

**Report to:** Cabinet

**Date of meeting:** 23 January 2018

**By:** Chief Operating Officer

**Title:** The Conservators of Ashdown Forest – 2018/19 Budget

**Purpose:** To provide the Conservators' draft budget for 2018/19 and to consider the County Council's grant and the contribution from the Trust Fund

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## **RECOMMENDATIONS**

**Cabinet is recommended to:**

- 1. approve the Conservators' budget for 2018/19;**
  - 2. recommend to the County Council the annual contribution for 2018/19 from Communities, Economy and Transport (CET) budget; and**
  - 3. approve the annual grant for 2018/19 from the Trust Fund.**
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## **1 Background**

1.1 This report sets out the Conservators' draft budget for 2018/19, 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 2018/19, summarised at Appendix A. This was approved by the Board of Conservators at their meeting on 18 December 2018. 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 £522,676 for 2018 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. For 2018/19 this is £104,840 and is shown under income as 'Countryside Stewardship Staff Uplift'. The CS budget has been separated from the General Fund and is shown as 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 £160,624 at 1 April 2018; 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 £61,398. The Conservators have an ongoing challenge to maintain balanced budgets in the context of opportunities and limitations to reduce expenditure and increase income, whilst maintaining required services.

2.5 The Conservators agreed to permanently increase the hours of back office staff (Director +6 hours, Clerk +7 hours and Finance Office +4 hours) in order to provide a realistic level of professional support to manage the Forest. This has resulted in an additional staffing expenditure for which it was agreed to fund from a planned draw from reserves of £29,610.

2.6 The 2017/18 forecast figures for Forest Centre development and operational expenses are significantly higher than budget. Work on the woodstore and an upgrade to the sewage system at the Forest Centre was funded by the Ashdown Forest Conservation Trust. Operational expenses includes the resurfacing of three carparks which was funded by the Friends of Ashdown Forest. The income for these projects is included in the restricted funds budget line.

2.7 The Conservators are acutely aware of the need to increase their income and control their costs in order to maintain the level of care provided to the Ashdown Forest and to help bridge the gap to sustainability. Income generation work has mainly concentrated on securing at least £5,250 of grants from parish councils and sales from the centre shop have increased. There is a lead time to additional income generating activities and this is planned to be in place for 2019/20. Where there are dependencies on the related activities the Conservators are aware that the need to balance their financial plans and dependencies on the further income opportunities..

2.8 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 2018/19 other than the £29,610 (see 2.5) and the resulting budgeted reserve balance for the year ending 2018/19 is £277,908, which exceeds the minimum balance of £182,000.

### **3. Recommended Funding**

3.1 It is proposed to reduce the Council's grant by 10% from £68,200 in 2017/18, to £61,398 in 2018/19. 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 2018/19.

3.3 The combination of awarding the contribution and grant at the recommended level would give the Conservators a budget overspend of £29,610 which the Conservators have agreed to fund from reserves.

### **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 2018/19;
- Agree a recommendation to the Council regarding the Council's annual contribution for 2018/19 from CET budgets, and
- Approve the annual grant for 2018/19 from the Trust Fund.

**KEVIN FOSTER**  
**Chief Operating Officer**

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#### LOCAL MEMBERS

Councillors Galley, Stogdon, Tidy & Whetstone

#### ESCC MEMBERS ON THE BOARD OF CONSERVATORS

Councillors Barnes, Ensor, O'Keeffe, Tidy, Whetstone and Stogdon

<b>INCOME SUMMARY</b>	<b>2017/18 Budget £</b>	<b>2017/18 Forecast £</b>	<b>2018/19 Budget £</b>
Grants	81,220	87,194	79,648
Countryside Stewardship Staff Uplift	104,840	104,840	104,840
Charitable Receipts and Donations	68,100	68,100	69,100
Licences & Forest Rate	183,010	194,085	192,378
Visitors	12,000	16,860	16,600
Sundry Receipts	7,390	12,013	12,150
Financial	600	10	10
<b>TOTAL UNRESTRICTED CORE INCOME</b>	<b>457,160</b>	<b>483,102</b>	<b>474,726</b>

