Agenda Item 11

Report NPA22/23-23

Report to	**South Downs National Park Authority**
Date	**30 March 2023**
By	**Chief Finance Officer**
Title of Report	**Revenue Budget, Capital Strategy and Treasury Management Strategy 2023/24 and Medium Term Financial Strategy 2023/24 - 2027/28**

Decision

Recommendation: The Authority is recommended to:

1. **Approve the Revenue Budget 2023/24 of £9.769 million including a contribution to General Reserves of £0.717 million as detailed in paragraphs 3.1 to 3.29 and Appendix 1.**

2. **Approve the Capital Strategy 2023/24 including new capital projects totalling £0.684 million and capital variations of £0.105 million – a total of £0.789 million of capital investment - recommended by Policy & Resources Committee, as detailed in paragraphs 3.1 to 3.29 and Appendix 2.**

3. **Approve the Treasury Management Strategy 2023/24 at Appendix 3 as recommended by Policy & Resources Committee.**

4. **Approve the planned use and creation of reserves as detailed in paragraph 3.19 and Appendix 4.**

5. **Note the Medium Term Financial Strategy 2023/24 - 2027/28 at Appendix 5.**

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1 Introduction

1.1 The Authority is required to set a balanced budget before the start of a new financial year in accordance with legislation. This report sets out the South Downs National Park Authority's (the Authority) proposed budget for the 2023/24 financial year and the five year Medium Term Financial Strategy for the period 2023/24 - 2027/28.

1.2 In accordance with financial regulations, the Chief Finance Officer is responsible for preparing annually a detailed revenue and capital budget, and medium-term financial projections which take account of known and estimated resources for consideration and approval by the Authority. In terms of financial planning, the key elements of this are:

- The revenue budget;
- The Capital Strategy;
- The Treasury Management Strategy;

- The Medium Term Financial Strategy.

2 Policy Context

2.1 The budget has been developed in accordance with the authority's agreed budget framework alongside the Corporate Plan and the Partnership Management Plan (PMP) in order to ensure that the budget aligns with the authority's priorities and objectives.

2.2 The budget has been developed in the context of priorities further informed by two Member Budget Workshops (December 2022 and January 2023) and to align with the Corporate Plan.

2.3 The basis for the revenue expenditure is the pursuit of the statutory purposes for which National Parks were designated under the Environment Act 1995. Section 65 of the Act determines the purposes as conserving and enhancing the natural beauty, wildlife and cultural heritage of national parks, and of promoting opportunities for the understanding and enjoyment of the special qualities of those parks by the public. In pursuit of these dual purposes, the Authority also has a duty to foster the economic and social well-being of local communities within the national park.

3 Issues for consideration

<u>Revenue Budget 2023/24</u>

3.1 The 2023/24 Revenue Budget is detailed at **Appendix 1.** The revenue budget 2023/24 is a net budget of £9.769 million, funded by the National Park Grant of £10.486 million and a contribution to general reserves of £0.717 million. The proposed contribution to General Reserves is due to budget savings generated by the park restructure with the reduction in fixed costs and forecast additional income for the Green Finance Project. It is also necessary to provided headroom for the 2023/24 and 2024/25 pay awards alongside other increasing costs.

3.2 DEFRA have confirmed the National Park Authorities' grant allocations for the 2023/24 financial year at £10.486 million – the same level of funding as for the current financial year (2022/23) and the previous two financial years. However, DEFRA have also belatedly announced an additional £0.440 million as part of a national allocation to National Parks to support the increasing costs of fulfilling statutory purposes. As this funding has been announced at the end of the financial year and is subject to a claims process, it will not be expended in 2022/23 and will be automatically carried forward to support the 2023/24 budget.

3.3 The medium term financial planning of the Authority means that, despite a zero increase in the DEFRA grant settlement, the 2023/24 budget is still able to identify funding towards the delivery of projects in pursuit of the PMP objectives. Future year grant allocations are not known and the Medium Term Financial Strategy similarly assumes a zero rate increase ('flat cash') for the five year period.

3.4 The Authority has a 'best value duty' to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Authority therefore continues to adopt a prudent approach to budget setting, and cost savings have been reflected in the budget proposals where appropriate.

3.5 Due to the size and nature of the budgets, the Authority has worked hard to achieve financial sustainability, plan for the future and maintain some flexibility to fund one-off projects and unexpected costs. All budgets have been reviewed regarding the extent to which they are currently committed and to identify the recurring requirements over the medium term. This process has identified the requirement for short term funding for one-off proposals as well as a number of permanent budget changes, which have been reflected in the budget proposals.

3.6 The 2023/24 budget covers the current staffing establishment of 146 full time equivalent posts, which includes a number of time limited funded posts and 6 full time equivalent apprenticeships. At the budget workshop Members were keen to ensure that the pay award delivered a proportionately higher increase in staff remuneration at the lower pay scales. The proposal in the budget therefore includes a £1,000 flat rate lump sum payment for all staff and 4% for Performance Related Pay (PRP), the amount of which has increased slightly since the workshop due to greater than anticipated availability of reserves. Staffing budgets are the most significant element of the Authority's expenditure budgets and therefore provision for cost-of-living increases is an important factor for both budget planning and recruitment and retention of a skilled workforce. When this level of award is translated into the provision in the Medium Term Financial Strategy at **Appendix 5** the total provision for cost of living pay awards (including a performance related element) is 7.4% in 2023/24, 6% for 2024/25, and 1% from 2025/26 to 2027/28, the later years reflecting lower projected Office of Budget Responsibility inflation forecasts.

Capital Strategy 2023/24

3.7 The Prudential Framework requires the Authority to produce a Capital Strategy which must be presented to and approved by the Authority each year. The purpose of the Capital Strategy is to provide a single place for transparency and accountability of the Authority's non-financial investments and capital investment programme, including any commercial investments or loans to third parties.

3.8 The aim of the Capital Strategy is to ensure that members are fully conversant with the risks of non-financial investments and are aware of how the risks are proportional to the Authority's core services activity. The Capital Strategy is provided at **Appendix 2** and includes:

- The Governance & Risk Framework associated with capital investments;
- The principles and strategy associated with capital investment;
- The proposed Capital Programme covering the Medium Term Financial Strategy period of 2023/24 - 2027/28.

3.9 The Capital Programme supports priorities informed by the Member Budget Workshops and outcomes identified in the PMP. The key priorities for capital expenditure over the medium term include the investment in the Seven Sisters Country Park, and the ongoing vehicle replacement programme.

Treasury Management Strategy 2023/24

3.10 Part 1 of the Local Government Act 2003 requires the Authority to adopt and comply with the requirements of the 'Code of Practice for Treasury Management in the Public Services' issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and to comply with investment guidance issued by the Secretary of State. Part of the treasury management operation is to ensure that cash flow is adequately planned with cash being valuable when needed to meet the approved revenue and capital spending commitments as set out in this report.

3.11 The Treasury Management Strategy 2023/24 now incorporates statements in anticipation of the Authority potentially undertaking borrowing in the 2023/24 financial year to fund its capital financing requirements. These statements include a Borrowing Strategy, Prudential and Treasury Indicators, and a Minimum Revenue Provision Policy.

3.12 Policy & Resources Committee agreed at its meeting of 23 February 2023 to recommend that the Authority approve the Treasury Management Strategy 2023/24 at **Appendix 3** to this report (amended for the final proposed figure for 2023/24 capital investment of £0.789 million – originally £0.590 million - and associated borrowing requirement £0.410 million – originally £0.560 million).

3.13 The proposed investment periods within the Annual Investment Strategy take into account the Authority's expected cash flows including its net revenue outgoings versus grant income, capital expenditure plans, expected use of earmarked reserves including CIL allocations, and project and programme spend. It also accounts for the need to hold some cash in respect of risk reserves (Working Balance and Planning Reserve) and allows for the current policy of utilising cash balances to minimise any need to borrow. Taking all these factors into account, maximum investment periods of 12 months are still considered appropriate to minimise the risk of cash not being available when required.

Review of Reserves

3.14 A schedule of all the reserves held by the Authority is shown in Appendix 4 which shows, for each reserve, the approved purpose for which it is held, the forecast opening balance, anticipated movement during the year and forecast closing balance.

3.15 The Authority holds reserves for two main purposes:

- A working balance to temporarily cover major unexpected items of expenditure on emergencies;
- Earmarked reserves set aside for a range of specific purposes such as mitigating planning appeal risks, future one-off events and funding the capital programme (capital reserves).

3.16 It is essential that the Authority puts in place appropriate levels of reserves to provide the necessary safety net for potential risks, unforeseen issues or other circumstances. Determining the appropriate levels of reserves is not a precise exercise nor determined by formula, but must be a professional judgement based on local circumstances, including the overall budget size, assessed risk in the robustness of budget estimates and assumptions, other reserves and provisions, and the Authority's budget management track record.

3.17 The working balance must last the lifetime of the Authority unless contributions are made from future years' revenue budgets and is based on approximately 5% of core funding including the DEFRA National Park Authorities Grant and estimated annual planning income. Taking the factors outlined above into account, it is considered by the Chief Finance Officer that maintaining the current working balance at £595,000 for the 2023/24 financial year therefore remains prudent and reasonable.

3.18 The 2022/23 revenue forecast position reported as at month 9 to Policy & Resources Committee was an above budget variance of (£107,000) which includes the cost of transition estimated at £500,000. An above budget variance at the end of the financial year would reduce the reserves position and therefore have implications for the Medium Term Financial Strategy of the Authority. The final 2022/23 outturn position will not be known until the completion of the accounts for the 2022/23 financial year and transfers to reserves will be reported as part of the budget monitoring outturn report to Policy & Resources Committee. At the current time, the proposal is to allocate any remaining funds in the Transition Reserve to an Invest-to-Save Reserve. These judgements have been informed by two Member Budget Workshops held on 14 December 2022 and 31 January 2023. A separate Invest to Save paper (agenda item 10) provides details of the proposals and approval requests.

