8. BUDGET 2020/21 (PN)

Purpose of the Report

1. This report presents the formal budget approval for 2020/21, representing the second year of the new Corporate Strategy presented to Members on 7th December 2018, and following workshops during the year.

Recommendations

2. **That:**

   1. **the base budget for the 2020/21 financial year shown in Appendix 1 and 2 be approved.**

   2. **That the savings proposed in Appendix 5 be approved and be delegated to the Chief Executive to balance the budget should the National Park Grant be different from the assumption contained within Appendix 1, with an updated report to be prepared for the Authority immediately following any settlement announcement.**

   3. **That the medium term financial position of the Authority in the period up to March 2024 be noted as explained in paragraph 8 of the report.**

How does this Contribute to our Policies and legal obligations?

3. The Authority is required to set a balanced revenue budget for the 2020/21 financial year. This year will be the seventeenth year that National Park Grant has been funded directly at the 100% level from central government. In previous years, 25% of the Grant was financed from a levy on constituent councils, although the funding was still provided centrally by the Department of Environment, Food and Rural Affairs (Defra) to Local Authorities. The Authority's levying powers remain and are in theory capable of being used in the future, although in the past they have always been used by way of joint agreement between Defra and the Ministry of Housing, Communities and Local Government, with a corresponding mutual funding arrangement so that the cost of National Parks was not borne by local taxpayers. Although they remain unused, it is considered that retaining levying powers is an important consideration in terms of the Authority's ability to recover VAT as a Section 33 body, within the same VAT regime as Local Authorities, as well as its utility as a funding mechanism being preserved in statute.

Background

4. Spending Review periods usually cover 5 years, with the first year being the last year of the previous Spending Review period. The 2020-21 budget year will therefore represent the second year of five, ending in March 2024.

The 2020/21 Settlement

5. Government Departments were given a single year settlement in the Spending Review of September 2019, and the Chancellor announced:-

   "This Spending Round delivers the fastest planned real growth in day-to-day departmental spending in 15 years. From 2019-20 to 2020-21, day-to-day departmental spending will now grow at 4.1% in real terms".

As a consequence The Department for Environment, Food and Rural Affairs (Defra) shared in this increase for 2020-21 and was given a real terms increase of 3.3%, over and above inflation. The Department was also given further specific funds, supporting Brexit and other priorities, as set out in the Treasury document.

In September 2019 the government's Landscape Review was also published and stated in its Summary Findings:-

"at the very least we want to see existing budgets for National Parks secured in real terms and sustained for at least a further five year period, so they can plan ahead with confidence".

It is on the basis of these messages from government that the National Park Grant is assumed to be inflation protected for the next Spending Review period, with an increase of 2% per annum assumed, the consequences of which would be as shown below.

	2019-20	2020-21	2021-22	2022-23	2023-24
	£	£	£	£	
National Park Grant	**6,698,847**	***6,832,824***	***6,969,480***	***7,108,870***	***7,251,047***
Increase - £	113,272	*133,977*	*136,656*	*139,390*	*142,177*
Increase - %	1.72	2.00	2.00	2.00	2.00

Despite the September Spending Review commitments however, Defra have not announced the National Park Grant settlement, and there remains uncertainty over its level and duration, with no commitment so far from Defra to inflation protection, or any increase in National Park Grant.

If inflation protection is not passed on to National Parks, the position would be as follows for 2020-21:-

	2019-20	2020-21
	£	£
National Park Grant	**6,698,847**	**6,698,847**
Increase - £		0
Increase - %		0

The consequence would be the increase of £133,977 would not be received and the budget would not be balanced by this amount; if the inflation freeze continued beyond the single year a similar figure every year would need to be found and would soon have very serious financial consequences.

Because of this uncertainty, officers have prepared contingency proposals which have been shared with Members in the November workshops, and Members are asked to approve these savings as set out in Appendix 5, up to the figure necessary required to balance the budget. The total savings identified are £218,000, comprising a mix of efficiency savings, cuts, extra income proposals and staff savings. This level of savings arose from original estimates reflecting a number of provisional assumptions and uncertainties in the budget planning process. The breakdown of Appendix 5 is shown in broad categories in the table below, although some proposals may span across categories so the definition is not a precise one.

