</b>	<b>220,696</b>	<b>341,471</b>
<b>Non Staff costs :</b>			
Automatic people counters		7,500	3,500
Events/ workshops/ Promotion		5,000	12,000
Recruitment		776	750
2012/13 SPA visitor survey		0	0
Annual car park counts		2,500	2,500
SPA bird surveys		8,195	8,441
SANG surveys		10,000	25,000
SANG review (proposed)		18,000	0
People counter annual data analysis & report		3,000	3,000
<b>Total non -staffing costs</b>	<b>36,350</b>	<b>54,971</b>	<b>55,191</b>
<b>Total project costs</b>	<b>144,342</b>	<b>275,666</b>	<b>396,662</b>
NE Admin Cost	10,160	10,160	10,160
HCC Finance Support	20,000	20,000	20,000
<b>Total Annual Cost</b>	<b>174,502</b>	<b>305,826</b>	<b>426,822</b>