<b>Restricted Funds (designated for specific purpose)</b> See paragraph 2.6	18,500	63,782	-
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<b>Amount agreed to be allocated from Reserves</b>	-	-	29,610
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<b>TOTAL CORE INCOME</b>	<b>475,660</b>	<b>546,884</b>	<b>504,336</b>
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<b>EXPENDITURE SUMMARY</b>	<b>2017/18 Budget £</b>	<b>2017/18 Forecast £</b>	<b>2018/19 Budget £</b>
Core Forest Staff Costs	309,895	324,571	344,616
Administration Overheads	53,275	64,693	62,220
Visitors	6,500	22,222	5,100
Forest Centre Development (see paragraph 2.6)	-	20,311	-
Operational expenses (see paragraph 2.6)	74,955	95,473	68,850
Financial	19,410	19,850	21,750
<b>TOTAL NON CAPITAL CORE EXPENDITURE</b>	<b>474,035</b>	<b>547,120</b>	<b>502,536</b>

<b>Total Core Capital Expenditure</b>	<b>1,600</b>	<b>1,800</b>	<b>1,800</b>
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<b>TOTAL CORE EXPENDITURE</b>	<b>475,635</b>	<b>548,920</b>	<b>504,336</b>
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<b>SURPLUS/DEFICIT PROJECTION</b>	<b>BUDGET to YE 2017/18</b>	<b>FORECAST to YE 2017/18</b>	<b>BUDGET to YE 2018/19</b>
Total Income	475,660	546,884	504,336
Total Expenditure	475,635	548,920	504,336
<b>Surplus/Deficit</b>	<b>25</b>	<b>(2,036)</b>	<b>0</b>

## Ashdown Forest Finances

## Core Budget 2018/19

INCOME	2017/18	2017/18	2018/19
	Budget Agreed	Forecast to YE	Budget Plan
	£	£	£
<b>Grants</b>	81,220	87,194	79,648
ESCC	68,220	68,220	61,398
WDC	13,000	18,974	13,000
Parish Councils	-	-	5,250
Other Grants	-	-	-
<b>Countryside Stewardship Staff Uplift</b>	104,840	104,840	104,840
Core staff: 1.8 multiplier difference above employee cost	54,840	54,840	54,840
Contracted-out in-house staff	50,000	50,000	50,000
<b>Charitable Receipts and Donations</b>	68,100	68,100	69,100
Ashdown Forest Trust	65,100	65,100	65,100
Donations	3,000	3,000	4,000
<b>Restricted Funds (designated for a specific purpose)</b>	18,500	63,782	-
Friends of Ashdown Forest	5,550	33,000	-
AF Conservation Trust	-	15,832	-
Ashdown Forest Riding Association	2,500	2,500	-
Feed in Tariff (solar panels)	1,200	1,200	-
Education income	2,000	4,000	-
CS Income for school visits	7,250	7,250	-
<b>Licences and Forest Rate</b>	183,010	194,085	192,378
Acknowledgement Rent for Access Tracks	22,000	22,000	23,100
Other Rents/Licences and Wayleaves	93,320	93,895	93,770
Riding Permits	31,000	35,000	34,000
Forest Rate	22,800	23,000	23,940
Licence preparation/deed of covenant/consideration fees	10,540	10,540	11,968
Temporary licences (incl Filming, Wood, Events)	3,350	9,650	5,600
<b>Visitors</b>	12,000	16,860	16,600
Barn sales	7,700	10,800	9,800
Exhibition sales	200	200	200
AF Centre Events ( <i>Pop-up café, Sheep Proof Your Dog</i> )	2,900	4,700	4,500
Hire of premises/equipment/staff time	1,000	1,080	2,000
Talks by staff	200	80	100
<b>Sundry Receipts</b>	7,390	12,013	12,150
Forest products	-	-	-
Grazing project income	4,550	8,913	8,650
Miscellaneous other (incl. memorials)	1,840	3,100	2,500
Renewable Heat Incentive (RHI)	1,000	-	1,000
<b>Financial</b>	600	10	10
Bank Interest	600	10	10
Sale of Assets	-	-	-
<b>TOTAL INCOME</b>	<b>475,660</b>	<b>546,884</b>	<b>474,726</b>