3.19 Accordingly, this report seeks approval to:

- approve the setting up of a new Invest-to-Save Reserve to support long-term economic savings with invest-to-save opportunities.
- transfer (£1.157 million) from the General Reserve and £0.283 million from the available Transition Fund to the new Invest-to-Save Reserve (totalling £1,440 million) to fund the following Projects:
  - Energy Efficiency Project £0.129 million, AV Equipment replacement £0.035 million, SDC Cladding £0.150 million, Electric Buggy, Cut and Collect machine and Micro Tractor £0.050 million, Sewage Treatment £0.250 million, Centurion Way £0.450 million and Central area office accommodation £0.040 million;
- transfer the balance of the Transition Fund £0.203 million to the following reserves:
  - £0.100 million to the Trading Company Borrowing Reserve to continue to support the relatively new company in the early stages of its business development;
  - £0.047 million to the Vehicles & Renewals Reserve to fund the purchase of 2 vehicles in 2023/24, and;
  - £0.056 million to the Strategic Fund reserve to fund and support further projects.

Medium Term Financial Strategy

3.20 The Medium Term Financial Strategy (MTFS) is set out in **Appendix 5** and shows projected changes in commitments, savings and grant income for 2023/24 to 2027/28. The forecasts in the MTFS reflect forecast DEFRA National Park grant allocations and also assumptions made for other expenditure and income over the period.

3.21 The revenue principles set out in the strategy underpin the approach to budget setting and support the Authority in maintaining financial stability over the period.

3.22 The MTFS will continue to seek flexibility within the overall budget whilst continuing to fund short term and one-off projects, identify savings, maximise potential income opportunities and provide flexibility for PMP priorities. The MTFS includes indicative allocations for ongoing investment in projects and contributions to strategic priorities; this includes the minimum contribution for Strategic Fund Projects to meet PMP objectives.

3.23 The MTFS reflects a number of initiatives and efficiency savings including:

- Applying an appropriate turnover rate to salary budgets to reduce the extent of in-year underspending as well as unlocking additional resources for the Authority;
- A proactive approach to maximising income opportunities including potential income from corporate sponsorship and donations, as well as continued financial support for the South Downs National Park Trust to maximise fundraising opportunities through corporate sponsorship and donations;
- Ongoing review of the performance and value for money provided under corporate contracts, including payments to other Local Authorities for planning services, and;
- Maximising the opportunity to bid for external funding sources, in line with the Authority's duty and purpose.

Report of the Chief Finance Officer under Section 25 of the Local Government Act 2003 – Robustness of Estimates and Adequacy of Reserves

3.24 Section 25 of the Local Government Act 2003 requires the Authority's appointed Chief Finance Officer to report on the robustness of the estimates included in the budget and the adequacy of the proposed financial reserves.

3.25 There is inevitably an element of judgement required, as budget estimates of spending and income are made at a point in time and may change as circumstances change. This budget has been developed based on practical experience, guidance from the two Member Budget Workshops, and the financial management track record of the Authority over recent years, including the detailed in-year budget monitoring. Other factors taken into account in determining the budget requirement include pension and national insurance contributions, income assumptions, and pay and price increases.

3.26 While the level of development management activity is difficult to predict, its effect on the Authority's overall financial position is to an extent being managed through activity-based S101 Planning Agency Agreements with other authorities. In addition, the planning reserve is available to mitigate this risk in the short term. In the longer term, efficiency savings or increased income from discretionary fees would be required to offset any growth that could not be covered by fee increases.

3.27 In relation to budget estimates, the Chief Finance Officer has examined the budget proposals and believes that the assumptions used in the development of the budget are appropriate and reasonable and that the estimates are therefore robust and prudential.

3.28 The recommendation on the prudent level of working balance has been based on the robustness of estimates information and a risk assessment of the budget.

3.29 The earmarked reserves cover a range of areas and have been reviewed to ensure they are set at appropriate levels for the requirements of the organisation and their intended purpose. For example, earmarked reserves in relation to Planning provide resources for unexpected expenditure that cannot be funded within the base budget in any particular year. As normal, reserves will be reviewed again as part of the closure of the 2022/23 accounts.

4 Options & cost implications

4.1 Budget options and their cost implications have been considered and developed in the context of the medium term financial position of the Authority and priorities informed by Members' Budget Workshops to align with the Corporate Plan and PMP.

5 Next steps

5.1 The Authority's projected income and expenditure compared with the approved 2023/24 budget will be reported at least four times to the Policy & Resources Committee.

6 Other implications

Implication	Yes*/No
Will further decisions be required by another committee/full authority?	No
Does the proposal raise any Resource implications?	Resource implications are contained in the report and its appendices.
How does the proposal represent Value for Money?	Internal controls and governance are in place to ensure the economical, efficient and effective use of resources.
Which PMP Outcomes/ Corporate plan objectives does this deliver against	The budget paper allocates available resources across Corporate Plan priorities and PMP objectives.
Links to other projects or partner organisations	None
How does this decision contribute to the Authority's climate change objectives	The budget allocates available funds to climate change objectives identified within the Corporate Plan and PMP.
Are there any Social Value implications arising from the proposal?	Not directly applicable to decisions in this report, however, the requirements of the Public Services (Social Value) Act 2012 will be considered for appropriate expenditure and programmes undertaken by the Authority.
Have you taken regard of the South Downs National Park Authority's equality duty as contained within the Equality Act 2010?	There are no implications arising directly from this report. The Authority's equality duty shall be taken into account in respect to all expenditure and programmes undertaken by the National Park Authority.
Are there any Human Rights implications arising from the proposal?	Not directly applicable to decisions in this report, however, Human Right implications relating to all expenditure and programmes undertaken by the Authority should be considered.
Are there any Crime & Disorder implications arising from the proposal?	No
Are there any Health & Safety implications arising from the proposal?	No

Implication	Yes*/No
Are there any Data Protection implications?	No
Are there any Sustainability implications based on the 5 principles set out in the SDNPA Sustainability Strategy? 1. Living within environmental limits 2. Ensuring a strong healthy and just society 3. Achieving a sustainable economy 4. Promoting good governance 5. Using sound science responsibly	Sustainability issues have been considered in the development of the outcomes included within the Corporate Plan and PMP and these proposals identify the resources available to deliver those outcomes.

7 Risks Associated with the Proposed Decision

7.1 All of the projections within the report and appendices are based on the best information currently available, however, there is inevitably some uncertainty. The Chief Finance Officer's consideration of the robustness of estimates and the adequacy of reserves is described within the report. Part of this judgement includes identification of potential risks and an assessment of their impact and mitigation. The risk scoring key and assessment of risks are set out in the table overleaf.

Risk Scoring Key	
Likelihood	**Likelihood of Occurrence**
Rare (1)	Highly unlikely. It could happen but probably never will.
Unlikely (2)	Not expected but a slight possibility.
Possible (3)	The event might occur at some time.
Likely (4)	There is a strong possibility the event will occur.
Almost Certain (5)	The event is expected to occur in most circumstances.
Impact	**Example Descriptor of Impact**
Insignificant (1)	Basic first aid required, less than £100 financial impact, reputation remains intact.
Minor (2)	Short term injury to 1 or 2 people, minor localised disruption lasting less than 24 hours, between £100-£1,000, minimal reputation impact.
Moderate (3)	Semi-permanent disability, affects between 3-50 people, high potential for complaints, financial burden between £1,000 and £10,000, litigation possible.
Major (4)	Causing death serious injury or permanent disability. Service closure for up to one week, significant financial burden, national adverse publicity, litigation expected.
Catastrophic (5)	Multiple deaths, financial burden over £100,000, international adverse publicity, widespread displacement of people (over 500), complaints and litigation certain.

Risk	Likeli-hood	Impact	Mitigation
Potential Risk Affecting 2023/24 Budget			
Planning income reduced below amount predicted by up to 5% (demand led)	2	4 (approx. £63k reduction in income)	Would require reductions in the budget (i.e. increased savings) for the following year, or replacement income, where there are not corresponding expenditure reductions in Delegated Agreement contract costs. Monitoring of statutory fee income on a quarterly basis is undertaken. Increased fees from pre-apps etc. could offset reductions in overall application numbers.
Overspend on Major Projects	1	4 (10% would be approx. £15k)	Would require reductions in the budget (i.e. increased savings) for the following year or increased contributions from reserves. Budget monitoring for all major projects is undertaken. Current projects are relatively low risk and mitigation can be put in place to contain any individual cost overruns within overall budget. Programme Manager in place to oversee projects.
Potential Risk Affecting Medium Term Financial Strategy			
National Park Grant reduces by up to 5%	2	5 (approx. £524k reduction in income per year)	Would require reductions in budgets (i.e. increased savings) possibly over several years. A watching brief is maintained on existing and emerging attitudes in Government to National Park funding. Worst case would mean trimming of non-essential spend from the operational budget, delay or cancellation of programmes contributing to the delivery of PMP and / or no further increase to reserves over the MTFS.
Planning income reduced below amount predicted by up to 5%	2	4 (approx. £63k reduction in income per year)	Would require reductions in the budget (i.e. increased savings) for the following years. Monitoring of statutory fee income on a quarterly basis is undertaken. Increased fees from pre-apps and corresponding reductions in Delegated Agreement contract costs could offset reductions in overall application numbers. The predictions for planning income over the medium term are reasonably challenging and are volatile to economic conditions.
Staff salaries increased by more than budgeted in the MTFS	3	4 (1% would be approx. £75k per year)	Would require reductions in the budget (i.e. increased savings) for the following year. SDNPA is not covered by National Pay Bargaining therefore this risk is within the control of SDNPA. However, if inflation increases over the medium term, pressures

			and retention issues may force a review of current policy.
Increase in non-staff costs on like for like basis above estimated inflation	4	4 (1% would be approx. £58k per annum)	Would require reductions in the budget (i.e. increased savings) for the following year. Most non-staff costs are covered by long term contracts, which do not contain inflation indices. Continued inflationary pressure would be felt at the end of contracts, most of which will be due for renewal over the medium term. The policy will still be to offset within increased efficiencies.
Overspend on Major Projects	3	4 (10% would be approx. £5k)	Would require reductions in the budget (i.e. increased savings) for the following year or increased contributions from reserves. Budget monitoring is in place for all major projects. Current projects are relatively low risk and mitigation can be put in place to contain any individual cost overruns within overall budget. New projects may involve major construction with all of the risk inherent in this, and SDNPA will need appropriate skills / knowledge to effectively manage those risks.

