

2024/25 Revenue Key Variance by Service Area – Explanation of Movements since last Quarter

Service	Forecast Variance Month 4 £'000	Forecast Variance Month 6 £'000	Movement £'000	Explanation of Main Movements
Corporate Services	30	79	49	Increase in net above budget variances against supplies and services, premises and transport costs.
Seven Sisters County Park	1	238	237	Termination of the Operating Agreement for the management of Seven Sisters Country Park (SSCP) with South Downs Commercial Operations Ltd (SDCOL) with effect from 9 October 2024.
Countryside Policy & Management	(0)	(13)	(13)	Minor movement from last month.
Planning	(34)	(47)	(13)	Minor movement from last month.
National Park Grant	(250)	(250)	0	No movement.
Strategic Projects	0	0	0	No movement.
<b>Total Authority Variance</b>	<b>(254)</b>	<b>7</b>	<b>261</b>	

**2024/25 Revenue Key Variance by Service Area – Explanation of Main Variances**

<b>2024/25 Variance Month 6 £'000</b>	<b>Service Area</b>	<b>Explanation of Main Variances</b>
5	Chief Executives Service	Minor net variance.
238	Seven Sisters Country Park	Net above budget variance arising from the decision to terminate the Operating Agreement for the management of Seven Sisters Country Park (SSCP) with South Downs Commercial Operations Ltd (SDCOL) with effect from 9 October 2024.
100	Business Services	Net below budget variance on staffing due to vacancies (£75,000), offset by an above budget variance on agency fees of £54,000 relating to recruitment costs for the CEO, Interim Director and Head of Finance & Corporate Services posts. Net above budget variance of £77,000 against supplies and services (HR and legal advice £36,000, insurances £16,000 audit fees £12,000 and other £13,000) and above budget variances on premises and transport costs of £35,000 and £22,000 respectively. Other minor net below budget variances totalling (£13,000).
(14)	Marketing and Income Generation	Net below budget variance on staffing (£40,000) and an above net budget variance of £28,000 against supplies and services in relation to printing and event costs.
(12)	Governance and Support Services	Net below budget variance on staffing, due to vacancies.
<b>317</b>	<b>Total Corporate Services Variance</b>	
(44)	Director of Countryside Policy and Management	Net below budget variance on staffing, resulting from vacancy for the first 5 months.
(6)	Countryside and Policy Central	Minor net variance.
(29)	Countryside and Policy Eastern	Net below budget variance on staffing and mileage, due to vacancies.
(17)	Countryside and Policy Western	Net below budget variance on staffing and mileage, due to vacancies.

(60)	Research and Performance	Net below budget variance within the Performance and Projects team, based on latest programme.
143	Countryside Policy Management	Identified commitments against additional DEFRA grant.
<b>(13)</b>	<b>Total Countryside Policy Management Variance</b>	
(4)	Director of Planning	Minor net variance.
(45)	Planning Development Management	Net below budget variance on staffing (£39,000) and mileage costs (£6,000).
35	Performance and Technical Management	Net below budget variance against planning income fees of £128,000, offset by a (£101,000) net below budget variance against Delegated Agreements. There is a net above budget variance of £20,000 against staffing costs and mileage. There is a net below budget variance against supplies and services costs of (£12,000).
(34)	Planning Policy	Net below budget variance against the costs of Development Plan.
<b>(47)</b>	<b>Total Planning Variance</b>	
(250)	National Park Grant	Additional DEFRA revenue grant received. Note that £143,000 of the additional National Park Grant has been allocated against identified commitments and the balance deployed against existing spend.
<b>(250)</b>	<b>Total National Park Grant Variance</b>	
0	Strategic Projects	Net zero variance.
<b>0</b>	<b>Total Strategic Projects Variance</b>	
<b>7</b>	<b>Total Revenue Budget Variance</b>	



