

Item 6. 2015-20 AONB budgets

1. Summary

This paper presents latest budget figures for 2015-16 to 2019-20.

2. Background

- i. **Staff costs** – the recent 1% pay award for 2016-17 and again in 2017-18 has been included, and the same increases allowed for 2018-19 and 2019-20. Opportunities for restructuring and savings will be taken if any vacancies arise. The figures show a reduction in the Administrator post from 37 hours/week to 25 hours/week from mid 2016, following a vacancy in this post (which is currently awaiting final confirmation). There is an indication that Pension Lump Sum costs will not be incurred by the Conservation Board but this needs to be confirmed.
- ii. **Office costs** have allowed for VAT to be incurred on relevant items from 2018-19. The rental and service charge payment regime for Drovers House is not yet fully in place, and budgets represent best estimates of ongoing running costs at Drovers House. Broadband installation cost of £2,000 (being paid for over three years) are included. The business rates on Drovers House are high and we will look into an appeal on this. Increases due to inflation may be experienced on some office costs, but these have not been shown, on an assumption that they can be balanced by further efficiency savings.
- iii. **Support services** – the costs shown for an independent body from 2018-19 onwards are estimates based on information derived from the two existing Conservation Boards and other similar independent bodies. They will be refined further as more information becomes available. The team will be smaller from April 2018 as the Landscape Partnership Scheme will have ended.
- iv. **Defra funding.** Defra AONB funding has been confirmed for the four years of the next Comprehensive Spending review period (2016-17 to 2019-20). The two existing Conservation Boards since establishment have received slightly more funding from Defra in light of their additional VAT liabilities. It is hoped that this will also be available to us, and this is the subject of ongoing discussions with Defra. The exact method of calculation of this amount is unknown since the basis of government funding has changed since the other Boards were established, but a best estimate has been included indicatively for 2018-19 and 2019-20.
- v. **Councils' funding.** At this stage the budgets include the financial contributions sought by the AONB Partnership Chair, but as previously noted, these have not been confirmed.
- vi. **Project budgets.** The various project budgets to a large extent stand alone, with different timescales and in relation to various funders. They affect the overall budget in terms of cash contributions needed and in some cases income earned. The Foundation for Common Land have been invited by HLF to reapply for the Upland Commons project in December, which is promising, as this project holds significant income earning potential for us.
- vii. **Match required and unattached income.** This section brings together the AONB cash match required from the budgets above, alongside sources of 'unattached' income with which to meet these. This creates the final net addition to, or draw on, reserves which balances the financial year's accounts overall. The strategy as in recent years will be to aim to earn income where possible through e.g. projects, fee earning activity and trading, alongside any savings which can be identified. A modest one-off draw on reserves may be made, but if a longer term deficit continues which cannot be met by earned income and other savings, then cuts to staffing will be necessary. Earned income in previous years has been:

2015-16 £16,918

2014-15 £24,621

2013-14 £32,965

2012-13 £52,737

3. RECOMMENDATION:

The Transition Board is recommended to note and comment on the 2015-20 budgets.

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Appendix 1 AONB Partnership Budget 2015-20, update at 3.8.16