

Report to: Cabinet

Date of meeting: 24 January 2017

By: Chief Operating Officer

Title: The Conservators of Ashdown Forest – 2017/18 Budget

Purpose: To provide the Conservators' draft budget for 2017/18 and to consider the County Council's grant and the contribution from the Trust Fund

RECOMMENDATIONS

Cabinet is recommended to:

- 1. approve the Conservators' budget for 2017/18;**
 - 2. recommend to the County Council the annual contribution for 2017/18 from Communities, Economy and Transport (CET) budget; and**
 - 3. approve the annual grant for 2017/18 from the Trust Fund.**
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1 Background

1.1 This report sets out the Conservators' draft budget for 2017/18, as presented by the Conservators. This enables consideration to be given to both the overall position and the balance of funding which may be made available to the Conservators from the Trust and the Council's own resources. It must be emphasised for completeness, that the 'Trust Fund' is legally distinct from the County Council's general resources. It is appropriate however, for the County Council to consider both its decision as Trustee as well as its disposition of general resources when considering the overall financial position of the Conservators.

2 Supporting information

2.1 The Conservators have produced a draft budget for 2017/18, summarised at Appendix A. This was approved by the Board of Conservators at their meeting on 21 November 2016. Further budget detail, including a breakdown of Countryside Stewardship funded projects, is shown at Appendix C.

2.2 The Conservators' budget is formed of the Countryside Stewardship (CS) budget and the Core Budget (General Fund). Natural England provide the funding for the CS budget and although this represents more than half the total budget, it is ring-fenced for Heathland Conservation projects. As such, all CS budget must be spent under the conditions for receipt of the money and may not be used to offset General Fund expenditure. However, there is a multiplier applied to CS staff costs and contracted-out in house staff to enable the Conservator's to recoup some staff on-costs and Forest Centre overheads. This is shown under income as 'Countryside Stewardship Staff Uplift'. The CS budget has been separated from the General Fund and is shown as part of Appendix C

2.3 The Conservators General Fund receive grants from both the Ashdown Forest Trust, for which ESCC is the trustee, and directly from the Council's budgets, as part of the CET contribution. The balance of the Trust fund is estimated to be £159,339 at 1 April 2017; shown in Appendix B.

2.4 As presented, the Conservators' draft budget assumes the level of grant from the Trust Fund will continue at £65,100 and the contribution from ESCC, held in CET budgets, will reduce by 10% to £68,220. The Conservators have managed to present a balanced budget, however this has proven to

be a difficult task and the Conservators are limited both in their ability to reduce expenditure and increase income, whilst maintaining their statutory duty.

2.5 In order to present a balanced budget, The Conservators have reduced the hours of back office staff (2.7 FTE to include the Director, Finance Officer and Clerk) and maintained the level of operational staff (7.3 FTE). Additional work has also been moved back in-house to reduce external expenditure. The implications of this reprioritisation of work include risks to relationship management and the enforcement of bylaws and encroachment as well as limitations in supporting operational staff, governance changes, income generation and financial management.

2.6 The Conservators are acutely aware of the need to increase their income in order to maintain the level of care provided to the Ashdown Forest. As such, the Conservators have set up an income generation working group, which is anticipated to help bridge the gap to sustainability. Work is also ongoing to review the Governance arrangements for the Ashdown Forest, which is hoped to provide further income opportunities. There is a lead time to the additional income generating activities and this is hoped to be in place for 2018/19, however much will depend on the Governance Review.

2.7 The Conservators agreed to maintain reserves sufficient to cover 6 months of staffing and administration costs. The Conservators are not planning any draws from reserves during 2017/18 and the resulting budgeted reserve balance for the year ending 2017/18 is £264,090, which exceeds the minimum balance of £181,585.

3. Recommended Funding

3.1 It is proposed to reduce the Council's grant by 10% from £75,800 in 2016/17, to £68,220 in 2017/18. This matches the provision in the CET budgets.

3.2 Annual income to the Trust Fund, from a long term lease with the Royal Ashdown Forest Golf Club, amounts to £70,000 with the addition of bank interest. The contribution to the Conservators from the Trust Fund can be maintained at £65,100 in 2017/18.

3.3 The combination of awarding the contribution and grant at the recommended level would give the Conservators a budgetary pressure, yet the Conservators have responded to this and have proposed a balanced budget for approval.

4. Conclusion

4.1 While the County Council has a statutory obligation to meet the shortfall between expenditure and income of the Conservators, it also has the responsibility for approving the level of expenditure.

4.2 Cabinet is recommended to:

- Approve the Conservators' budget for 2017/18;
- Agree a recommendation to the Council regarding the Council's annual contribution for 2017/18 from CET budgets, and
- Approve the annual grant for 2017/18 from the Trust Fund.

KEVIN FOSTER

Chief Operating Officer

Contact Officer: Graham Friday

Tel. No. 01273 881579

Email: graham.Friday@eastsussex.gov.uk

LOCAL MEMBERS

Councillors Galley, Stogdon, Tidy & Whetstone

ESCC MEMBERS ON THE BOARD OF CONSERVATORS

Councillors Barnes, Ensor, Keeley, St Pierre and Stogdon

Appendix A – The Conservators of Ashdown Forest – Proposed 2017/18 Budget

DRAFT PROPOSED CORE BUDGET SUMMARY			
FINANCIAL YEAR 2017/18			
INCOME SUMMARY	2016/17 Budget	2016/17 Forecast	2017/18 Budget
	£	£	£
Grants	88,800	88,800	81,220
Countryside Stewardship Staff Uplift	-	87,605	104,840
Charitable Receipts and Donations	67,600	68,100	68,100
Licences & Forest Rate	177,714	182,648	183,010
Visitors	18,350	19,061	20,250
Sundry Receipts	10,840	12,135	9,590
Restricted Funds (designated for specific purpose)	5,000	43,858	8,050
Financial	800	800	600
TOTAL INCOME	369,104	503,007	475,660
EXPENDITURE SUMMARY	2016/17 Budget	2016/17 Forecast	2017/18 Budget
	£	£	£
Staff Costs	300,000	322,018	309,895
Administration Overheads	54,600	57,677	53,275
Visitors	9,600	14,477	16,500
Forest Centre Development	-	23,000	-
Operational expenses	83,605	82,857	74,955
Financial	46,810	21,410	19,410
Total non capital Expenditure	494,615	521,440	474,035
Total Core Capital Expenditure	2,480	1,780	1,600
TOTAL EXPENDITURE	497,095	523,220	475,635
BUDGET SUMMARY	General		
Total Income	475,660		
Total Expenditure	475,635		
Surplus/(Deficit)	25		

Appendix B – Ashdown Forest Trust Fund 2017/18 Projected Income and Expenditure

ASHDOWN FOREST TRUST FUND	Budget 2016/17	Draft Budget 2017/18
Income	£	£
Royal Ashdown Forest Golf Club- Rent	70,000	70,000
Bank Interest	445	385
	70,445	70,385
Expenditure		
Conservators of Ashdown Forest- Annual Grant	65,100	65,100
Professional & Audit Fees	4,000	4,000
	69,100	69,100
Surplus/Deficit	1,345	1,285
Balance Brought Forward	157,994	159,339
Balance Carried Forward	159,339	160,624