

Report to: Cabinet

Date of meeting: 19 July 2022

By: Chief Operating Officer

Title: The Conservators of Ashdown Forest – 2021/22 Outturn

Purpose: To present the 2021/22 outturn, together with contribution to meet deficit on the core budget

RECOMMENDATIONS

Cabinet is recommended to:

- 1. note the 2021/22 Outturn for the Conservators' Core and Countryside Stewardship budgets; and**
 - 2. approve the contribution of £19,546 to fund the deficit on the Conservators' Core budget for 2021/22.**
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1 Background

1.1 This report sets out the outturn financial position of the Conservators of the Ashdown Forest (COAF) for 2021/22 against the approved budget (Appendix 1), approved by the Board of Conservators at their meeting on 29 November 2020 and presented to the Cabinet on 2 March 2021.

1.2 The Countryside Stewardship (CS) budget presents a surplus of £9,274 for 2021/22 due to reduced activity and expenditure on CS projects. The surplus has been added to the CS Reserve which, at 31 March 2022, has a balance of £418,991. The CS budget is entirely funded from government grant and is ringfenced for CS activity.

1.2 The Core budget presents a deficit of £75,658 for 2021/22. Within this deficit position is £19,592 in respect of accounting (non-cash) adjustments, which leaves an adjusted operational deficit of £56,066. In accordance with the Ashdown Forest Act 1974, at the end of 2020/21 the Council contributed £69,792 to COAF to offset the forecast in-year deficit for 2020/21. The 2020/21 outturn actually concluded with a surplus of £36,520, resulting in an overpayment by the Council of that amount, which has been carried forward to offset against the 2021/22 operational deficit, leaving an unfunded deficit of £19,546. The balance of the Core Reserve at 31 March 2022 was £321,114.

2 Supporting information

The Combined Income and Expenditure Summary is set out in Appendix 1

2.1 The key variations against the approved budget were:

- **Unrestricted Funding:** The Ashdown Forest Foundation (TAFF) budget planned for £150,000 of donations. However, TAFF is a newly formed charity with new trustees and, given the backdrop of launching during the pandemic, the charity had not been in a position to make an income contribution this year. The COAF had worked to mitigate the shortfall in income with reduced staff costs and controlling operational expenses.
- There is a net overspend on staff costs which is mostly due to the in-year staff restructure. Income from licences and other forest revenue is higher than forecast and there is also a small underspend in operational expenses.
- It is estimated that £30,000 of income has been lost due to Covid-19 restrictions on income generating aspects of the COAF operation during 2021/22.

3. Recommended Funding

3.1 While the Council has a statutory obligation to meet the shortfall between expenditure and income of the Conservators' Core Budget, it also has the responsibility for approving the level of expenditure. It is recognised that the 2021/22 deficit in the Core budget has arisen primarily from an over-estimation of the level of income the TAFF could raise in its first year, together with the impact of the pandemic and was not wholly foreseeable when the budget was agreed.

3.2 It is proposed that the Council makes a financial contribution to the COAF of £19,546, being the adjusted Core budget operational deficit of £56,066 less the adjustment for the over contribution in 2020/21 of £36,520. Given that it is estimated that in the region of £30,000 of income was lost due to the continuation of the pandemic, it is proposed that the Covid-19 grant funding is allocated to fund the deficit.

4. Conclusion

4.1 Cabinet is recommended to approve a financial contribution, from COVID-19 grant funding, of £19,546 to offset the 2021/22 Core budget outturn deficit.

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LOCAL MEMBERS

Councillors Galley, Howell, Lunn & Georgia Taylor

ESCC MEMBERS ON THE BOARD OF CONSERVATORS

Councillor Howell

Ashdown Forest Finances to 31 March 2022
Combined Income and Expenditure Forecast and Budget Summary

INCOME SUMMARY	2021/22 Original Budget	2021/22 Final Budget	2021/22 Outturn
CORE INCOME	£	£	£
Licences & Forest Rate	211,915	211,915	217,083
Recharges from Countryside Stewardship programme	123,814	123,815	129,929
Unrestricted funding (WDC, AFT, T/PCs)	228,100	228,100	78,600
Income generation and Donations	10,200	17,480	48,304
Forest Products incl. Meat and Deer Carcasses	37,935	30,155	37,665
1Visitors	11,200	11,700	7,377
Financial	200	200	1,588
Unrestricted Core Income	623,364	623,365	520,546
Other Restricted Core Funding/Grants (designated for a specific purpose)	34,250	34,250	32,626
TOTAL CORE INCOME	657,614	657,615	553,172
COUNTRYSIDE STEWARDSHIP INCOME			
Grant funding for CS work programme	486,115	486,115	424,253
TOTAL CORE AND COUNTRYSIDE STEWARDSHIP INCOME	1,143,729	1,143,730	977,425
EXPENDITURE SUMMARY	2021/22 Original Budget	2021/22 Current Budget	2021/22 Outturn
CORE EXPENDITURE	£	£	£
Core Forest Staff Costs	354,600	354,600	412,504
Operational expenses	166,915	166,915	86,317
Administration Overheads	66,850	67,350	94,698
Financial	22,010	21,510	13,729
Visitors	3,300	3,300	2,558
Expenditure from Ringfenced Funding (primarily education prog)	12,000	4,750	15,524
Governance/Charity set up	-	-	517
Core capital expenditure	30,000	30,000	2,342
TOTAL CORE EXPENDITURE	655,675	648,425	628,189
COUNTRYSIDE STEWARDSHIP EXPENDITURE			
Countryside Stewardship Work Programme Project Expenditure	219,788	199,215	157,263
Staff Costs	140,400	160,973	127,787
Countryside Stewardship Staff Recharges	123,815	123,815	129,929
TOTAL COUNTRYSIDE STEWARDSHIP EXPENDITURE	484,003	484,003	414,979
TOTAL CORE AND COUNTRYSIDE STEWARDSHIP EXPENDITURE	1,139,678	1,132,428	1,043,168
SURPLUS OF INCOME OVER EXPENDITURE	4,051	11,302	(66,384)

Note: Allocation of surplus	£	£	£
Surplus / (Deficit) attributable to Core Budget	1,939	9,190	(75,658)
Surplus / (Deficit) attributable to Countryside Stewardship	2,112	2,112	9,274
	4,051	11,302	(66,384)

Movement in Reserve Balances	Core £	HLS* £	CS £
Reserves at 01/04/2021	396,772	224,204	409,717
Movement in year	(75,658)	-	9,274
Reserve balance at 31/03/2022	321,114	224,204	418,991

* The Higher Level Stewardship (HLS) programme ceased in 2016 the balance of funds will be spent in the spirit of the original agreement under the guidance of Natural England