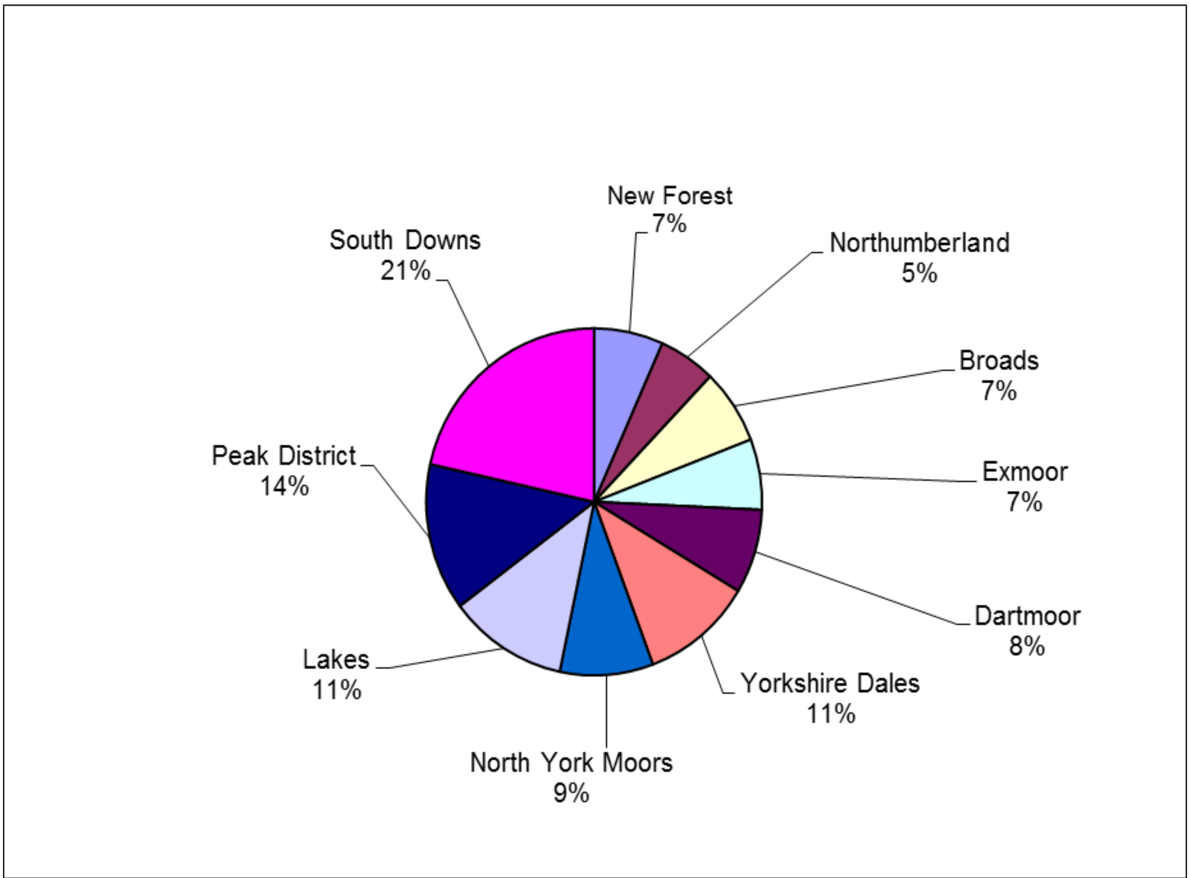
Appendix 5 Proposals	
	£
Further Efficiency savings	39,300
Cuts	63,500
Staffing reductions	95,200
Income	20,000
Total	**218,000**

Members are asked to delegate the decision on which proposals are required to balance the budget to the Chief Executive, taking account of the impact of proposals on the Corporate Strategy. Appendix 5 gives more detail on the nature of the proposal and its impact.

Members will receive an updated budget report at the next available Authority Meeting, when the settlement is finally announced, in order to understand and approve any consequences on both the 2020-21 budget and over the remaining Spending Review period, if known.

In the interim, Members are asked to approve the budget as presented in Appendix 1 and the possible savings as presented in Appendix 5, as per the recommendation.

6. The % distribution of National Park Grant between English Parks is as follows (based on 2019-20 total figure of £48.7m):-



Financial Planning for 2020/21: Setting a Balanced Budget – Revenue

7. The 2020/21 budget is able to be balanced, but with some significant uncertainties still remaining, with the following points of note:-

- The budget represents the second year of the Corporate Strategy and is aligned to that new strategy.