NIGEL MANVELL

Chief Finance Officer

South Downs National Park Authority

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Appendices	1. Revenue Budget 2023/24 2. Capital Strategy 2023/24 3. Treasury Management Strategy 2023/24 4. Review of Reserves 2023/24 5. Medium Term Financial Strategy 2023/24 to 2027/28
SDNPA Consultees	Chief Executive; Director of Countryside Policy and Management; Director of Planning; Chief Finance Officer; Monitoring Officer; Legal Services, Head of Finance and Corporate Services
External Consultees	None
Background Documents	This report is presented in accordance with the Authority's Financial Regulations and Standard Financial Procedures.

REVENUE BUDGET 2023/24

Revenue Budget 2022/23 Original Budget (Net) £'000	Service Area	2023/24 Revenue Budget						
		2023/24 Adjust' Core Budget* £'000	2023/24 Core Commit-ments £'000	2023/24 Savings £'000	2023/24 Other Adjust-ments £'000	2023/24 Core Budget £'000	2023/24 Short-Term Commi t-ments £'000	2023/24 Total Net Budget £'000
3,943	Corporate Strategy	3,927	130	(43)	0	**4,014**	(157)	**3,857**
0	Corporate Strategy – Seven Sisters Country Park	0	0	0	0	0	0	0
2,840	Countryside Policy & Management	2,970	(225)	(161)	0	**2,584**	(391)	**2,193**
3,602	Planning Services	3,532	87	(3)	0	**3,616**	103	**3,719**
300	Programme Theme Boards	0	0	0	0	**0**	0	**0**
10,685	**Net Cost of Services**	**10,429**	**(8)**	**(207)**	**0**	**10,214**	**(445)**	**9,769**
(10,486)		National Park Grant						**(10,486)**
(199)		Contribution to / (from) Reserves						**717**
0		**Net Authority Budget**						**0**

The table has minor visual roundings.

Revenue Budget 2023/24 Subjective Analysis by Service Areas

2022/23 Original Budget (Net) £'000	Service Area	2023/24 Revenue Budget					2023/24 Budgeted Staff
		Employee Costs £'000	Other Expend-iture £'000	Total Expend-iture £'000	Total Income £'000	Total Net Budget £'000	FTE
3,943	Corporate Strategy	2,374	1,969	**4,343**	(486)	3,857	**49.59**
0	Corporate Strategy – Seven Sisters Country Park	354	122	**4476**	(447)	0	**9.16**
2,840	Countryside Policy & Management	2,361	1,962	**4,323**	(2,130)	2,193	**50.72**
3,602	Planning Services	2,102	2,952	**5,054**	(1,335)	3,719	**36.41**
(10,486)	Defra Grant	0	0	**0**	0	0	**0**
300	Programme Theme Boards	0	0	**0**	(10,486)	(10,486)	**0**
(199)	**Total**	**7,191**	**7,005**	**14,166**	**(14,883)**	**717**	**145.88**

The table has minor visual roundings.

Revenue Budget 2023/24 Subjective Analysis

2022/23 Original Budget (Net) £'000	Subjective Area	2023/24 Revenue Budget by Subjective		
		Core Budget £'000	Short Term Budget £'000	Whole Budget £'000
7,177	Direct Employees	6,767	424	**7,191**
200	Indirect Employees	200	51	**251**
323	Premises Related	373	0	**373**
170	Transport Related	164	5	**169**
2,672	Supplies and Services	1,748	1,386	**3,134**
2,963	Third Party Payments	2,935	87	**3,022**
14	Capital financing Costs	27	0	**27**
13,518	**Total Expenditure**	**12,213**	**1,953**	**14,166**
(11,255)	Government Grants	(10,582)	(444)	**(11,026)**
(623)	Other Grants and Contributions	(462)	(984)	**(1,446)**
(1,352)	Customer Client Receipts	(1,352)	(645)	**(1,997)**
(90)	Interest	(90)	(325)	**(415)**
(13,320)	**Total Income**	**(12,485)**	**(2,398)**	**(14,883)**
199	**Net Budget**	**(272)**	**(445)**	**(717)**
(199)	**Contribution to/ from Reserves**	**272**	**445**	**717**
0	**Grand Total**	**0**	**0**	**0**

The table has minor visual rounding's.

Corporate Strategy

The proposed 2023/24 net revenue budget for Corporate Strategy is £3.857 million. The budget for this service area includes the Chief Executive budget, staffing, premises costs and contract costs for outsourced services such as ICT, legal services, monitoring officer and financial services. The budget reflects core commitments of £0.130 million relating to salary changes. Savings of (£0.043 million) are included for a reduction in property services due to the closure of Brinsbury area office. The short term budget of (£0.157 million) is due to the increase in investment income.

Corporate Strategy - Seven Sisters Country Park

The Corporate Strategy - Seven Sisters Country Park budget holds a number of transactions in respect of Seven Sisters Country Park. The trading company – South Downs Commercial Operations Ltd - continues to have responsibility for all operations within the Country Park under an operating agreement with the park. The park will continue to employ staff at Seven Sisters Country Park and make other payments in respect of annual fees to East Sussex County Council, building maintenance and insurance, etc. All these costs will be charged back to Seven Sisters Country Park and the balance will net zero.

Countryside Policy and Management

The proposed 2023/24 net budget for the Countryside and Management service is £2.193 million. The priorities for the directorate are to concentrate the work of the slimmed-down teams on the High-Level Targets of the Corporate Plan: Nature Recovery, Climate Action and National Park for All, and to work with the Trust to generate new sources of external income. This focus applies to Strategy Leads and their associated staff, and to the three Area Ranger Teams. At the same time, the directorate is simplifying and streamlining its reporting and monitoring systems to align better with the above and with the new reporting requirements being developed by Defra and Natural England. The budget reflects core saving of (£0.225 million) relating to staff changes. Savings of (£0.161 million) are due to the staff changes and reductions in budgets across Rangers Services due to the closure of an area office, reductions in transport and subsistence costs, and reductions in Performance and Projects team budgets. The short term budget of (£0.391 million) is income received for Projects such as Green Financing.

Planning Services

The proposed 2023/24 net budget for the Planning Service is £3.719 million which includes staffing, payment to Local Authorities for the delivery of the planning function and other expenditure and income to support the delivery of the development management service and planning policy (including Local Plans, duty to cooperate, and community led plans), the Community Infrastructure Levy (CIL) and the duty on social and economic wellbeing (through the Sustainable Futures Team). Savings totalling (£0.003 million) are minor savings in transport costs. There is a short term budget commitment of £0.103 million for Mineral and Waste policy reviews for several local authorities and increase in Legal fees.

The overall planning income budget for 2023/24 is £1.335 million. Income levels are demand led and dependant on the number of applications and major developments within the Souths Downs region, and therefore largely dependent on the prevailing economic conditions. The risk to income levels is mitigated to some extent by the pay-by-application S101 Planning Agency Agreements as demonstrated in 2021/22 following the impact of the pandemic.

CAPITAL STRATEGY 2023/24

1. Background

1.1. Chartered Institute of Public Finance and Accountancy (CIPFA)'s Prudential Code for Capital Finance in Local Authorities and the Department for Levelling Up, Housing and Communities (DLUHC) investment guidance require all local authorities to prepare a capital strategy report which demonstrates that the authority:

- takes capital expenditure and investment decisions in line with service objectives;
- takes account of stewardship, value for money, prudence and affordability;
- sets out the long term context in which capital expenditure and investment decisions are made;
- gives due consideration to both risk and reward and the impact on the achievement of priority outcomes.

1.2. The aim of the capital strategy is to ensure that all members of the authority fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

1.3. This capital strategy is reported separately from the Treasury Management Strategy; this ensures the separation of the core treasury function (security, liquidity and yield principles) and the approach to capital investment.

1.4. This report covers the impact of capital investments focussing on the authority's core activities. Treasury investments and associated risks are covered under the authority's Treasury Management Strategy set out in **Appendix 3** to this report.

2. Governance Framework

2.1. The authority's financial regulations and procedures set out the framework of control, responsibility and accountability for the proper administration of the authority's financial affairs. Under the financial regulations and procedures, the Chief Finance Officer and Directors are jointly responsible for ensuring a capital programme is prepared and considered by the full authority.

2.2. Further to this, the authority's Financial Procedures define the key controls around the management of the authority's financial affairs, including the capital programme. The key controls for the capital programme are:

- specific approval by the authority for the programme of capital expenditure, in conjunction with the annual revenue budget, outlining the phasing of expenditure and the sources of funding;
- reports of schemes and estimates, including options appraisals, project plans, progress targets and associated revenue expenditure are prepared for each capital project, for approval by the full authority;
- no new capital scheme proceeds unless all required finance and other necessary approvals have been obtained;
- proposals for improvements and alterations to buildings must be approved by the appropriate Director in consultation with the Chief Executive;
- the development and implementation of an Asset Management Plan;
- a nominated, accountable budget holder for each capital budget;
- monitoring of progress on capital schemes and comparison with approved budget and remedial action taken to address overspends, reporting monthly to the Chief Executive and Directors, and at least four times a year to Senior Management Team and the Policy & Resources Committee;
- compliance with the authority's Financial Regulations, Contract Standing Orders and Procurement Policy, for example, when inviting competitive quotes or tenders.