**AGENDA ITEM 14 REPORT PR24/25-16 APPENDIX 2**

**2024/25 Capital Forecast**

<b>Capital Project</b>	<b>2024/25 Month 6 Original Budget</b>	<b>2024/25 Month 6 Variation</b>	<b>2024/25 Month 6 New Scheme *</b>	<b>2024/25 Month 6 Adjusted Budget</b>	<b>2024/25 Month 6 Forecast</b>	<b>2024/25 Month 6 Variance</b>	<b>2024/25 Month 6 Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
Seven Sisters Country Park – Reed Bed	314	264	0	578	578	0	0%
Seven Sisters Country Park – Micro Tractor	20	0	0	20	20	0	0%
Seven Sisters Country Park – Trading Company	220	(220)	0	0	0	0	0%
South Downs Centre and Seven Sisters Country Park Energy Efficiency Programme	79	0	0	79	79	0	0%
South Downs Centre - Cladding	78	0	0	78	78	0	0%
South Downs Memorial Hall – AV equipment	35	0	0	35	35	0	0%
IT Infrastructure	175	0	0	175	175	0	0%
QECP Partnering arrangements	40	0	0	40	40	0	0%
South Downs Centre - External redecorations	25	0	0	25	25	0	0%
New Vehicles	25	42	0	67	67	0	0%
National Park Signage Project	17	0	0	17	17	0	0%
New Barn Cottage Improvement Works *	0	0	180	180	180	0	0%
<b>Total Capital Budget</b>	<b>1,028</b>	<b>86</b>	<b>180</b>	<b>1,294</b>	<b>1,294</b>	<b>0</b>	<b>0.00%</b>

\*New Barn Cottage investment of £0.180m approved as part of 2023/24 outturn report – awaiting formal NPA approval to set-up capital budget with report going to 10<sup>th</sup> December NPA meeting.

**Capital Variations**

<b>Capital Project Variation</b>	<b>Variation Type</b>	<b>Value</b>	<b>Description</b>
Seven Sisters - Reed Bed	Increase Capital Budget (subject to NPA approval)	264	An increase in budget is required to cover the revised final costs of the works. The variation will be funded from the balance of DEFRA WiPL capital grant and Invest to Save reserve.
Seven Sisters Country Park – Trading Company	Decrease Capital Budget (subject to NPA approval)	(220)	At the meeting of the South Downs National Park Authority on 9 July 2024 it was agreed that the Operating Agreement for the management of Seven Sisters Country Park (SSCP) with South Downs Commercial Operations Ltd (SDCOL) would be terminated on 9 October 2024. The Authority has a loan reserve of £220,000 for SDCOL which, as the reserve is no longer required, can be used to mitigate the financial impact on the Authority.
New Vehicles	Increase Capital Budget (subject to NPA approval)	42	Purchase of a cut and collect machine for the Ranger Service, which needs to be treated as capital expenditure. The purchase is fully funded by the Trust.

**AGENDA ITEM 14 REPORT PR24/25-16 APPENDIX 3**

**2024/25 Reserves Position**

<b>Reserve Type and Title</b>	<b>Purpose of Reserve</b>	<b>2023/24 Outturn £'000</b>	<b>Movement Between Reserves £'000</b>	<b>Contributions to/from Reserves £'000</b>	<b>2024/25 Month 6 £'000</b>
<b>General Reserves:</b>					
General Reserve	General Reserve representing the 2023/24 provisional budget surplus	0	377	(377)	0
<b>Approved Risk Reserves:</b>					
Working Balance (Minimum)	Working Balance	595	0	0	595
Working Balance (MTFS)	Working Balance	10	0	70	80
Planning Reserve	To fund unforeseen planning inquiries, changes to future delegation arrangements, significant income falls and support for neighbourhood plans	358	0	0	358
<b>Earmarked Reserves:</b>					
Partnership Management Plan Reserve	To fund the delivery of priorities to be identified in the Partnership Management Plan as approved as part of the budget report to the Authority on 30 March 2017.	216	0	0	216
Strategic Fund	Reserve to hold unspent Strategic Fund allocations	449*	0	(146)	303
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 years	1,156	0	0	1,156
Trading Company Borrowing Reserve	This will allow the company to borrow funds to purchase assets to allow operations at SSCP to begin	220	0	0	220