- There are a number of adjustments to baseline budgets incorporated into Appendix 1

    - Savings of £29,000 in advertising costs for planning applications following more targeted use of advertising and different media
    - Savings of £10,000 in overall vehicle fleet costs, mainly reduced mileage
    - Savings of £11,500 in debt repayments for Aldern House
    - Savings of £50,000 in the matched funding baseline for the South West Peak project (not now required as other matched funding has been found for the current project)
    - A new community grant fund of £5,000 added
    - New on-line help supporting volunteers of £4,800
    - £29,000 is allocated for removal of overlapping spinal points in the grade structure following a review of the pay structure; (the total cost of which over four years is estimated to be £75,000).

- the key dependence is the assumption that National Park Grant will remain inflation protected. The increase in National Park Grant is estimated to be £133,977 should this happen.

- The staff pay award is unknown at this stage and allowance has been made for a 2% increase, with a £50,000 contingency in case the pay settlement is higher. The pay award is not expected to be agreed before April. A pay award at the 2% level is in the region of a £150,000 increase, hence it is easy to see how dependant on an inflation protected National Park Grant the Authority's budget is.

- In addition to the amount paid to an employee, the Authority contributes towards the employees' pensions (at 19.57% of employee pay – approximately £1,203,000 for 2020-21), and also for employers' statutory National Insurance contributions (varies around 7-14% - expected to be a total of £530,000 in 2020-21).

- The 2019 actuarial revaluation results were published in January and the Authority's pension fund is considered to be 101% funded (92% - 2016), but to achieve this an increased level of employer contributions (by 1% – from 18.57% to 19.57% of gross salary costs) is recommended by the Actuary with an objective to maintain funding at this level. The increase in cost is approximately £62,000 and is slightly less than originally estimated (£100,000), and this is also built into the pay budget in Appendix 1. National Insurance payments are based on earnings thresholds and % rates and are revised annually by government. The 2020/21 rates have not been published yet, so the budget has been prepared based on current thresholds and rates; this is not likely to have much effect assuming rates do not change.

- Interest rate assumptions are assumed to increase from the level anticipated in the 19-20 budget, matching levels being achieved currently. Sums are invested with North Yorkshire County Council (as per the Authority report on Treasury Management which is presented in March). This will be monitored during the year as there are some uncertainties over the direction interest rates will take in 2020.

- £71,000 of expenditure is financed from reserves (primarily the slippage reserve) for planned expenditure on temporary staff (enforcement post and communications officer.)

- The Peak District National Park Foundation charity may grant aid some of the

Authority's projects during the year. These sums, if they are granted by the Trustees, are additional contributions and it is expected that they will be ring-fenced for the purposes they were granted. A notional estimate of the income figure (£40,000) is shown in the budget, but is matched by ring-fenced expenditure to the same amount, so that the effect on the baseline budget is nil, demonstrating that the grant income is fully used on the projects grants may be offered for.

- All income targets, some of which remain stretching, need to be achieved, however where services are successful in exceeding their income targets they are encouraged to re-invest these sums during the year in addressing some of the property maintenance backlogs, until such time as the additional income being achieved can confidently be built into budgets and re-directed towards other corporate priorities (if so decided).

- A small non-pay inflation provision of £20,000 is proposed. This allocation remains a very small sum and is therefore precisely targeted largely at unavoidable expenditure increases (e.g. utilities bills, audit fees, licences etc) – it does not offer protection from the effects of inflation for the majority of budgets. Bidding for the funds is done at the Midyear Review stage (November).

- 2019/20 was the first year that the Authority was separately VAT registered in its own right (having benefitted from a "legacy" arrangement which allowed the Authority to be part of Derbyshire County Council's VAT registration). The financial consequence of this may lead to increased costs through not being able to recover as much VAT as when the Authority was part of DCC's registration, because of our smaller size, and a sum of £30,000 is set aside as baseline funding to anticipate this. The Finance team are managing this with external VAT advice. The calculation which achieves this is known as a "partial exemption" calculation and the first payment linked to the 19/20 year will need to be submitted by October 2020 once a complex set of adjustments have been made and approved by HMRC. Currently it is anticipated that a payment will be required, possibly at least £60,000, which will be financed from the amount of £30,000 set aside in the current year's budget, and the same amount within the baseline budget for 2020-21. The impact will make the cost of the Warslow Estate and our Engagement Rangers more expensive as we will be unable to recover VAT on input costs relating to our rental and education income. In time we may be able to mitigate this depending on using available options and more detailed accounting justifications.

