

Item 4. Update on 2015-17 AONB Partnership budgets

1. Summary

This paper presents current figures for the AONB Partnership budgets for 2015-16, and outline budgets for 2016-17.

2. 2015-17 AONB Partnership Budget

- i. **Staff costs** are projected to out-turn slightly lower in 2015-16 than expected, due to reduced take-up of training and travel budgets, lower NI and pension costs, and loss of the cleaner (who is no longer needed at the new office). It is thought that these savings can be maintained, and staff cost estimates for 2016-17 have been lowered correspondingly.
- ii. **Office costs** are significantly higher in 2015-16 due service charge balancing payments for the Old Post Office for 2013-14 of £7,025 and for 2014-15 of £3,614. Removals costs were £549 and final repairs to the Old Post Office cost c£520. There have also been some additional equipment costs to get set up in Drovers House (equipment c£500, network cabinet and wiring c£1,275).

No rental or service charges have yet been billed for Drovers House, and the costs for these were in fact only supplied to us on 8 January. 2016-17 office budgets represent best estimates of ongoing running costs at Drovers House. Broadband installation cost of £2,000 (expected to be paid for over three years) are included. The Council has agreed to waive a standard £1,500/ year service charge for the building, but Property Services do charge a fee of 1.65% on arranging maintenance jobs. The overall costs for Drovers House are slightly lower than at the Old Post Office (2014-15 outturn did not include a service charge balancing amount). The business rates on Drovers House are however significantly higher than the Old Post Office and we will look into an appeal on this.

It is possible that dilapidations will still be charged for the Old Post Office, and a 2015-16 service charge balancing amount (half year) is also still outstanding. These are not currently included in the 2016-17 budget estimates.

A three year term for Drovers House has been offered by Shropshire Council, with a right for us to break on three months' notice, to be agreed by correspondence rather than a formal lease, since this is within the Council.

Following discussions regarding the removal of the LEADER programme from the AONB Partnership and associated lost income, the Council has agreed as compensation to reduce amounts off the overall occupancy costs by £9k - £11k per year to March 2019, and totalling £49,970 to Dec 2020. This is shown separately in our budgets as income (lower block in table) and the full office costs shown in expenditure, in order to aid budgeting.

A 3 year lease with Shropshire Council has been taken out for a new office van starting in July 2015. The lease on the office car expires in May, and taking out a further lease for a second office vehicle will be reviewed nearer the time against the alternative costs of paying mileage.

- iii. **Promotion** activity has been similar to normal. Events costs appear higher, but this is because the £1,000 contribution for 2014-15 was billed in 2015-16. For 2016-17, we are supporting Shropshire Hills Tourism with a joint visitor guide publication so these costs are reduced.
- iv. **LEADER budgets** have been removed as these have been transferred to Shropshire Council's Outdoor Partnerships service.
- v. **Defra funding.** The Chancellor's Autumn Statement indicated that AONB budgets would be protected for the four years of the next Comprehensive Spending review period. The Defra contribution is therefore budgeted for 2016-17 to be the same as 2015-16. The 2016-17 bid is to be made by the end of January.

- vi. **Project budgets** for 2015-16 are currently projected to outturn much as expected. Each of these is more or less self-contained, apart from some small income contributions to the 'core' budget, and/or cash match contributions needed from us.
- vii. **Earned income.** The 'Income and Balances detail' block near the bottom of the table shows that as usual, sources of income have come through as the year has progressed. The projected overall deficit for 2015-16 (bottom line) is now reduced from £20,800 projected in August to £1,405. The deficit currently projected for 2016-17 is £7,738 which is also more favourable than when last projected. Further income sources are likely to emerge during 2016-17, but this cannot be guaranteed. As long as main funding contributions hold up, a need for structural changes looks unlikely.
- viii. **Reserve.** The AONB Partnership's reserve of previously earned income held on our behalf by Shropshire Council can be seen in the lower part of the table. The committed part of this is an accounting means of holding early contributions for particular projects, and is not available for other purposes. The unattached reserve has been built gradually over some years and is needed to cover contingencies including possible redundancy costs which are not covered by the Defra grant, project grants or by Shropshire Council. (The total redundancy liability for the whole team still exceeds the unattached reserve held). It is also vital sometimes to use as a source of cash match funding for external funding bids.

3. RECOMMENDATION:

The Management Board is recommended to note and comment on the 2015-17 budgets.

This paper has been prepared by Phil Holden, AONB Partnership Manager. For further details contact 01588 674088/ phil.holden@shropshire.gov.uk.

Appendix 1 AONB Partnership Budget 2015-17, update at 11.1.16