3. Risk Management

3.1. Risk management is defined as *"the culture, processes and structure, which come together to optimise the management of potential opportunities and adverse effects"*. Due to the potential high value and long-term nature of capital expenditure, there is an inherent risk associated with an authority's' capital programme which needs to be managed. The principles and assumptions set out in this strategy and the authority's governance framework are designed to ensure that resources are utilised to meet the objectives of the authority whilst ensuring effective use of resources and securing the assets of the authority and its continued financial and organisational well-being.

3.2. The authority maintains a Corporate Risk Register and Corporate Governance framework which requires that the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. It includes the systems and processes, and cultures and values, by which public bodies are directed and controlled and through which they account to and engage with their partners and communities.

3.3. Further to this, the authority's Financial Procedures define the key controls around the risk management. The key controls for the risk management are:

- The risk management strategy is agreed and adhered to across the authority;
- Procedures are in place to identify, assess and manage the risks that may hinder the authority from reaching its objectives;
- Risk management is a formalised stage of the business and project planning process, project management, major changes initiatives and financial management processes;
- A monitoring process is in place to regularly review the effectiveness of risk reduction strategies and the operation of these controls;
- Risk management training and support is available across the authority;
- Managers know that they are responsible for managing risks and are provided with information on risk management initiatives and incidence levels.

3.4. The Corporate Risk Register is monitored by the authority's Operational Management Team and issues escalated to Senior Management Team as required. The Corporate Risk Register is reported to each Policy & Resources Committee meeting.

4. Capital Strategy

Capital Expenditure

4.1. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

4.2. The authority's intention is to optimise rather than maximise capital investments whilst ensuring the conditions of the investment are compatible with the aims and objectives of the Authority. It is necessary to set out the key principles which can be used as the basis to guide future capital expenditure decisions. The key principles are:

- Capital expenditure shall be subject to a process of consideration of the purpose, benefits and risks of meeting the strategic fit of the authority's Partnership Management Plan, Corporate Plan and asset management planning priorities.
- Capital investment proposals will consider the total projected costs, expenditure profile and full whole life financial implications both revenue and capital. The possible "exit" value of the assets created should be assessed as a relevant consideration in reducing the risk in respect of cost and / or strategic fit.
- Consideration should be given to the requirement of ongoing budgetary provision for the replacement of existing assets to ensure the operational requirements of the Authority are met and these assets provide best value to the Authority.

- Consideration should be given to capital projects which deliver revenue efficiency gains, improvements in value for money or maximise income streams whilst complying with the above principles and taking into consideration related additional costs.

Capital Financing

4.3. The authority is able to finance capital investment from a number of sources. It is necessary to set out the key principles for each potential source of capital investment which can be used as the basis to guide future capital financing decisions:

- **External Grants and Contributions:** External funding is potentially an important source of income, but conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the authority. The authority will use external grants and contributions to fund capital expenditure where it results in a substantial benefit to the authority relative to the resources required to achieve that benefit.
- **Borrowing:** Borrowing as a source of funding shall be carried out in accordance with the CIPFA Prudential Code and the authority's Treasury Management Strategy. Future borrowing repayments (including interest) should be given careful consideration and need to demonstrate affordability relative to the benefits of the asset being purchased/enhanced and the Medium Term Financial Strategy.
- **Capital Receipts from the Sale of Assets:** Receipts from the sale/disposal of assets should first be used to replace that asset if required. Any surplus receipts shall then be available to finance capital expenditure in accordance with the principles outlined in this strategy.
- **Capital and Earmarked Reserves:** Capital financing from capital and earmarked reserves shall be recommended when the assets being acquired or enhanced meet the approved purpose of the reserve in accordance with the Authority's Financial Procedures.
- **Direct Revenue Funding:** Capital financing from revenue budgets shall only be recommended where there are sufficient resources available within the approved revenue budget, including revenue reserves, and the implications for the current financial year and Medium Term Financial Strategy are considered.
- **Other:** Other potential sources of capital financing shall be considered taking into account the principles outlined above where relevant and in accordance with the appropriate approvals in line the with the authority's governance framework.

5. The Capital Programme

2.1 The Capital Programme represents anticipated capital expenditure over the Medium Term Financial strategy period, informed by the key principles above. The capital programme requires specific approval by the Authority, in conjunction with the annual revenue budget, outlining the phasing of expenditure and the sources of funding. The Authority's capital programme 2023/24 to 2027/28 forecasts a total of £0.909 million capital investment as shown in **Table 1** below which takes account of the Authority's invest to save programme described in agenda item 10.

2.2

Table 1: Capital Programme	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**
Variation: Seven Sisters Country Park	60	0	0	0	0
Variation: Vehicles	45	0	0	0	0
Seven Sisters Country Park – Reed Bed	250	0	0	0	0
Seven Sisters Country Park – Micro Tractor	20	0	0	0	0
Seven Sisters Country Park – Trading Company	100	0	0	0	0

South Downs Centre - Cladding	150	0	0	0	
Memorial Hall – AV equipment	35	0	0	0	0
South Downs Centre and Seven Sisters Country Park Energy Efficiency Programme	129	0	0	0	0
Vehicle Replacement Programme	0	30	30	30	30
Total Capital Budget	**789**	**30**	**30**	**30**	**30**

2.3 Financing of the Capital Programme has been informed by the key principles in section 4 above. Expenditure shall only be included in the Capital Programme when financing has been identified and considered. Table 2 below shows how it is anticipated the Capital Programme will be financed.

Table 2: Capital Programme Financing	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/2027 £'000**	**2027/28 £'000**
External Grants and Contributions	0	0	0	0	0
Borrowing	410	0	0	0	0
Capital Receipts		30	30	30	30
Capital and Earmarked Reserves	379	0	0	0	0
Direct Revenue Funding	0	0	0	0	0
Other	0	0	0	0	0
Total Capital Financing	**789**	**30**	**30**	**30**	**30**

Capital Programme Approval Requests

2.4 The following variations were considered by Policy & Resources Committee at its meeting on 23 February 2023 and were recommended for approval to the full Authority.

Capital Project	**Variation (£'000)**	**Project Purpose, Benefits and Risks:**	**Financial Implications:**
Seven Sisters Country Park	60	A report to the NPA in May 2019 recommended the acquisition, in principle, of the freehold to Seven Sisters County Park. The report presented a business case for the acquisition, including the project benefits and risks. Transforming the site, improving the landscape habitats and the visitor centres and making the whole operation commercially viable in the longer term, is only possible with capital investment.	The variation is due to a retention fee not now due until 2023/24.
Replacement Vehicle	45	During 2018 an officer group was formed under the chair of the Countryside & Policy Manager to look at vehicle utilisation across the Area Teams. In most cases, it was possible to redistribute vehicles to provide a better fit with operational requirements.	The variation is due to the closure of the Brinsbury Area office, where the vehicle requirements have changed.

3. Debt, Borrowing and Treasury Management

3.1 The Authority has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities. The authority is responsible for approving the Treasury Strategy setting out the matters detailed in "Treasury Management in the Public Services: Code of Practice for Treasury Management in Local Authorities". This code is applicable to national park authorities.

3.2 Under the Prudential Code and Treasury Management Code, the authority is required to set parameters around its borrowing and treasury activity, including an authorised borrowing limit for each year which cannot be breached. Additionally, when funding capital expenditure through borrowing, the Authority is required to set aside a sum from revenue each year to repay the debt, known as the Minimum Revenue Provision (MRP).

3.3 The Policy & Resources Committee is responsible for proposing a Treasury Strategy before the start of the year and for monitoring treasury management performance. The Chief Finance Officer is responsible for reporting treasury management activities to the committee and for making delegated treasury management decisions.

3.4 All decisions on borrowing, investment or financing are delegated to the Chief Finance Officer, and such officers as he/she may nominate, who shall be required to act in accordance with the Code of Practice referred to in the authority's Treasury Management Statement Strategy.

3.5 The Local Government Act 2003 permits local authorities (and therefore national parks) to borrow to finance capital expenditure provided that the plans are affordable, prudent and sustainable in the long term. This means that capital expenditure should form part of a capital investment strategy and should be carefully prioritised to maximise the benefit.

3.6 The authority currently has no actual external borrowing but it has a borrowing requirement as a result of capital investment in former Seven Sister County Park assets. The Treasury Management Strategy has been updated to reflect the requirement to set borrowing limits and relevant prudential indicators.

4. Commercial Activity

4.1 The authority has assets which were part of the transfer of Seven Sisters County Park in July 2021 which may be defined as commercial for Statement of Accounts reporting purposes. As part of the transfer of Seven Sisters Country Park the operational purpose is for holding and investing in these assets is not commercial but in line with statutory purpose of the national park itself.

5. Other Long-term liabilities

5.1 The authority has one long-term financial liability which is the 'loan arrangement' with East Sussex County Council associated with the transfer of Seven Sister County Park in July 2021. The balance at inception was £0.875 million to be repaid in equal instalments over 25 years with the repayment value indexed annually by the Retail Price Index. The cost of this is covered by income generated by Seven Sisters via the operating agreement with Seven Sisters Commercial Operations Ltd.

6. Knowledge and Skills

6.1 The authority's Chief Finance Officer has delegated responsibility for the Authority's treasury and capital financing activities. This post requires the post holder to be a qualified accountant. The Chief Finance Officer is a CIPFA qualified accountant who follows an ongoing programme of Continuous Professional Development (CPD).

6.2 The authority's treasury and capital strategies are produced and maintained by professionally qualified accountants and who have extensive relevant experience. The authority is able to access appropriate specialist and technical advice regarding its treasury investment and borrowing activity. Officers involved in treasury management regularly attend training and participate in CPD and ensure that their relevant professional knowledge is up to date.