- Vacancy savings which arise during the year are retained within the service and the service is encouraged to achieve operational objectives by using the funds left by the vacant post; at the end of the year these savings may be the subject of slippage requests or relinquished for corporate purposes.

8. **The Medium term financial position up to March 2024**

As noted, we await announcements from Defra of our National Park Grant. If inflation protection is given for 2020-21, the current baseline budget is balanced and is not dependent on unplanned reserve allocations, assuming overall income targets are met and grant funding is reclaimed in accordance with approved project expenditure. Only £18,200 of the Appendix 5 savings are required to be used; leaving £200,000 "in hand". However, the effect of higher pay costs makes itself felt over the medium term period, resulting in a level of deficit in the 2021-24 period as shown in the table below. This assumes all other financial pressures arising from the corporate strategy can be met from either external income, capital resources (if capital in nature) or one-off resources which become available at midyear or at the outturn stage.

Consequently, even with inflation protection, a further £120,000 of savings needs to be found for 2021-22 from within the £200,000 savings identified in Appendix 5, leaving £80,000 "in hand". By finding this sum in 2021-22, the deficits in the following years would also be effectively covered, thus inflation protection at the 2% level for National Park Grant over this period would allow for financial stability to be maintained.

With 2 % inflation protection	2020-21	2021-22	2022-23	2023-24
	£	£	£	£
Deficit	*0*	*120*	*116*	*136*

However without inflation protection, the position would be as follows, and as stated in paragraph 5, the situation would quickly become serious and unsustainable if this freeze was sustained over the Spending Review period.

Without inflation protection	2020-21	2021-22	2022-23	2023-24
	£	£	£	£
Deficit	*134*	*391*	*527*	*689*

No inflation protection for 2020-21 only would require savings of £134,000 to be found from within the Appendix 5 total, leaving £66,000 in hand. However if this inflation freeze continues, the following year would require this £66,000 to be used and a further savings schedule of <u>£191,000</u> to be drawn up in order to balance the 2021-22 budget. Further freezes in 2022-23 and 2023-24 would require a further <u>£136,000</u> and <u>£162,000</u> respectively, which over the period represents a £689,000 decrease from the current baseline budget.

Given the year-on-year budget cuts of 2010-2015 the budgets are very tightly drawn and a saving of this magnitude would require a strategic approach, with Members, to achieve. An adverse one year settlement from Defra will leave great uncertainty over what assumptions can be made over the remainder of the Spending Review period. We therefore remain very dependant on some degree of inflation protection in forward budgets continuing.

Further work and reports will be presented to Members when a Defra announcement is made.

Appendix 1

9. The budget headings contained within Appendix 1 are now shown within the Corporate Strategy outcomes, with the budgets structured and reported for costing and budget monitoring purposes according to their separate business units / activities, which are recognisable to Members.

Column K and L show the net budget approved by Members in 2019/20, and the difference respectively. A brief reason for any large difference is highlighted.

Columns M and N show the "support service recharges" and the full cost of the front line service respectively. This is the re-allocation of costs from the support services (shown in the Agile and Efficient Organisation heading) to front line services based on estimates of the level of support to each service. The original methodology for determining this was based on an activity based costing approach, with support service managers asked to brigade their costs into five or six "activity headings" and then to apply suitable "cost drivers" which acted as "proxies" for how costs were incurred by front line services e.g. for finance the cost of the activity of "payment of suppliers" is determined by working out the cost of this activity within the team, which would then be charged out according to the number of purchase invoices processed by each service. This method allows for a better understanding of how the different activities of the front line services create demand for the resources of the support services, and where those demands change, there is a mechanism to understand how the support services need to grow or contract in proportion to the front line services.

10. The "full cost" of the front line service is used as a financial objective for some budgets in line with previous committee resolutions, and understanding the full cost of our individual properties is an important aspect of Local Authority governance and property management and the recent improvements in accounting for these properties as business units continues. Some re-calculations may be necessary as a result of the different management inputs into the properties, and as mentioned above the full cost of the properties also depends on a complex support service recharge model, the calculations for which were made in 2013 and will also need to be updated: the calculations are considered to be sufficiently "indicative" for current purposes.

