

Report to: Cabinet

Date of meeting: 22 January 2019

By: Chief Operating Officer

Title: The Conservators of Ashdown Forest – 2019/20 Budget

Purpose: To provide the Conservators' draft budget for 2019/20 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 2019/20;**
 - 2. recommend to the County Council the annual contribution for 2019/20 from Communities, Economy and Transport (CET) budget; and**
 - 3. approve the annual grant for 2019/20 from the Trust Fund.**
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1 Background

1.1 This report sets out the Conservators' draft budget for 2019/20 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 2019/20, summarised in Appendix A. This will be approved by the Board of Conservators at a future meeting, the date of which is to be confirmed. 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 2019/20 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 2019/20 this is £115,000 and is shown under income as 'Countryside Stewardship Staff Recharge'. 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 £158,799 at 1 April 2019; 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 to £30,000 for 2019/20. The ESCC contribution will be completely removed from 2020/21. This is due to ESCC's move to deliver services within the Core Offer. 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 and legal obligations.

2.5 The 2018/19 forecast figures for Operational Expenses and Expenditure from Ringfenced Funding is significantly higher than budget and includes the cost of the current education programme and funding of memorials within the forest. The income for these projects is included in the Restricted Funds and Sundry Receipts income budget lines.

2.6 The £30,000 reduction in ESCC contributions will be mitigated in 2019/20 by an increase in income. The third year of the Deer Programme will result in an increase in the sales of deer carcasses. Core staff will take on more CS work which will increase the recharge of staff time from CS budgets, and funding from donations and energy feed in tariffs which will no longer be ring fenced for ride maintenance and Forest Centre development. Additional funding for these projects will be sought if required. Expenditure on buildings, vehicles, machinery, training, IT, carpark maintenance and signage will be reduced. Necessary maintenance will now be undertaken by Conservator staff.

2.7 The Conservators have presented a balanced budget for 2019/20. The budget includes an additional £25,000 of income which is planned to be generated from a new car parking donation and membership scheme and an increase in charitable donations. The car parking scheme is being developed and there is a risk of under-achieving that income should the implementation be delayed. Any resulting deficit would be funded from a draw from reserves at the end of the year (see 2.8)

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 2019/20. The resulting budgeted reserve balance for the year ending 2019/20 is £312,242, which exceeds the minimum balance of £196,000. The 2018/19 budget includes an approved draw from reserves of £29,137 of which it seems likely that only £5,000 will be required. This will leave sufficient approved reserve draw to fund any under-achieved income in 2019/20.

2.9 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 identified a number of income streams in addition to the car parking scheme (see 2.7) including the sale of deer carcasses and increasing sales from the centre shop. Detailed plans are being worked up.

Recommended Funding

2.10 It is proposed to reduce the Council's grant from £61,398 in 2018/19 to £30,000 in 2019/20. This matches the provision in the CET budgets.

2.11 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 2019/20.

2.12 The combination of awarding the contribution and grant at the recommended level would give the Conservators a balanced budget for 2019/20.

3. Conclusion and recommendations

3.1 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.

3.2 Cabinet is recommended to:

- Approve the Conservators' budget for 2019/20;
- Agree a recommendation to the Council regarding the Council's annual contribution for 2019/20 from CET budgets, and
- Approve the annual grant for 2019/20 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, Stephen Shing, Tidy, Whetstone, Pragnell and Stogdon

INCOME SUMMARY	2018/19 Budget £	2018/19 Forecast £	2019/20 Budget £
Licences & Forest Rate	192,378	187,078	190,952
Countryside Stewardship Staff Uplift	104,840	102,000	115,000
Grants	79,648	80,648	45,000
Charitable Receipts and Donations	70,900	69,900	92,600
Sundry Receipts (meat sales and memorials)	12,150	27,202	24,600
Visitors	14,800	12,645	13,860
Financial	10	255	200
TOTAL UNRESTRICTED CORE INCOME	474,726	479,728	482,212

Restricted Funds (designated for specific purpose)	-	24,067	5,200
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TOTAL CORE INCOME	504,336	503,795	487,412
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EXPENDITURE SUMMARY	2018/19 Budget £	2018/19 Forecast £	2019/20 Budget £
Core Forest Staff Costs	344,616	345,512	366,500
Expenditure from Ringfenced Funding	-	12,073	-
Operational expenses (see paragraph 2.6)	69,850	81,817	51,078
Administration Overheads	62,220	60,354	43,154
Financial	21,750	21,502	23,280
Visitors	5,100	6,150	3,400
TOTAL NON CAPITAL CORE EXPENDITURE	503,536	527,408	487,412

