

Committee/Panel:	Thames Basin Heaths Joint Strategic Partnership Board
Date:	30 September 2016
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), 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 2016, the balance in the Endowment Fund was £2.693m, and a further £525,205 was held in the Maintenance Fund, to pay for project expenditure. It is projected that a further £1.053m will be added to Endowment Account in the 2016/17 financial year, giving an anticipated total of £3.747m available to be invested.
- 1.3 Based on current projections of income and expenditure, the balance on the Endowment Fund would increase to £6.450m by 31 March 2019, whilst the balance on the Maintenance Fund is expected to increase to £719,354 in the same period.

2. Financial Position

- 2.1. The financial position as at 31 March 2016 is summarised in the table in Appendix 1, with the projections for the current financial year to 31 March 2017 in Appendix 2. A more detailed summary of the projected income for the year to 31 March 2017 is shown in Appendix 3.
- 2.2. The balance in the Endowment Fund at the end of March 2016 was £2.693m, and it is projected that a further £1.053m will be added to the Endowment Fund in the 2016/17 financial year, giving a balance of £3.747m at the end of March 2017.
- 2.3. This is based upon projected income receivable in 2016/17 of approximately £1.5m, to add to the £4.155m total income received by the Administrative Body to 31 March 2016. This income has been set against costs of £937,288 to March 2016, with costs of £472,000 projected for the 2016/17 financial year.

- 2.4. The projected income for the 2016/17 financial year of £1.5m is a slight increase on the £1.466m reported at the previous JSPB meeting of £3.719m, due to increased expected income from Hart and Elmbridge Borough Councils, and also a provision for interest receivable. The projected costs have also been increased slightly to reflect the additional staffing costs agreed at the previous board meeting, relating to a higher ratio of year round to seasonal wardens.
- 2.5. The balance in the Maintenance Account at 31 March 2016, net of expenditure incurred and paid to date, was £525,205. A small draw from the Maintenance Account of £20,490 is projected in 2016/17, leaving an expected balance of £504,715 at the end of March 2017. 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 2017/18 and 2018/19 Financial Years

- 3.1. The projected financial position for the 2017/18 and 2018/19 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 2017/18 and 2018/19 financial years is £1.8m and £2.1m respectively, based on information provided by each of the partners.
- 3.3. The annual expenditure projections on an ongoing basis are approximately £472,000, an increase in the previously reported figure, due mainly to the recruitment of six full time and six seasonal wardens, as agreed by the JSPB at the previous meeting on 16th May 2016, instead of four full time and ten seasonal wardens. However, the ongoing annual expenditure projections remain lower than the level originally anticipated in the SAMM business plan of approximately £500,000 per annum.
- 3.4. In prior years, actual annual expenditure has not reached these levels, primarily because fewer wardens have been recruited than initially planned. However, the SAMM project is now recruiting to the full number of full-time wardens and has recruited seasonal wardens for the first time in 2016.
- 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 £6.450m by March 2019, as shown in Appendix 5. The balance within the Maintenance Fund is expected to increase to £719,354, and as stated above, this could be transferred to the Endowment Fund, but does provide some 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 0.5%, which, following the recent rate reduction, is now above the current Bank of England base rate of 0.25%.

5. Recommendations

5.1. It is recommended that:

- The current financial position and projected financial position for the three financial years to 31 March 2019 is noted,
- The transfer of any unused Maintenance Fund balance to the Endowment Fund is considered,
- The investment strategy for the Endowment 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 2016

Income	Cumulative to 2013/14 £	2014/15 £	2015/16 £	Total £
Bracknell Forest BC	81,924	205,306	201,542	488,772
Elmbridge BC	36,436	9,121	50,483	96,040
Guildford BC	278,646	190,679	177,310	646,635
Hart BC	175,333	247,226	208,010	630,569
Runnymede BC	45,360	18,900	132,930	197,190
Rushmoor BC	126,064	71,146	144,881	342,091
Surrey Heath BC	274,967	126,993	135,781	537,741
Waverley BC	49,817	58,509	31,261	139,587
Windsor & Maidenhead RB	66,091	35,201	28,372	129,664
Woking BC	113,489	275,427	62,691	451,607
Wokingham BC	253,609	157,488	57,799	468,896
Interest	6,897	6,469	13,059	26,425
Total Income	1,508,633	1,402,465	1,244,118	4,155,215
Expenditure				
Project Co-ordinator Natural England	26,058	0	0	26,058
Project costs Natural England	377,278	144,342	246,790	768,410
Administration fee Natural England	27,500	10,160	10,160	47,820
Financial Administration HCC	55,000	20,000	20,000	95,000
Total Expenditure	485,836	174,502	276,950	937,288
Net Income/(expenditure)	1,022,797	1,227,963	967,168	3,217,927