A number of properties and business units have these financial objectives:-

Service	Financial Objective	Minute Reference
Warslow Estate	100% Full Cost Recovery	Authority 57/14
North Lees Estate	94% Full Cost Recovery	ARP 16/15 and 53/15
Minor Properties	Break – even on direct costs	Authority 57/14
Visitor Services	76% Full Cost Recovery (a combination of the old cycle hire service of 100% and the visitor centres of 70%)	ARP 16/15 and 54/15

11. The Authority depends on some £2.37m of externally generated income (fees and charges) to balance its revenue budget. Services with income targets are expected to increase targets routinely to cope with pay and non-pay inflationary increases in order to maintain margins and stay within established financial objectives, as well as accommodate additional targets approved as part of coping with reduced grant levels. The following considerations were made in reviewing the principal areas of income risk:-

- <u>Engagement Team</u>. Now forming the new Engagement service, the income targets for the old Learning & Discovery team are incorporated into the new service with an education income target of £116,000. The joint ranger agreements with the water authorities total £190,000 and need to be achieved to support the Ranger establishment as per previous years.

- <u>Visitor Services.</u> The combined visitor centres require achievement of an overall income target of £842,000.

- <u>Planning Fees.</u> The level of planning fees depends on the relationship between fees (price) and quantity of applications. Fee increases are centrally determined, and were increased in January 2018. £311,000 of fees are expected in 2020-1, supplemented by £50,000 of pre-application advice.

- <u>Countryside Maintenance & Projects team.</u> This team has an external income target of £39,000, with £50,000 of work being carried out on the Authority's own estates as a matter of prior agreement. For costing purposes this is shown as other income but will comprise a simple annual recharge to the relevant property budgets.

- <u>Countryside Volunteers team.</u> The team retains its income target of £22,000, although it benefits from the sponsorship by Tarmac plc in the medium term, which allows for additional staffing and vehicle running costs.

- Warslow Estate The Warslow Estate maintains its commitment to achieve full cost recovery, requiring a contribution to the estimated corporate support service costs of £56,800. The total cost of the estate is estimated to be £338,000 and the income estimate therefore is £338,000, representing 100% cost recovery.

- North Lees Estate The North Lees estate maintains an income / cost reduction target and aims to recover 89.5% of the full cost of the estate, requiring a contribution to the direct management and estimated corporate support service costs of £85,500. The total cost of the estate is estimated to be £237,700 and the income estimate is £212,700.

- Moors for the Future The Authority's allocation of £105,000 comprises £5,000 support to the Moorlife 2020 project and £100,000 to the core team, but does not meet the full cost of the core staff within the partnership and the business plan is reliant upon other external contracts and agreements for funding the core team and the team's activities into the future (as reported to Programmes and Resources Committee). The Authority's allocation represents approximately 28% of the running costs of the team, and the cash sum allocated therefore forms the basis of the financial objective for the team under the current business plan. The significant expenditure shown under the Moors for the Future projects heading reflects the approximate total value of contracts reported in the Operational Plan seen by Members in the separate Programmes and Resources report. Following a request from the PDNPA's Chief Executive for specific assurance about the funding status of the Moorlife 2020 project a letter has been received on the 9th February 2017 from the Permanent Secretary of Defra stating that this project is underwritten by HM Treasury, in line with a more general undertaking by the Chief Secretary to the Treasury issued in 2016. This means that the project can proceed to conclusion with the significant level of European debt the Authority will carry on its balance sheet underwritten by the UK government (this letter is available as a background document).

- Car Parking income A revised approach to ensuring that users of our car parks have paid correctly for their usage of our facilities was put in place in 2019/20. This has resulted in a smaller than expected increase the Authority's car parking income at all sites. The budget has not been increased however, with 2020/21 retaining the same budget as 2019-20 pending analysis and understanding of the results of the new approach. Any additional income received in 2020/21 will be used to carry out backlog maintenance on the car parks and associated facilities, and then the findings of the review will feed into the 2021-22 budget planning.

- Income levels from trading and fees are monitored by the Budget Monitoring group through the year.

Financial Planning for 2020/21: Capital

12. The Chief Finance Officer's report on application of the Prudential Code for Capital Finance is reported to the March Authority meeting, and his day to day responsibility for Treasury Mgt is set within the constraints of the Treasury Management Policy, which forms part of the same report.

In December 2015 the Authority approved a revised Capital Strategy paper covering key principles and working assumptions over the current corporate strategy period, and a prospective Capital Programme financed from a combination of borrowing and capital receipts.