Total Core Capital Expenditure	800	5,523	-
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TOTAL CORE EXPENDITURE	504,336	532,931	487,412
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SURPLUS/DEFICIT PROJECTION	Budget 2018/19 £	Forecast 2018/19 £	Budget 2019/20 £
Total Income	474,726	503,795	487,412
Total Expenditure	504,336	532,931	487,412
Surplus/Deficit	(29,610)	(29,137)	-
Planned allocation from reserves	29,610	29,137	-

Ashdown Forest Finances
Core Budget 2019/20

INCOME	2018/19 Budget	2018/19 Forecast	2019/20 Budget Proposal
	£	£	£
Licences and Forest Rate	192,378	187,078	190,952
Other Rents/Licences and Wayleaves	93,770	92,570	94,052
Riding Permits	34,000	30,000	32,000
Acknowledgement Rent for Access Tracks	23,100	23,100	24,000
Forest Rate	23,940	23,940	24,000
Temporary licences (incl. Filming, Wood, Events, Fitness)	5,600	5,500	5,900
Licence preparation/deed of covenant/consideration fees	11,968	11,968	11,000
Countryside Stewardship Staff Recharge	104,840	102,000	115,000
Core staff: 1.8 multiplier difference above employee cost	54,840	52,000	50,000
Contracted-out in-house staff	50,000	50,000	65,000
Grants	79,648	80,648	45,000
ESCC	61,398	61,398	30,000
WDC	13,000	10,000	10,000
Parish Councils	5,250	9,250	5,000
Charitable Receipts and Donations	70,900	69,900	92,600
Ashdown Forest Trust	65,100	65,100	65,100
Donations	5,800	4,800	7,500
Car park donations and parking membership	-	-	20,000
Restricted Funds (designated for a specific purpose)	-	24,067	5,200
Education programme income (from schools)	-	11,817	-
CS Income for school visits (education programme)	-	7,250	-
Ashdown Forest Riding Association	-	4,000	4,000
Feed in Tariff (solar panels)	-	1,000	1,200
Sundry Receipts	12,150	27,202	24,600
Grazing project income	8,650	8,302	7,600
Sale of deer carcasses	-	6,000	10,000
Miscellaneous Other (deposits, memorials)	2,500	11,400	6,000
Renewable Heat Incentive (RHI)	1,000	1,500	1,000
Visitors	14,800	12,645	13,860
Barn sales	8,000	7,000	7,000
AF Centre Events (Pop-up café, Sheep Proof Your Dog)	4,500	4,000	4,500
Hire of premises/equipment/staff time	2,000	500	1,760
Talks by staff	100	100	100
Exhibition sales	200	1,045	500
Financial	10	255	200
Bank Interest	10	255	200
TOTAL INCOME	474,726	503,795	487,412

EXPENDITURE	2018/19 Budget	2018/19 Forecast	2019/20 Budget Proposal
	£	£	£
Staff Costs (Core team only)	344,616	345,512	366,500
Gross salaries	329,616	330,512	351,500
Employer's additional monetary pension contribution	15,000	15,000	15,000
Expenditure from Ringfenced Funding	-	12,073	-
Education Programme	-	12,073	-
Operational expenses	69,850	81,817	51,079
Transport, machinery, equipment (incl. vehicle insurance)	46,050	49,988	38,859
Staff expenses	3,950	4,750	2,400
Staff and volunteer training	2,500	2,500	1,000
Volunteer expenses	2,550	2,550	2,200
Bye laws and signage	500	1,237	-
Non-CS conservation(dangerous trees, exotics)	5,000	4,000	4,000
General Operations (car parks, bridges, litter, rides)	7,750	9,742	1,200
Other (memorials, subs, misc. amenity costs)	1,550	7,050	1,420
Administration Overheads	62,220	60,354	43,153
Forest Centre Running costs (rates, utilities, maintenance)	21,705	25,200	14,481
Post, phone, printing, stationery	5,825	6,330	6,000
Professional fees (audit, accountancy, legal)	10,850	3,600	6,000
Insurances	16,840	16,840	9,772
IT	6,500	7,884	6,600
Miscellaneous	500	500	300
Financial	21,750	21,502	23,280
Irrecoverable rents and rates and bad debts	100	50	-
Credit card terminal	850	850	1,300
Bank charges	800	602	980
Input VAT irrecoverable	20,000	20,000	21,000
Visitors	5,100	6,150	3,400
Information Centre (Shop stock)	3,000	3,000	2,500
Forest Centre Events	2,100	3,150	900
Total non-capital Expenditure	503,536	527,408	487,412
Capital expenditure	800	5,523	-
TOTAL EXPENDITURE	504,336	532,931	487,412

Ashdown Forest Finances**Core Budget 2019/20****The Conservators of Ashdown Forest – Reserves****£**