6.3 The authority's Treasury Management Strategy is also reviewed by the Head of Business Services who is a qualified accountant and is able, if necessary, to seek advice from other treasury specialists who are independent of Brighton & Hove City Council. The Authority's Treasury Management Strategy is jointly reported to Policy & Resources Committee by the Chief Finance Officer and Head of Business Services for the committee's approval and recommendation to the Authority.

6.4 All of the authority's capital projects have project teams made up of officers from relevant professional disciplines from across the authority. These project teams may access external specialist advice regarding projects where required.

6.5 Training is available for members who are responsible for decision making and scrutiny of treasury decisions to ensure their skills and knowledge are kept up to date for their involvement in this area.

7. Chief Finance Officer Statement

7.1 This Capital Strategy is compiled in line with the requirements of the 2018 CIPFA Prudential Code and the 2018 Treasury Management Code.

7.2 The Chief Finance Officer has reviewed the strategy against best practice advice from CIPFA and expert advisers and considers the strategy to be prudential, sustainable and affordable within the risk framework of the authority and has ensured that it is fully integrated with the Authority's Medium Term Financial Strategy, Treasury Management Strategy and Capital Strategy.

TREASURY MANAGEMENT STRATEGY 2023/24

Contents

1 Introduction

1.1 The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties or instruments commensurate with the Authority's risk appetite, prioritising adequate liquidity before considering investment return.

1.2 The second main function of the Treasury Management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that the Authority can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn down may be restructured to meet risk or cost objectives.

2 Treasury Management Policy Statement 2023/24

2.1 The following paragraphs set out the Authority's Treasury Management Policy Statement for the year commencing 1 April 2023:

The Authority defines its treasury management activities as:

"The management of the organisation's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities and the pursuit of optimum performance consistent with those risks."

The Authority regards the successful identification, monitoring and management of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority.

The Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management and to employing suitable performance measurement techniques within the context of effective risk management.

3 Reporting Requirements

Capital Strategy

3.1 The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, to provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risks are managed;
- the implications for future financial sustainability.

3.2 The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

3.3 This Capital Strategy details non-treasury capital investments and is reported together with the annual Budget to the NPA. The Capital Strategy links closely to the Treasury Management Strategy Statement and informs the associated Borrowing Strategy. Separating the Treasury and Capital strategies ensures that the objectives of the core treasury function relating to security, liquidity and yield principles are not blurred with the policy-led Capital Strategy which is usually driven by expenditure on capital assets.

Treasury Management Reporting

3.4 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. **Prudential and treasury indicators, and treasury strategy** (this report) - The first, and most important report, is forward looking and covers:

   i. the capital investment plans, (including prudential indicators);

   ii. a Minimum Revenue Provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);

   iii. the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and

   iv. an Annual Investment Strategy, (the parameters on how investments are to be managed).

b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. This requirement is incorporated into the Month 6 Budget Monitoring report.

c. **An annual treasury management repor**t – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy. This requirement is incorporated into the Outturn report.

3.5 The Authority delegates responsibility for implementation and monitoring of Treasury Management to Policy & Resources committee (P&R) and responsibility for the execution and administration of treasury management decisions to the Section 151 Officer.

3.6 In addition to the above, quarterly reporting will be provided on the Treasury position and Prudential Indicators to be included in the Month 4 and Month 9 Budget Monitoring reports to fulfil the reporting requirements per the update of the 2021 Treasury Code.

4 Borrowing Strategy

4.1 The capital expenditure plans of the Authority are set out in the approved Capital Strategy and shown in Table 1 below. The treasury management function of the Authority ensures that the Authority's cash is managed in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans.

4.2 Any capital investment that is not funded from new and/or existing resources (e.g. capital grants, receipts from asset sales, revenue contributions or earmarked reserves) increases the Authority's need to borrow, represented by the Authority's Capital Financing Requirement (CFR). However, external borrowing does not have to take place immediately to finance related capital expenditure: the Authority can utilise cash being held for other purposes (such as earmarked reserves and working capital balances) to temporarily defer the need for external borrowing. This is known as 'internal borrowing' or 'under-borrowing'.

4.3 The Authority's primary objective is to strike an appropriate balance between securing cost certainty and securing low interest rates.

Capital Prudential Indicators

4.4 The Authority's capital expenditure plans are a key driver for Treasury Management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

4.5 Tables 1 and 2 show the capital expenditure plans of the Authority, and the implications of these on the Capital Financing Requirement over the 3 year period to 2025/26. These indicators have been included in the Treasury Management Strategy for a number of years to demonstrate the affordability and sustainability of the Authority's capital activity.

4.6 A further prudential indicator required by the 2021 code for 2023/24 is the Liability Benchmark. This benchmark measures the authority's external debt levels net of the external investments, with the inclusion of a liquidity buffer against the Authority's CFR projection. This measure assumes that the authority will internally borrow almost all its available cash balances held in reserves and balances, with an allowance ensure it is able to meet is cash obligations.

4.7 The liability benchmark has been produced as Graph 1 below with notes included to explain each element of the graph and the Authority's assumptions and forward view.

Borrowing Strategy for 2023/24

4.8 The Authority's capital programme 2023/24 to 2025/26 forecasts a total capital investment of £0.849m, £0.439m of which will be met from existing or new resources. The increase in the borrowing need over this period is therefore £0.410m as shown in **Table 1** below.

2022/23 Estimate £'000	Table 1: Borrowing Need	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	Total
906	Capital Expenditure	789	30	30	**849**
(82)	Financed by New / Existing Resources	(379)	(30)	(30)	**(439)**
824	**Borrowing Need**	**410**	**0**	**0**	**410**

4.9 The strategy will initially focus on meeting the borrowing need from internal borrowing i.e. avoiding external borrowing by utilising the Authority's own surplus cash flows. This will reduce the net revenue cost of borrowing and reduce counterparty risk within the Authority's investment portfolio by reducing the portfolio size. The internal borrowing position needs to be closely monitored and continually reviewed to avoid incurring higher borrowing costs in the future at a time when the authority may not be able to avoid new borrowing to finance capital expenditure.

4.10 There will remain a cost of carry (the difference between borrowing costs and investment returns) to any new long-term borrowing that causes a temporary increase in cash balances which will, most likely, lead to an additional short-term revenue cost.

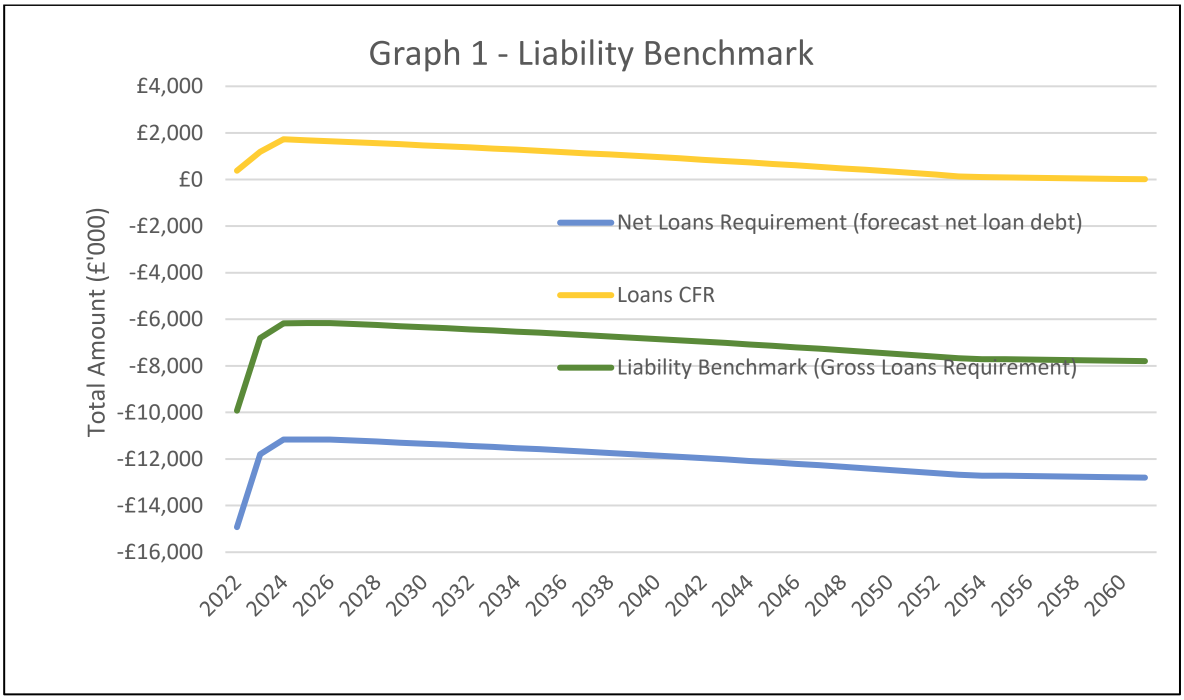
4.11 **Table 2** below shows the movement in the Authority's Capital Financing Requirement (CFR) and compares this to the expected external debt level. This demonstrates that the CFR is expected to be entirely internally borrowed over the period.