13. Following this report the Resource Management Meeting has delegation to approve projects under £150,000 within the Capital Programme, financed from either borrowing or the Capital Fund. Projects above that sum will require further committee approval. The principal schemes Members have approved in the current Capital Programme were borrowing of up to £330,000 for the Castleton Visitor Centre project (ARP Minute 18/16); £600,000 from the Capital Fund for Trails infrastructure (ARP Minute 51/16); £271,000 mainly from the Capital Fund for Pump Farm estate base (ARP Minute 13/18), £370,000 borrowing for Development of Millers Dale station (ARP Minute 21/18), and borrowing for replacement of vehicles up to £450,000 (ARP January 2019 Minute 04/19). Members also approved a £321,000 grant aided project for Millers Dale goods shed (Authority Minute 16/19. The outturn report to the Authority in May contains a summary of all delegated borrowing approvals.

14. In respect of disposals which are required to achieve the Capital programme financing Woodlands which can securely be returned to private ownership whilst retaining conservation benefits continue to be sold (as per ARP Minutes 32/15 & 75/16) and Members approved a similar approach to other land properties which could be transferred to other responsible owners (ARP Minute 50/17). Members also approved in September 2019 (ARP Minute 09/19) the disposal of Lower Greenhouse Farm which was a legacy of substantial value left to the Authority. The use of this legacy will be informed by the next capital strategy, which will need to be prepared during 2020 following adoption of the new Asset Management Plan.

15. Following accounting convention and the introduction of the prudential code for capital finance all capital expenditure is separated from the revenue budget in Appendix 1, and is shown in the capital budget in Appendix 2. The only capital items shown in the Revenue Budget are the debt charges and revenue financing of capital expenditure. Appendix 2 only shows capital expenditure which has been approved.

Financial Planning for 2020/21 – Financial Position - Reserves

16. Clause 25 of Part 2 of the Local Government Act 2003 requires the Chief Finance Officer to report to Members, when calculating the net budget requirement, on the level and adequacy of cash reserves. The full level of reserves is reported to Members in the outturn report in May and the financial accounts to the same meeting. The level of cash backed reserves are carefully managed and the situation at the end of 2020/21 is envisaged to be:-

£,000	**Actuals at 31/03/19**	**Estimates at 31/03/21**	**Difference**
General Reserve	657	309	(348)
Minerals & Legal Reserve	540	445	(95)
Restructuring Reserve	61	0	(61)
Capital Reserve	1,364	1,039	(325)
Matched Funding Reserve	1,271	814	(457)
Slippage	1,281	891	(390)
Specific Reserves	1,076	829	(247)
Restricted Reserves	119	23	(96)
Total	**6,369**	**4,350**	**(2,019)**

17. The reduction in reserves is about 32% of the 31/03/2019 figure and arises predominantly from planned use of the Capital Reserve, the Matched Funding Reserve (mainly the investment allocations) and normal use of the Specific Reserves.

The General Reserve has traditionally been calculated on the basis of a minimum recommended level which is 2% of net expenditure (c. £140,000), with a trading contingency of £75,000, giving a base level of £215,000. The expected level in 2021 is considered to be satisfactory given the current complex mix of activities within the revenue budget. The reduction arises because £309,000 of investment allocations was retained in the General Reserve rather than being moved to the Matched Funding Reserve. The level of the reserve is reviewed annually to take account of the availability of other reserves, the degree of income risk, the degree of risk underlying budget assumptions, and the availability of other contingencies.

18. The Minerals & Legal Reserve contains funds anticipated to be required to handle a number of minerals and other legal cases (e.g. Rights of Way and Compulsory Purchase Orders) over the spending review period and the levels potentially required are kept under regular review by Resource Management Meeting. The reserve needs to be maintained at a level which allows a degree of financial resilience in handling a number of cases without immediate recourse to re-allocation of baseline resources which would disrupt other priorities, especially when those resources are under pressure from saving imperatives.

19. The Restructuring Reserve is used for statutory redundancy and superannuation fund shortfall payments and was essential in providing the one-off resources needed to support the transition to a lower baseline and restructuring. Staff changes resulting in payment of superannuation shortfalls and / or redundancies are expensive. There may be a limited ability to top up the reserve from the superannuation control account, if the balance is in credit at year end.