## Ashdown Forest Finances

Core Budget 2018/19

EXPENDITURE	2017/18	2017/18	2018/19
	Budget	Forecast	Budget
	Agreed	to YE	Plan
	£	£	£
<b>Staff Costs (Core team only)</b>	<b>309,895</b>	<b>324,571</b>	<b>344,616</b>
Gross salaries	-	253,158	329,616
Employer's NI	-	15,790	-
Employer's pension contribution	-	54,028	15,000
Temporary Staff	-	1,485	-
Recruitment Expenses	-	110	-
<b>Administration Overheads</b>	<b>53,275</b>	<b>64,693</b>	<b>62,220</b>
Forest Centre Running costs (rates, utilities, maintenance)	17,015	22,733	21,705
Post, phone, printing, stationery	5,700	5,400	5,825
Professional fees (audit, accountancy, legal)	9,500	13,500	10,850
Insurances	16,060	16,060	16,840
IT	4,500	6,500	6,500
Miscellaneous	500	500	500
<b>Visitors</b>	<b>16,500</b>	<b>22,222</b>	<b>5,100</b>
Information Centre (Shop stock)	2,000	4,000	3,000
Education Programme	12,000	15,514	-
Forest Centre Events	2,500	2,708	2,100
<b>Forest Centre Development</b>	<b>0</b>	<b>20,311</b>	<b>-</b>
Education Barn upgrade	-	-	-
Forest Centre Development	-	20,311	-
<b>Operational expenses</b>	<b>74,955</b>	<b>95,473</b>	<b>68,850</b>
Transport, machinery, equipment (incl vehicle insurance)	47,300	47,000	45,050
Staff expenses	3,875	3,875	3,950
Staff and volunteer training	1,000	2,200	2,500
Volunteer expenses	2,300	2,300	2,550
Bye laws and signage	500	200	500
Non-CS conservation (dangerous trees, exotics)	3,000	3,000	5,000
Vachery	-	-	-
General Operations (car parks, bridges, litter, rides)	15,200	35,002	7,750
Other (memorials, subs, misc. amenity costs)	1,780	1,896	1,550
<b>Financial</b>	<b>19,410</b>	<b>19,850</b>	<b>21,750</b>
Credit card terminal	800	800	850
Bank charges	610	950	800
Input VAT irrecoverable	18,000	18,000	20,000
<b>Total non capital Expenditure</b>	<b>474,035</b>	<b>547,120</b>	<b>502,536</b>
<b>Capital expenditure</b>	<b>1,600</b>	<b>1,800</b>	<b>1,800</b>
<b>TOTAL EXPENDITURE</b>	<b>475,635</b>	<b>548,920</b>	<b>504,336</b>

**Ashdown Forest Finances****Core Budget 2018/19**

<b>The Conservators of Ashdown Forest – Reserves</b>	<b>£</b>
<b>Reserves 1 April 2017</b>	<b>307,518</b>
Forecast Income 2018/19	474,726
Forecast Expenditure 2018/19	<u>(504,336)</u>
<b>Forecast reserves at 31 March 2019</b>	<b>277,907</b>

## Ashdown Forest Trust Fund 2018/19 Projected Income and Expenditure

<b>ASHDOWN FOREST TRUST FUND</b>	<b>Budget 2017/18</b>	<b>Draft Budget 2018/19</b>
<b>Income</b>	£	£
Royal Ashdown Forest Golf Club- Rent	70,000	70,000
Bank Interest	385	15
	70,385	70,015
<b>Expenditure</b>		
Conservators of Ashdown Forest- Annual Grant	65,100	65,100
Professional & Audit Fees	4,000	6,740
	69,100	71,840
<b>Surplus/Deficit</b>	1,285	(1,825)
Balance Brought Forward	159,339	160,624
Balance Carried Forward	160,624	158,799

## Countryside Stewardship Budget: Calendar Year 2018

### DRAFT

RESERVE FORECAST TO YEAR END 2018	£
Reserve brought forward at end of 2017	169,949
<i>Ring-fenced surplus from Woodland CS (WD2): Deer project: 2018</i>	(3,834)
<i>Target Reserve for 6 months CS staff costs(year 3): Target £72k</i>	(60,000)
Income/Expenditure Surplus/(Deficit) forecast for year end 2018	(26,295)
<b>Forecast Reserve/Project Carry Over for year end 2018</b>	<b>79,820</b>

### INCOME/EXPENDITURE SUMMARY

	INCOME	EXPENDITURE
	Budget 2018 £	Budget 2018 £
Heathland Area Payment (LH1)	431,775	452,275
Bracken Supplement (SP3)	33,651	39,496
Educational Visits (ED1) and Access (AC1)	7,250	7,250
Woodland CS (WD2): Woodland Management	5,000	4,950
Woodland CS (WD2): Deer project - see supporting budget	45,000	45,000
Additional Income	-	-
<b>TOTALS</b>	<b>522,676</b>	<b>548,971</b>