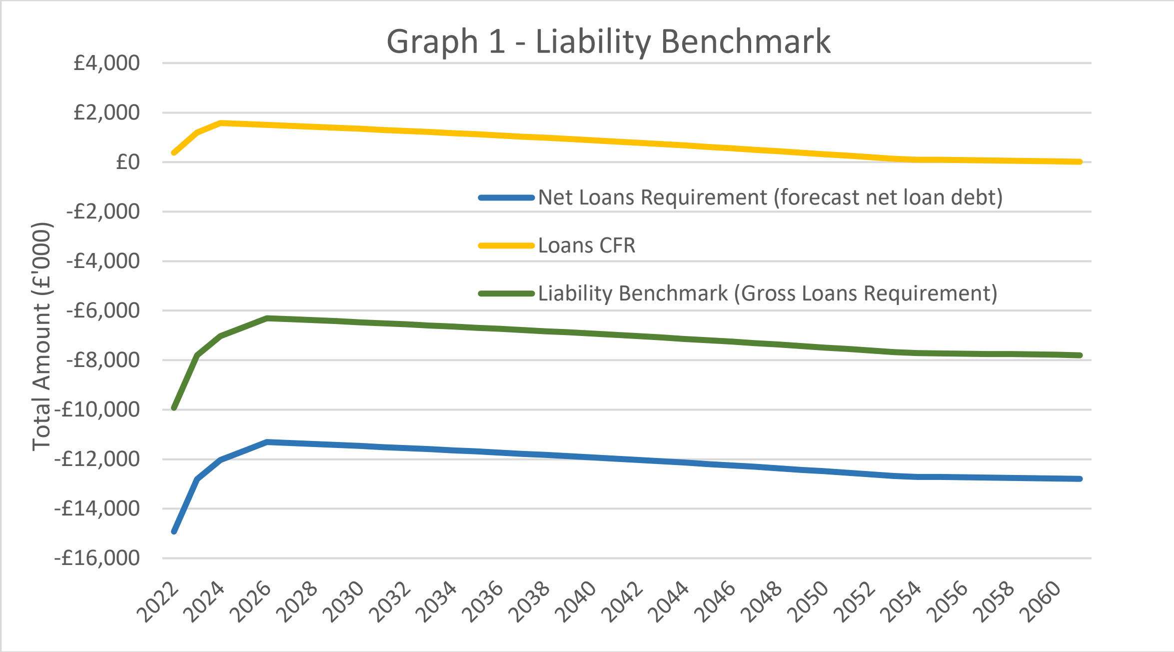
2022/23 Estimate £'000	Table 2: Change in the CFR compared to External Debt	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
0	External Debt at 1 April	0	0	0
0	Expected change in Debt	0	0	0
0	**External Debt at 31 March**	**0**	**0**	**0**
377	CFR* at 1 April	1,195	1,578	1,541
824	Borrowing need (Table 1)	410	0	0
(6)	MRP	-27	-37	-38
1,195	**CFR* at 31 March**	**1,578**	**1,541**	**1,503**
1,195	**Under / (Over) borrowing**	**1,578**	**1,541**	**1,503**

**The CFR in Table 2 above shows the underlying need to borrow and excludes lease arrangements (which is included in the CFR figure in the Prudential Indicators in Section 4)*

Liability benchmark

4.12 The Liability Benchmark is a new requirement of the 2021 Treasury Management Code. It's a measure of the Authority's borrowing need were it to fully utilise its cash-backed reserves and balances to avoid external borrowing. It assumes a liquidity buffer is maintained to ensure the Council's obligations are able to be met.





1) **External Debt** – The maturity profile of the Authority's debt portfolio would be shown as bars within this chart, but as the Authority are currently debt free, this is not present in the graph.
2) **Loans CFR** - This is the projection of the Authority's underlying borrowing requirement (or CFR) based on the capital plans, and is shown by the top, yellow line. The 2022/23 opening Loans CFR was £0.377m, and it is expected to peak at £1.578m in 2023/24. This only shows the Loans CFR projection based on the current capital programme therefore if ongoing borrowing is required beyond 2025/26 then the CFR would rise further and for longer.
3) **Net Loans Requirement** – The expected net treasury position is shown by the bottom blue line. This shows a projection of the loans requirements measured by opening external debt for 2022/23 (£nil) less the opening external investments for 2022/23 (£14.924m). The projections are then based on the expected borrowing within the capital programme and the expected movement in reserves and balances. This shows that the Council had more external investments than external debt as at 31/03/22, which is expected to continue as the borrowing requirement is low in comparison to the estimated level of long-term reserves.
4) **Liability Benchmark** – The liability benchmark is calculated as the Net Loan Requirement, with a liquidity buffer of £5m incorporated to ensure the Authority has sufficient cash to meet its obligations. This measure shows the level to which the Authority can internally borrow based on the projection of the capital programme and movement of reserves, allowing for a liquidity buffer. Due to the level of reserves expected over the long-term, the liability benchmark remains a negative figure for the whole forecast period.

4.13 This graph demonstrates that the Authority does not need to externally borrow and instead can afford to meet its borrowing requirement by internally borrowing the cash held within its own reserves and balances.

4.14 Whilst the Liability Benchmark is a good indicator of the Authority's direction of travel in terms of borrowing need, it assumes that capital borrowing stops after the current capital planning period, and ignores future borrowing beyond the planning period. Therefore it should not be used in isolation when making long term decisions, but as part of a range of factors.

Policy on Borrowing in Advance of Need

4.15 The Authority will not borrow purely in order to profit from investment of extra sums borrowed. Any decision to borrow in advance will be within approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds. Risks associated with any borrowing-in-advance activity will be subject to prior appraisal and subsequent reporting.

Debt Rescheduling

4.16 Should the Authority carry debt in future, opportunities for debt rescheduling will be considered as a matter of course where there is a clear difference between new borrowing and repayment rates which could result in savings.

4.17 The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Interest Rate Risk & Continual Review

4.18 The Authority's maximum underlying borrowing need of £1.541 million as identified in Table 2 is the extent to which the Authority is subject to interest rate risk over the next three years. Officers will review the need to borrow taking into consideration the potential increases in borrowing costs, the need to finance new capital expenditure, the need to refinance maturing debt (if any), availability of internal borrowing, and the cost of carry that might incur a revenue loss between borrowing costs and investment returns. The Chief Finance Officer will therefore continue to monitor interest rates in financial markets and adopt a proactive approach to changing circumstances.

5 Prudential and Treasury Indicators 2023/24 to 2025/26

5.1 The Authority's capital expenditure plans are a key driver to treasury management activities. The output of the capital expenditure plans are reflected in prudential indicators. The Authority is required to 'have regard to' the Prudential Code and to set up Prudential Indicators to ensure that the Authority's capital investment plans are affordable, prudent and sustainable. The Code sets out the indicators that must be used but does not suggest limits, as these are for the authority to set itself.

The Prudential Indicators to 2023/24 to 2025/26 are set out in Table 3 below:

Table 3: Prudential Indicators	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Capital Expenditure Capital expenditure plans	789	30	30
Capital Financing Requirement* Measures the underlying need to borrow for capital purposes	2,383	2,461	2,388
Ratio of financing costs to net revenue stream** Identifies the trend in the cost of capital (borrowing and other long-term obligation costs) against revenue stream	0.25%	0.36%	0.36%

* From 2024/25, the CFR includes an estimate for leases that will be bought onto the balance sheet under a change in leasing accounting regulations.

** The ratio of financing costs to net revenue stream illustrates the percentage of the net revenue budget being used to finance the authority's borrowing. Previously this indicator has included investment income from the Authority's investment portfolio which has resulted in a negative ratio. The 2021 Code requirement is to exclude investment income. The indicator now only includes MRP and interest payable compared to the net revenue budget.

5.2 The Treasury Management Code requires that a number of indicators are set for treasury performance in addition to the Prudential Indicators which fall under the Prudential Code. The Treasury Indicators for 2023/24 to 2025/26 are set out in Tables 4 & 5 below. The Treasury Indicators have been calculated and determined by officers in compliance with the Treasury Management Code of Practice.

Table 4: Treasury Performance Indicators	**2023/24 Estimate £'000**	**2024/25 Estimate £'000**	**2025/26 Estimate £'000**
Authorised Limit for External Debt* The Authority is expected to set a maximum authorised limit for external debt. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Authority.	2,600	2,900	3,000
Operational boundary for external debt* The Authority is required to set an operational boundary for external debt. This is the limit that external debt is not normally expected to exceed. This indicator can be breached temporarily for operational reasons.	2,300	2,600	2,700
Principal Sums invested for longer than 365 days	2,000	2,000	2,000

* From 2024/25 The Authorised Limit and Operational Boundary includes an estimate for leases that will be bought onto the balance sheet under a change in leasing accounting regulations.

Table 5: Maturity Structure of fixed interest rate borrowing **The Authority needs to set upper and lower limits with respect of the maturity structure of its borrowing.**		
	Lower Limit	**Upper Limit**
Under 12 months	0%	40%
12 months to 2 years	0%	40%
2 years to 5 years	0%	50%
5 years to 10 years	0%	75%
Over 10 years	40%	100%

6 Minimum Revenue Provision Policy Statement

6.1 The authority is required to pay off an element of the accumulated capital spend each year (the Capital Financing Requirement - CFR) through a revenue charge (the Minimum Revenue Provision - MRP). Department of Levelling up, Housing & Community (DULHC) regulations require the Authority to approve an MRP Statement in advance of each year if borrowing has been undertaken. A variety of options are available, so long as the principle of any option selected ensures a prudent provision to redeem its debt liability over a period commensurate with that over which the capital expenditure is estimated to provide benefits (i.e. estimated useful life of the asset being financed).

The Authority is recommended to approve the following MRP Statement for 2023/24:

For all debt where the government has provided revenue support (supported capital expenditure), the MRP policy will be:

- Provision on a straight line basis over 50 years.

For all debt where the government does not provide revenue support:

- Where the debt relates to an asset, the Authority will set aside a sum equivalent to repaying the debt over the life of the asset either in equal instalments or on an annuity basis over a maximum life of 50 years. The method to be adopted will be determined according to which is the most financially beneficial to the Authority over the life of the asset.
- Where the debt relates to expenditure which is subject to a capitalisation direction issued by the government, the Authority will set aside a sum equivalent to repaying the debt over a period consistent with the nature of the expenditure on an annuity basis.
- In the case of assets under construction, MRP will be delayed until the relevant asset becomes operational.

Where the debt relates to capital loans to a third party:

- The repayments of principal will be set aside as capital receipts to finance the initial capital advance in lieu of making an MRP.

For on-balance sheet PFI schemes and leases:

- Asset Life Method - the MRP will be calculated according to the flow of benefits from the asset. Any related MRP will be equivalent to the "capital repayment element" of the annual charge payable.