Appendix 2 - Projected Financial Summary for the year to 31 March 2017

2016/17 Income	Budget £	Actuals to end of August £	Outturn Forecast £	Variance £
Bracknell Forest BC	177,030	3,990	177,030	0
Elmbridge BC	55,000	22,553	55,000	0
Guildford BC	185,082	42,156	185,082	0
Hart BC	0	16,941	16,941	16,941
Runnymede BC	80,010	0	80,010	0
Rushmoor BC	338,578	175,543	338,578	0
Surrey Heath BC	110,000	11,691	110,000	0
Waverley BC	24,495	(17,323)	24,495	0
Windsor & Maidenhead RB	13,230	1,289	13,230	0
Woking BC	193,158	(2,170)	193,158	0
Wokingham BC	298,950	133,388	298,950	0
Interest	13,000	0	13,000	0
Total Income	1,488,533	388,059	1,505,474	16,941
Expenditure				
Natural England Staff Costs	370,121	8,503	370,121	0
Natural England Project Costs	71,851	1,715	71,851	0
Natural England Admin Fee	10,160	0	10,160	0
HCC Admin Fee	20,000	20,000	20,000	0
Total Expenditure	472,132	30,218	472,132	0
Total Net (Income) / Expenditure	(1,016,402)	(357,841)	(1,033,342)	(16,941)

Appendix 3 - Detailed Income Summary

	Previous years	2016/17					Variance
		Budget	Actuals to date	Notified contributions	Forecast qtrs 2 to 4	Projected total	
	£	£	£	£	£	£	£
INCOME							
Bracknell Forest BC	488,772	177,030	3,990	0	173,040	177,030	0
Elmbridge BC	96,040	55,000	22,553	0	32,447	55,000	0
Guildford BC	646,635	185,082	42,156	0	142,926	185,082	0
Hart BC	630,569	0	16,941	0	0	16,941	16,941
Runnymede BC	197,190	80,010	0	1,890	78,120	80,010	0
Rushmoor BC	342,091	338,578	175,543	0	163,035	338,578	0
Surrey Heath BC	537,741	110,000	11,691	0	98,309	110,000	0
Waverley BC	139,587	24,495	(17,323)	17,323	24,495	24,495	0
Windsor & Maidenhead RB	129,664	13,230	1,289	0	11,941	13,230	0
Woking BC	451,607	193,158	(2,170)	2,170	193,158	193,158	0
Wokingham BC	468,896	298,950	133,388	0	165,562	298,950	0
Interest	26,425	13,000	0	0	13,000	13,000	0
Total Income	4,155,215	1,488,533	388,059	21,383	1,096,032	1,505,474	16,941
Maintenance Fund	1,462,493	446,560				451,642	
Endowment fund	2,692,722	1,041,973				1,053,832	

Appendix 4 - Projected Income and Expenditure 2016/17 - 2018/19

Income	Actuals 2015/16 £	Projected 2016/17 £	Projected 2017/18 £	Projected 2018/19 £
Bracknell Forest BC	201,542	177,030	349,020	715,680
Elmbridge BC	50,483	55,000	19,360	19,360
Guildford BC	177,310	185,082	185,082	185,082
Hart BC	208,010	16,941	0	0
Runnymede BC	132,930	80,010	49,140	68,670
Rushmoor BC	144,881	338,578	281,788	395,369
Surrey Heath BC	135,781	110,000	142,676	0
Waverley BC	31,261	24,495	0	0
Windsor & Maidenhead RB	28,372	13,230	27,720	56,595
Woking BC	62,691	193,158	193,158	0
Wokingham BC	57,799	298,950	554,640	618,790
Interest	13,059	13,000	0	0
Total Income	1,244,118	1,505,474	1,802,584	2,059,546
Total Expenditure	276,950	472,132	472,000	472,000
Net Income/(expenditure)	967,168	1,033,342	1,330,584	1,587,546

Appendix 5 -Projected Endowment and Maintenance Fund Balance

	Actuals 2015/16 £	Projected 2016/17 £	Projected 2017/18 £	Projected 2018/19 £
Income	1,244,118	1,505,474	1,802,584	2,059,546
70% to Endowment Fund	872,304	1,053,832	1,261,809	1,441,682
30% to Maintenance Fund	371,814	451,642	540,775	617,864
Expenditure	276,950	472,132	472,000	472,000
Maintenance Fund:				
Balance brought forward	430,341	525,205	504,715	573,490
Transfer (to) / from income	94,864	(20,490)	68,775	145,864
balance carried forward	<u>525,205</u>	<u>504,715</u>	<u>573,490</u>	<u>719,354</u>
Endowment Fund:				
Balance brought forward	1,820,418	2,692,722	3,746,554	5,008,363
Transfer (to) / from income	872,304	1,053,832	1,261,809	1,441,682
balance carried forward	<u>2,692,722</u>	<u>3,746,554</u>	<u>5,008,363</u>	<u>6,450,045</u>