### EXPENDITURE BY PROJECT

#### CS EXPENDITURE DETAIL (NET VALUES)

CORE STAFF COSTS (excl. deer co-ordinator)	Budget 2017 £	Budget 2018 £
<b>Core staff (funded by LH1) Totals</b>	<b>173,089</b>	<b>143,670</b>
<i>Total cost to employer (to include NI, pension)</i>	124,468	104,361
<i>1.8 multiplier difference to be attributed to Forest Core Budget</i>	48,621	39,309

#### PROJECTS SUMMARY

	Budget 2017 £	Budget 2018 £
<b>Heathland Area Projects (LH1)</b>	<b>247,173</b>	<b>137,817</b>
01 - MH31/03 Manage Scrub (Gorse)	3,074	10,714
02 - AP30/01 Wild Fire Risk and Plan	3,500	-
03 - MH31/01 Birch, Oak, Willow and Scots Pine Control	35,000	15,000
04 - MS00/02 Remove Rhododendron and Gaultheria (Heathland)	5,000	1,700
05 - MD31/01 Provide/Maintain Livestock Control Structures (Invisible)	-	2,000
07 - MD31/02 Provide/Maintain Livestock Control Structures (Visible)	41,464	35,000
08 - MG00/01 Conservators Grazing - Cattle	13,000	10,000
09 - MG00/02 Commoners Headage Payments	32,000	27,045



10 - MG00/03 Commoners Herd Project - Cattle	-	-
11 - MG10/01 Conservators Grazing - Sheep	9,500	9,325
12 - MG20/01 Conservators Grazing - Ponies	3,000	2,140
13 - MD03/01 Livestock Welfare Facility	80,000	-
14 - MH37/01 Manage Heather	3,500	3,500
15 - MH32/03 Manage Grassland (Mowing)	1,000	1,300
16 - MH31/02 Removal of Invasive Woodland	-	-
19 - MS10/01 Control of native species (spraying)	3,500	6,380
21 - MH04/01 Annual mowing of woodland rides	-	-
25 - MH61/01 Manage Habitat (open waters, etc) by excavation	2,500	2,000
26 - MH64/01 Manage Habitat (open waters, etc)	1,000	320
27 - MI00 Inform Stakeholders	1,000	1,000
29 - MI100 Ashdown Forest Life	7,000	6,000
31 - AT50 Volunteer Expenses	1,135	4,193
32/35 - ML80/30 Stakeholder Liaison (Biomass, Meat, Retail, Neighbours)	1,000	200
<b>Bracken Supplement (SP3)</b>	<b>33,800</b>	<b>39,496</b>
05 - MH32/02 Bracken Control	33,800	39,496
<b>Educational Visits (ED1) and Access (AC1)</b>	<b>10,250</b>	<b>7,250</b>
28 - MI60 School Visits - Teacher time & support costs (ED1)	7,250	7,250
28 - MI60 School Visits - Materials (AC1)	-	-
30 - ME02/01 Maintain signs & boards (AC1)	3,000	-

<b>PROJECTS SUMMARY</b>	<b>Budget</b>	<b>Budget</b>
	<b>2017</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Woodland CS (WD2): Woodland Management</b>	<b>5,950</b>	<b>4,950</b>
17 - MS00/01 Rhododendron Removal by Cutting/Spraying (Woodland)	4,167	4,167
18 - MS00/03 Remove Turkey Oak	783	783
20 - MH02/01 Create Glades	1,000	-
<b>Woodland CS (WD2): Deer Management</b>	<b>70,040</b>	<b>45,000</b>
22 - MS30/01 Deer Project additional costs (excl. staff cost)	41,764	16,442
<b>Staff cost:</b> Total cost to employer (to include NI, pension)	20,271	20,299
<b>1.8 multiplier on staff cost</b> - difference attributed to Forest Core Budget	8,005	8,259
<b>ADDITIONAL EXPENDITURE (LH1-funded)</b>	<b>51,223</b>	<b>170,788</b>
Contracted-in staff	-	13,500
Staff Expenses and Training	3,000	3,000
CMSi Software & Training	423	423
Memberships/Subscriptions	1,500	100
Small tools and equipment (under £100)	800	800
Vehicle expenses including repairs	8,000	8,000
Machinery repairs	1,000	1,000
Small machinery capital	1,000	1,000
Large machinery capital	-	110,000
VAT	35,500	32,965
	<b>Budget</b>	<b>Budget</b>
	<b>2017</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>TOTAL BUDGETED CS EXPENDITURE</b>	<b>591,525</b>	<b>548,971</b>