There is the option to charge more than the prudent provision of MRP each year through a Voluntary Revenue Provision (VRP).

7 Annual Investment Strategy 2023/24

7.1 The DLUHC and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals with financial investments. Non-treasury investments are covered in the Capital Strategy.

7.2 The council's investment policy has regard to the following:

DLUHC's Guidance on Local Government Investments (the "Guidance");

CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (the "Code");

CIPFA Treasury Management Guidance Notes 2021.

7.3 Investments will be made with reference to the core balance, cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

7.4 Greater returns are usually achievable by investing for longer periods. While most cash balances are required in order to manage the peaks and troughs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

7.5 The annual investment strategy sets out the parameters within which the Authority's cash balances and reserves will be invested. The strategy concentrates on two key areas:

a) capital security through investment in institutions with the highest credit ratings, and;
b) liquidity by limiting the maximum period of investment.

Investment classification (regulatory)

7.6 The investment guidance issued by the Secretary of State requires the Authority to identify investments as either 'specified' or 'non-specified'.

7.7 This authority has defined the list of types of investment instruments that the treasury management team are authorised to use.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year. The limits and permitted instruments for specified investments are listed within Table 6.
- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. The limits and permitted instruments for non-specified investments are listed within Table 7.

Criteria to be used for creating / managing approved counterparty lists / limits

7.8 Each counterparty included on the Authority's approved lending list must meet the criteria set out below. Without the prior approval of the Section 151 Officer, no investment will be made in a counterparty that falls outside the list below.

7.9 Any change in investment parameters and allowable investment instruments must be presented for approval by the NPA.

Credit ratings will be based on those issued periodically by the Fitch Ratings Group, Moody's and Standard & Poors.

7.10 **Table 6** below summarises the types of specified investment counterparties available to the Authority, and the maximum amount and maturity periods that can be placed with each of these. A full list of the Authority's counterparties and the current limits for 2023/24 are provided at **Table 8.**

7.11 When assessing credit ratings to ascertain limits for each counterparty, the lowest short and long term ratings from each of the three ratings agencies is applied. For simplicity, the ratings for Standard & Poor's are used in the tables below.

Table 6: Criteria for Specified Investments	Country/ Domicile	Minimum Capital Requirements	Min. Credit Criteria (L/term / S/term)	Max. Amount	Max. maturity period
UK Banks & Building Societies	UK	Must meet minimum credit criteria	AA- / A-1+	£10m	12 months
			A / A-1	£5m	12 months
			BBB / A-2	£5m	6 months
Debt Management and Deposit Facilities (DMADF)	UK	N/A	N/A	£5m	12 months
UK Local Authorities (excluding Brighton & Hove City Council)	UK	N/A	UK Sovereign Rating	£5m	12 months
Brighton & Hove City Council*	UK	N/A	N/A	N/A	Liquid

Table 6: Criteria for Specified Investments	Country/ Domicile	Minimum Capital Requirements	Min. Credit Criteria (L/term / S/term)	Max. Amount	Max. maturity period
Non-rated Building Societies	UK	Must have an asset base of at least £5bn at the time of investment	N/A	£5m	6 months
Money Market Funds (CNAV and LVNAV)	UK/Ireland/ EU domiciled	Must meet minimum credit criteria	AAA	£5m	Liquid

* The amount invested in Brighton & Hove City Council will be the amount available for investment less investment made in any other approved counterparty.

Table 7: Criteria for Non-Specified Investments	Country/ Domicile	Min. Credit Criteria	Max. Amount	Max. maturity period
Short Date Bond Funds	UK/Ireland/ EU domiciled	Short Dated bond funds are not rated. A selection process will evaluate relative risks & returns. Security of the Authority's money and fund volatility will be key measures of suitability.	£2m	Liquid

Maximum permitted investment by counterparty / sector

7.12 The maximum amount invested in any one counterparty will be established in accordance with the criteria set out **Tables 6 and 7** above, based on each counterparty's credit rating.

7.13 The maximum amount invested in any one sector will be 100%, with the exception of the building society sector where the maximum limit will be 75%.

7.14 Where practicable, no one counterparty may have more than 75% of the relevant sector total at the time the investment is made.

Approved methodology for changing limits and adding / removing counterparties

7.15 A counterparty shall be removed from the Authority's list where a change in their credit rating results in a failure to meet the minimum credit rating set out in "Criteria to be used for creating / managing approved counterparty lists / limits" above.

7.16 A new counterparty may only be added to the list with the written prior approval of the Chief Finance Officer and only where the counterparty meets the minimum criteria set out above.

7.17 A counterparty's exposure limit and investment period will be reviewed and (changed where necessary) in accordance with the criteria set out in **Tables 6 and 7** following notification of a change in that counterparty's credit rating or a view expressed by the credit rating agency warrants a change.

7.18 A counterparty's exposure limit will also be reviewed where information contained in the financial press or other similar publications indicates a possible worsening in credit worthiness of a counterparty. The review may lead to the suspension of a counterparty where it is considered appropriate to do so by the Section 151 Officer.

Full individual listings of UK Bank and Building Society counterparties and counterparty limits

7.19 A full list of UK Bank and Building Society counterparties, together with counterparty limits, is set out in **Table 8.**

Table 8 – Schedule of Counterparties and counterparty limits		
Institution	Lending Limit	Duration limit (months)
UK Banks		
Lloyds Banking Group:		
Bank of Scotland PLC (RFB)	£5m	12
Lloyds Bank PLC (RFB)	£5m	12
Lloyds Bank Corporate Markets PLC (NRFB)	£5m	12
**Total max. exposure to Lloyds Banking Group	£5m	12
Barclays Banking Group:		
Barclays Bank PLC (NRFB)	£5m	12
Barclays Bank UK PLC (RFB)	£5m	12
**Total max. exposure to Barclays Banking Group:	£5m	12
RBS/Natwest Group:		
Natwest Markets PLC (NRFB)	£5m	6
National Westminster Bank PLC (RFB)	£5m	12
The Royal Bank of Scotland PLC	£5m	12
**Total max. exposure to RBS/Natwest Group:	£5m	12
HSBC Group:		
HSBC Bank PLC (NRFB)	£5m	12
HSBC UK Bank PLC (RFB)	£5m	12
**Total max. exposure to HSBC Group:	£5m	12
Goldman Sachs International Bank	£5m	12
Santander UK PLC	£5m	12
Standard Chartered Bank	£5m	12
UK Building Societies		
Nationwide	£5m	12

** Where there are multiple counterparties within a banking group, exposure to the overall group will be the largest limit, but exposure to individual counterparties within the group will be based on the individual counterparty limit.

Permitted types of investment instrument

7.20 All investments will be denominated in Sterling and in fixed term and/or variable term cash deposits, money market funds, short-dated bond funds and open-ended investment companies.

Investment risk

7.21 In addition to credit ratings, the Authority will apply additional operational market information before making any specific investment decision. This additional market information will be applied to compare the relative security of different investment counterparties.

7.22 The Authority is recommended to agree a benchmark risk factor for 2023/24 of 0.05%. The purpose of the benchmark is to monitor current and trend positions and amend the operational strategy depending on any changes.

7.23 Liquidity is achieved by limiting the maximum period for investment and by investing to dates where cash flow demands are known or forecast.

Ethical investment statement

7.24 South Downs National Park Authority, in making investments through its treasury management function, fully supports the ethos of socially responsible investments. The Authority will actively seek to communicate this support to those institutions invested in as well as those it is considering investing in by:

- encouraging those institutions to adopt and publicise policies on socially responsible investments;
- requesting those institutions to apply the Authority's deposits in a socially responsible manner.

8 Other Treasury Matters

Banking Services

8.1 Lloyds Bank plc currently provides banking services for the Authority.

Training

8.2 The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

8.3 The scale and nature of this will depend on the size and complexity of the organisation's treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

8.4 As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis."

8.5 In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment by members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download.

8.6 Training was last provided for members before the pandemic, and therefore updated training will be required during 2023/24.

8.7 The training needs of treasury management officers are periodically reviewed.

8.8 A formal record of the training received by officers central to the Treasury function and members who are responsible for decision making and scrutiny of the Treasury function will be maintained by the Principal Accountant (Treasury & Taxation).

8.9 Policy on the use of External Service Providers:

Brighton & Hove City Council uses Link Asset Services as its external treasury management advisors on behalf of the Authority.

The Authority recognises that responsibility for treasury management decisions remains with the council (as Treasury Management provider) at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Treasury Management service will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.

Lending to Third Parties

8.10 The Authority has the power to lend monies to third parties subject to a number of criteria. These are not treasury type investments, rather they are policy investments. Any activity will only take place after relevant due diligence has been undertaken, as described in the Capital Strategy.

Update to Treasury and Prudential CIFPA Codes 2023/24

8.11 CIPFA published the revised Treasury and Prudential codes in 2021. Full adoption of the new Codes is incorporated within this strategy. The main changes to the codes are as follows:

- Adoption of a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement. This is included in Section 4 of this Appendix.
- Amendment to the knowledge and skills register for officers and members involved in the Treasury management function. This will be maintained as part of the Treasury Management Team's records.
- Quarterly reporting to members of performance against forward looking indicators. As outlined in section 3 of this Appendix, this will be built into the Budget Monitoring process.
- ESG issues to be addressed within the Authority's treasury management policies and practices (TMP1). This isn't a change in the Authority's investment strategy, but how ESG is incorporated into the monitoring of counterparties' credit standing. The Council's Treasury Management Practices (TMPs) are in the process of being updated for the new financial year to include this requirement. These will be reviewed and implemented by the Chief Finance Officer.
- An update to ensure that authorities are more transparent in their service and commercial investments. This includes a requirement that the Authority acknowledges that it will not borrow to invest in the primary purpose for commercial return. These changes are reflected in the Capital Strategy.