Reserves 1 April 2018	341,379
Forecast deficit 2018/19	(29,137)
Forecast reserves at 31 March 2019	312,242
Forecast Movement 2019/20	-
Forecast reserves at 31 March 2020	312,242
Minimum restricted reserve	196,000
Discretionary restricted reserves	79,816
Unallocated reserves	36,426
	312,242

Ashdown Forest Trust Fund 2019/20 Projected Income and Expenditure

ASHDOWN FOREST TRUST FUND	Budget 2018/19	Budget 2019/20
Income	£	£
Royal Ashdown Forest Golf Club- Rent	70,000	70,000
Bank Interest	15	250
	<u>70,015</u>	<u>70,250</u>
Expenditure		
Conservators of Ashdown Forest- Annual Grant	65,100	65,100
Professional & Audit Fees	6,740	6,500
	<u>71,840</u>	<u>71,600</u>
Surplus/Deficit	<u>(1,825)</u>	<u>(1,350)</u>
Balance Brought Forward	<u>160,624</u>	<u>158,799</u>
Balance Carried Forward	158,799	156,949

Countryside Stewardship Budget 2019/20

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RESERVE FORECAST TO YEAR END 2019

£

Reserve brought forward at 31 March 2018

201,118

Income/Expenditure Surplus/(Deficit) forecast for year end

41,397

Reserve carried over to 2018/19

(70,000)

Forecast Reserve/Project Carry Over at 31 March 2019**172,515**

INCOME/EXPENDITURE SUMMARY

Budget Summary

INCOME

EXPENDITURE

INCOME

EXPENDITURE

2018/19

2018/19

2019/20

2019/20

£

£

£

£

Heathland Area Payment

431,775

375,583

431,775

441,386

Bracken Supplement

33,651

39,496

33,651

37,500

Educational Visits

7,250

7,250

7,250

7,250

Woodland CS: Deer project

45,000

45,000

45,000

45,000

Woodland CS: Woodland Management

5,000

13,950

5,000

16,199

TOTALS

522,676

481,279

522,676

547,335

EXPENDITURE BY PROJECT

CORE STAFF COSTS (excl. deer co-ordinator)

Budget

Budget

2018/19

2019/20

£

£

Core staff Totals

190,778

154,118

Total cost to employer (to include NI, pension)

124,820

109,023

1.8 multiplier difference to be attributed to Forest Core Budget

52,458

45,095

Contract Staff

13,500

-

PROJECTS SUMMARY

Budget

Budget

2018/19

2019/20

£

£

Heathland Area Projects

137,517

172,568

Manage Scrub (Gorse)

10,714

28,900

Wild Fire Risk and Plan

-

200

Birch, Oak, Willow and Scots Pine Control

15,000

30,000

Remove Rhododendron and Gaultheria (Heathland)

1,700

500

Provide/Maintain Livestock Control Structures (Invisible)

2,000

-

Provide/Maintain Livestock Control Structures (Visible)

35,000

32,668

Conservators Grazing - Cattle

10,000

11,594

Commoners Headage Payments

27,045

31,600

Conservators Grazing - Sheep

9,325

9,325

Conservators Grazing - Ponies	2,140	4,690
Livestock Welfare Facility - Barn	-	2,000
Manage Heather	3,500	350
Manage Grassland (Mowing)	1,000	173
Removal of Invasive Woodland	-	5,250
Control of non-native species (spraying)	6,380	2,850
Manage Habitat (open waters, etc) by excavation	2,000	500
Manage Habitat (open waters, etc)	320	500
Inform Stakeholders	1,000	-
Ashdown Forest Life	6,000	7,100
Volunteer Management and Expenses	4,193	4,268
Stakeholder Liaison (Biomass, Meat, Retail, Neighbours)	200	100
Bracken Supplement	39,496	37,500
Bracken Control	39,496	37,500
Educational Visits	7,250	7,250
School Visits - Teacher time & support costs	7,250	7,250
Woodland CS: Woodland Management	13,950	16,199
Rhododendron Removal Cutting/Spraying (Woodland)	4,167	5,000
Remove Turkey Oak	783	1,199
Create Glades	9,000	10,000
Woodland CS: Deer Management (See supporting budget)	45,000	45,000
Deer Project additional costs (excl.staff cost)	16,442	14,746
Staff cost: Total cost to employer (to include NI, pension)	20,299	18,024
1.8 multiplier on gross staff cost - recharge to Forest Core Budget	8,259	12,230
Fencing Public Consultation and Application	-	90,670
Project costs from Project Budget v1		43,257
Staff cost: Total cost to employer (to include NI, pension)	-	33,455
1.8 multiplier on gross staff cost - recharge to Forest Core Budget		13,958
TOTAL CS EXPENDITURE	481,279	547,335