20. The Capital Reserve is only available to support capital expenditure. The level of the reserve has increased following the sale of a number of woodlands. The Capital Strategy estimated capital receipts of up to £1.7m could be available for allocation to the current Capital Programme, although only £1.1m was recommended for allocation in the programme. The estimated reserve level shown is based on a balance between receipts estimated to be received by 31/03/2021, and capital expenditure proposed to have been spent. Progress on capital receipts is considered to be capable of achieving the £1.1m allocated. A base level of £100,000 is considered to be an acceptable minimum allowing a small cash reserve for emergency capital expenditure; it is also desirable to maintain the capability to substitute some of the reserve (e.g. a further £100,000 p.a.) to replace revenue financed capital in order to allow some flexibility for emergency revenue sums.

21. The Matched Funding Reserve is used to earmark funds for commitments already made for matched funding payments to external funding projects, and has also been used as the temporary home for one-off sums requiring agreement on allocation against priorities. The timing of expenditure for the approved allocations varies, with the earmarked sums for future years retained in the reserve. The reserve increased in size over the medium term period, mainly because of the investment sums approved by Members in previous budgets, but also taking account of the fact that there are some large matched funding requirements over this period as well; the reserve is expected to diminish as the one off sums are spent. The contingency for the Moorlife 2020 project (£500,000) is retained within this reserve.

22. The Slippage Reserve is a temporary year-end balance arising from the deferral of expenditure between financial years. The funds are all committed and are allocated into budgets in the next financial year, once slippage requests have been approved at the May Authority meeting. The level is expected to remain quite high in the interim period, but less than the position at 31/03/2019.

23. The Specific Reserves are used to support individual service areas and each reserve's objective and planned usage is reported to the Authority in May. Specific reserves, although earmarked for specific purposes, are available to support any Authority priorities as required in an emergency, subject to any commitments already made from them. As tighter financial objectives are set for the property portfolio and other business units, it is considered important that the property managers have access to a specific reserve, to allow them to manage and achieve their financial objective between financial years without impacting on corporate reserves.

24. Higher than usual reserve levels are a necessary consequence of future uncertainty over resource provision, as prevails currently. There will always be a need to ensure that reserve levels are strong when public funding rounds are heavily influenced by cyclical economic circumstances. Reserve levels are only available as one-off sources of finance and cannot be relied upon to balance future budgets except on a temporary basis.

The Authority's ability to make use of the Prudential Borrowing powers is also significantly helpful in achieving invest-to-save proposals, ensuring that access to capital finance allows sensible investment decisions to proceed.

Are there any corporate implications Members should be concerned about?

25. The financial, property, sustainability and human resource implications of the budget are integrated and planned by the Resource Management Meeting and the budget for 2020/21 includes all relevant matters arising from these plans, as well as all previous Member resolutions.

Risk Management

26. Clause 25 of Part 2 of the Local Government Act 2003 also requires the Chief Finance Officer to report to Members, when calculating the net budget requirement, to advise on the robustness of the estimates made. Relevant factors include the previous year's outturn; pay & price increases; pension contributions; the revenue impact of capital investment; realistic income assumptions; the internal financial control environment; audit conclusions; and the overall public sector financing climate. Part of this assurance is gained from the Annual Governance Statement, the Risk Register reported quarterly, the Head of Finance's involvement in all financial planning matters, and other relevant discussions with the Senior Leadership Team.

27. The Authority's reliance on external income targets and estimates always remains a key risk area and as is usual, is carefully monitored by the Budget Monitoring Group during the year, especially where additional savings targets have been identified. The Moors for the Future team's continuing ability to handle very significant project expenditure remains important, in order to meet grant and contractual conditions, and to finance its core team.

28. The 2020/21 budget is less robust than in previous years because of uncertainty over National Park Grant provision despite the September 2019 Spending Round announcements. The 2020-21 year can be balanced with the use of Appendix 5 savings, if necessary, but the Authority remains very reliant on inflation protection in its principal grant from Defra. The Authority awaits the next settlement before it is able to set out a medium term financial position with confidence.

29. **Background Papers**
Letter of Permanent Secretary Defra re Moorlife 2020 project 9th February 2017

Appendices -

Appendix 1 Revenue Budget
Appendix 2 Capital Budget
Appendix 3 Explanation of Appendix 1
Appendix 4 Breakdown of Baseline Budgets
Appendix 5 Proposed Savings to Balance Baseline Budget 2020-21

Report Author, Job Title and Publication Date

Philip Naylor, Chief Finance Officer, 6 February 2020