Updates to Accounting Requirements

IFRS 9 – local authority override – English local authorities

8.12 The DLUHC enacted a statutory over-ride from 1 April 2018 for a five year period until 31 March 2023 following the introduction of IFRS 9 and the requirement for any capital gains or losses on marketable funds to be chargeable in year. This has recently been extended for a further two years. This has the effect of allowing any capital losses on funds to be held on the balance sheet until 31 March 2025, allowing authorities to initiate an orderly withdrawal of funds if required.

8.13 The Authority doesn't currently invest in any funds that will be impacted by this change.

IFRS 16 – Leasing

8.14 The CIPFA LAASAC Local Authority Accounting Code Board has deferred implementation of IFRS16 until 1.4.24, the 2024/25 financial year. Once implemented, this has the following impact to the Treasury Management Strategy:

- The Authority's Capital Financing Requirement, authorised limit and operational boundary expectations for 2024/25 onwards has been increased to reflect the estimated effect of this change.
- The MRP policy statement sets out how MRP will be applied for leases bought onto the balance sheet.

RESERVES 2023/24

Reserve Type and Title	Purpose of Reserve	Forecast 1 April 2023 £'000	Movement Between Reserves	Contributions to/from Reserves £'000	Forecast 31 March 2024 £'000
General Reserves:					
General Reserve	2022/23 anticipated below budget variance	1,157	(1,157)	0	0
Approved Risk Reserves:					
Working Balance	Working Balance	595	0	0	595
Planning Reserve	To fund unforeseen planning inquiries, changes to future delegation arrangements, significant income falls and support for neighbourhood plans	358	0	0	358
Earmarked Reserves:					
Partnership Management Plan Reserve	To fund outcomes identified in the Partnership Management Plan	301	0	0	301
Strategic Fund	Reserve to hold unspent Strategic Fund allocations.	575	56	(288)	343
Affordable Housing	Funds to implement an Affordable Housing Strategy within the National Park	161	0	0	161
Invest to Save Reserve	To support future schemes to save money in future year	0	1,440	(1,104)	336
Transition Reserve	To support the work to adjust SDNPA's expenditure profile in line for future funding constraints.	486	(486)	0	0
Trading Company Borrowing Reserve	This will allow the company to borrow funds to purchase assets to allow operations at SSCP to begin	0	100	0	100
Climate Change Fund Reserve	Funds to support the Authority becoming a 'net-zero' organisation by 2030.	2	0	0	2
Funds held in lieu of Agreements					
South Downs Way	Funding transferred from South Downs Joint Committee	20	0	0	20
Section 106 Receipts Reserve		441	0	0	441

Reserve Type and Title	Purpose of Reserve	Forecast 1 April 2023 £'000	Movement Between Reserves	Contributions to/from Reserves £'000	Forecast 31 March 2024 £'000
Section 106 Interest on Statutory Receipts	Receipts primarily used to develop infrastructure within the National Park	192	0	0	192
Community Infrastructure Levy Reserve*	Receipts to fund infrastructure in development areas	5,712	0	0	5,712
Capital Receipts	Proceeds from disposal of assets available for use on capital expenditure	28	0	0	28
Estates Management Reserve	To support refurbishment of area offices.	50	0	0	50
Vehicle Repairs and Renewals	To fund purchase of replacement vehicles	2	47	(45)	4
Total Reserves Balance		**10,080**	**0**	**(1,437)**	**8,643**

* *The value of the Community Infrastructure Levy reserve represents amounts receivable in accordance with Financial Regulations and the Town and County Planning Act 1990. The reserve value may not represent the value of actual income received due to agreed payment terms and the profile of payments for some developments.*

MEDIUM TERM FINANCIAL STRATEGY 2023/24 - 2027/28

The Medium Term Financial Strategy has been developed in line with the approved Budget Framework. The Authority's financial planning and resource allocation has taken into account the following assumptions:

- to be an administratively lean, efficient organisation;
- to work with others (stakeholders and partners);
- to use limited contributions to activities to encourage and lever greater contributions from others;
- focus on S.M.A.R.T. (specific, measurable, attainable, relevant, time bound) targets and outcomes;
- maintain flexibility (for example; able to change quickly if circumstances alter).

The following rules, which promote best practice and comply with relevant financial standards and legislation have been applied. The Authority must:

- set a balanced budget and maintain adequate reserves;
- avoid aspirations or commitments which are ultimately unaffordable and avoid making ongoing commitments unless they are essential;
- seek to secure efficiency gains and improvements in value for money;
- seek to maximise income taking into account any related additional costs;
- not incorporate contingencies into individual budgets but will retain an overall contingency corporately because of potential risks.

The Authority has continued to adopt a prudential approach to budget setting with an established permanent staffing structure and temporary posts for short term projects. This approach will ensure that the Authority does not recruit to posts that become unaffordable in the longer term and will provide some flexibility in resources to fund priorities identified in the PMP. The assumptions underpinning the Medium Term Financial Strategy are:

- as DEFRA National Park Grant allocation is now confirmed for 2023/24 as flat cash on 2022/23 allocation and no confirmation for future years, a prudent approach has been taken with a zero increase assumed over the next five years.
- allocation of 7.4% to fund cost of living pay awards in 2023/24 and 6% for 2024/25, and 1% from 2025/26 to 2027/28.
- increase in National Insurance in line with government increases.

The Authority will explore new external funding opportunities including Local Enterprise Partnership funding and adopt commercial income opportunities as well as continuing to support the South Downs National Park Trust.

The MTFS shown below only provides a high level summary for information.

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Department Core Budget b/f	**10,429**	**10,214**	**10,666**	**10,721**	**10,794**
Core Commitments and Pressures:					
Increment and Salary Changes (including Turnover)	(239)	378	68	68	69
Learning. Outreach and Education - Increase in reactive work for School Grants and Educational Visits	11	0	0	0	0
Apprentices - Reduction in Core Income for Apprentices due to staff changes but increase in short term funding for funded posts	27	0	0	0	0
Cultural Heritage - Increase required for Cultural Heritage reactive work	10	0	0	0	0
Access Team - Increase due to staff changes, consultancy advice will be needed for statutory requirements	5	0	0	0	0
Communication Team - Increase in printing costs due to the increase in paper costs of 30% in 22/23 and another 30% expected in 23/24	12	0	0	0	0
Performance and Projects - Increase costs for GIS Contract due to staff changes	14	4	5	5	5
Corporate Services - Increase in Audit fees	18	0	0	0	0
Corporate Services - Increase in Finance Contract	17	21	0	0	0
Human Resources - Increase in Staff Advertising costs due to staff changes	15	0	0	0	0
Human Resources - Budget for Apprenticeship Levy	12	0	0	0	0
Property Services - Increase in Utilities costs	40	0	0	0	0
Property Services - Increase in Fuel costs for Vehicles	6	0	0	0	0
Neighbourhood Planning - Reduction in income due to the uncertainty of Government Plans re Neighbourhood Planning	10	0	0	0	0
Planning Recovered Services - Increase in Press Notices for Planning applications	10	0	0	0	0
Planning Development Management - Delegated Agreement Payments to LA	0	60	0	0	0
Other minor increases	24	3	0	0	0
Savings:					
Due to Staff changes saving on Transport and Subsistence costs	(22)	0	0	0	0
Performance and Projects - Reduction in Consultants fees	(10)	0	0	0	0
Performance and Projects - Reduction in Core Research fees but costs included in short term commitments	(33)	0	0	0	0
Performance and Projects - Reduction in Core Evaluation fees but costs included in short term commitments	(15)	0	0	0	0
Performance and Projects - Reduction in payments to other bodies	0	(14)	0	0	0
Property Services - Reduction in costs due to closure of Brinsbury office	(23)	0	0	0	0

Property Services - Reduction in Communication lines costs	(5)	0	0	0	0
Members Services - Reduction in internet Costs	(9)	0	0	0	0
Reduction in Rural West Sussex contribution	(10)	0	0	0	0
Reduction in South Downs Partnership funding	(15)	0	0	0	0
Reduction in Contribution for Farm Clusters due staff changes	(55)	0	0	0	0
Other minor savings	(10)	0	(3)	0	0
Increase in CIL admin Income	0	0	(15)	0	0
Total Core Departmental Budget	**10,214**	**10,666**	**10,721**	**10,794**	**10,868**
Short Term Commitments and Pressures:					
Salaries	129	89	0	0	0
Performance and Projects - Research Projects (Volunteer Audit/Earth Observation/Carbon Audit/ Business Survey/You Gov/Sena update)	43	79	40	40	40
Performance and Projects - PMP Review	40	0	0	0	0
Performance and Projects - Payment to other Bodies	10	0	0	0	0
Internet update for National Parks	3	0	0	0	0
Dark Skies	5	5	5	0	0
Members Services - New Webcasting system	10	0	0	0	0
Planning Policy - Local Plan Review	10	0	0	0	
Planning Policy - Minerals and Waste Review Hampshire	23	23	0	0	0
Planning Policy - Minerals and Waste Review East Sussex	20	20	0	0	0
Planning Policy - Minerals and Waste Review West Sussex	20	30	0	0	0
Human Resources - Other Employee Costs - Staff Survey	20	0	10	0	0
Planning Recovered Services - Legal Fees	30	0	0	0	0
Contribution to Strategic Funds for Projects	150	50	0	0	0
Income due for Investment Income	(325)	(240)	(155)	(140)	(140)
Income due for Green Financing	(541)	(335)	(334)	0	0
Income due for Farming in Protected Landscapes	(93)	0	0	0	0
Seven Sisters Income and Expenditure					
Seven Sisters Expenditure	447	472	477	482	486
Seven Sisters Income	(447)	(472)	(477)	(482)	(486)
Total Department Budget	**9,799**	**10,388**	**10,287**	**10,694**	**10,768**
DEFRA National Park Grant	**(10,486)**	**(10,486)**	**(10,486)**	**(10,486)**	**(10,486)**
Contribution(to)/from Reserves / Programme	**(717)**	**(98)**	**(199)**	**208**	**282**