<b>Reserve Type and Title</b>	<b>Purpose of Reserve</b>	<b>2023/24 Outturn £'000</b>	<b>Movement Between Reserves £'000</b>	<b>Contributions to/from Reserves £'000</b>	<b>2024/25 Month 6 £'000</b>
Climate Change Fund Reserve	Funds to support the Authority becoming a 'net-zero' organisation by 2030.	52	0	(10)	42
Green Finance (Nitrates) Reserve	The reserve is for nitrates monitoring and mitigation	176	0	0	176
<b>Funds held in lieu of Agreements</b>					
South Downs Way	Funding transferred from South Downs Joint Committee	20	0	0	20
Section 106 Receipts Reserve	Receipts primarily used to develop infrastructure within the National Park	345	0	(6)	339
Section 106 Interest on Statutory Receipts		428	0	0	428
Community Infrastructure Levy Reserve*	Receipts to fund infrastructure in development areas	7,917	0	(91)	7,826
<b>Capital (Timing) Reserves:</b>					
Capital Receipts	Proceeds from disposal of assets available for use on capital expenditure	34	0	0	34
Estates Management Reserve	To support refurbishment of area offices.	50	0	0	50
Vehicle Repairs and Renewals	To fund purchase of replacement vehicles	30	0	0	30
<b>Total Reserves Balance</b>		<b>12,217</b>	<b>377</b>	<b>(560)</b>	<b>12,034</b>

\*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 profile of payments for some developments.

\*The Strategic Fund Reserve balance includes budget for projects that are committed but not yet drawn down. The actual unallocated balance is £182k



**ECONOMIC BACKGROUND – Provided by Link Asset Services 21/10/2024**

**UK. Economy**

Retail sales unexpectedly increased 0.3% mom in September, following a 1% surge in August and beating forecasts of a 0.3% drop. Furthermore, retail sales excluding fuel rose 0.3% mom in September, defying market forecasts of a 0.3% drop but slowing from a 1.1% growth in the previous period. Overnight, Rightmove house price index saw a 0.3% monthly gain in October's reading, leaving prices 1% higher on the year. The authors said that the normal autumn bounce was more muted this year, with market activity weighed by "jitters" ahead of the Autumn Statement. Adding to buyer hesitancy is expectations that mortgage rates will fall further in the coming months, while increased supply is also heightening competition amongst sellers.

The Bank of England (BoE) kept policy unchanged at its September meeting, inline with market expectations. All members of the Monetary Policy Committee (MPC) bar Dhingra voted to keep Bank Rate at 5%, with the lone dissenter voting for a further 25bps reduction. In the accompanying statement, the Committee doubled-down on its commitment to a gradual path of rate reduction, stating that "...in the absence of material developments, a gradual approach to removing policy restraint remains appropriate." Evidently, like the ECB, and in contrast to the Fed, the Committee still gives greater sway to upside inflation risks over the economic outlook. Further, the Bank also announced that it will look to reduce its balance sheet (ie quantitative tightening) by £100bn over the coming 12 months. This was less than the £135bn expected by the Office for Budget Responsibility and will thus necessitate a slight tweak to its public debt fiscal rule, which means the Chancellor's fiscal headroom is now slightly less than previously anticipated.

Market pricing continues to waver over whether the next rate cut will come at November or December's meeting. Falling wage figures for August made little impression on market sentiment, with pricing still for the next cut to come in December, not November. However, weaker than expected September inflation figures have changed that view with markets now switched to a cut coming in November. This position has just held following stronger than expected retail sales figures. Nevertheless, markets still expect this to be the only cut this year. Further ahead, the current low point has fallen back down to 3.5% / 3.75% from the 3.75% / 4% priced in for August next year following the inflation print. Ongoing volatility underlines how sentiment remains skittish...and how current positions could well change on the back of domestic and international data releases, as well as central bank events.

On the investment front, the money market curve remains inverted, where longer-term yields are lower than their short-term counterparts, reflecting markets' Bank Rate cut expectations. However, as detailed above, sentiment is volatile as the starting point and overall extent of the downside shift remains in question.

**Eurozone**

The current account surplus in the Eurozone widened to €35.2bn in August from €26.8bn a year earlier. The goods surplus increased to €24.1bn from €22.9bn, and the services surplus went up to €21.7bn from €14.1bn. Meanwhile, construction output in the Eurozone slumped by 2.5% y-o-y in August, following a revised 2.3% fall in the prior month, marking the seventh consecutive month of declines.

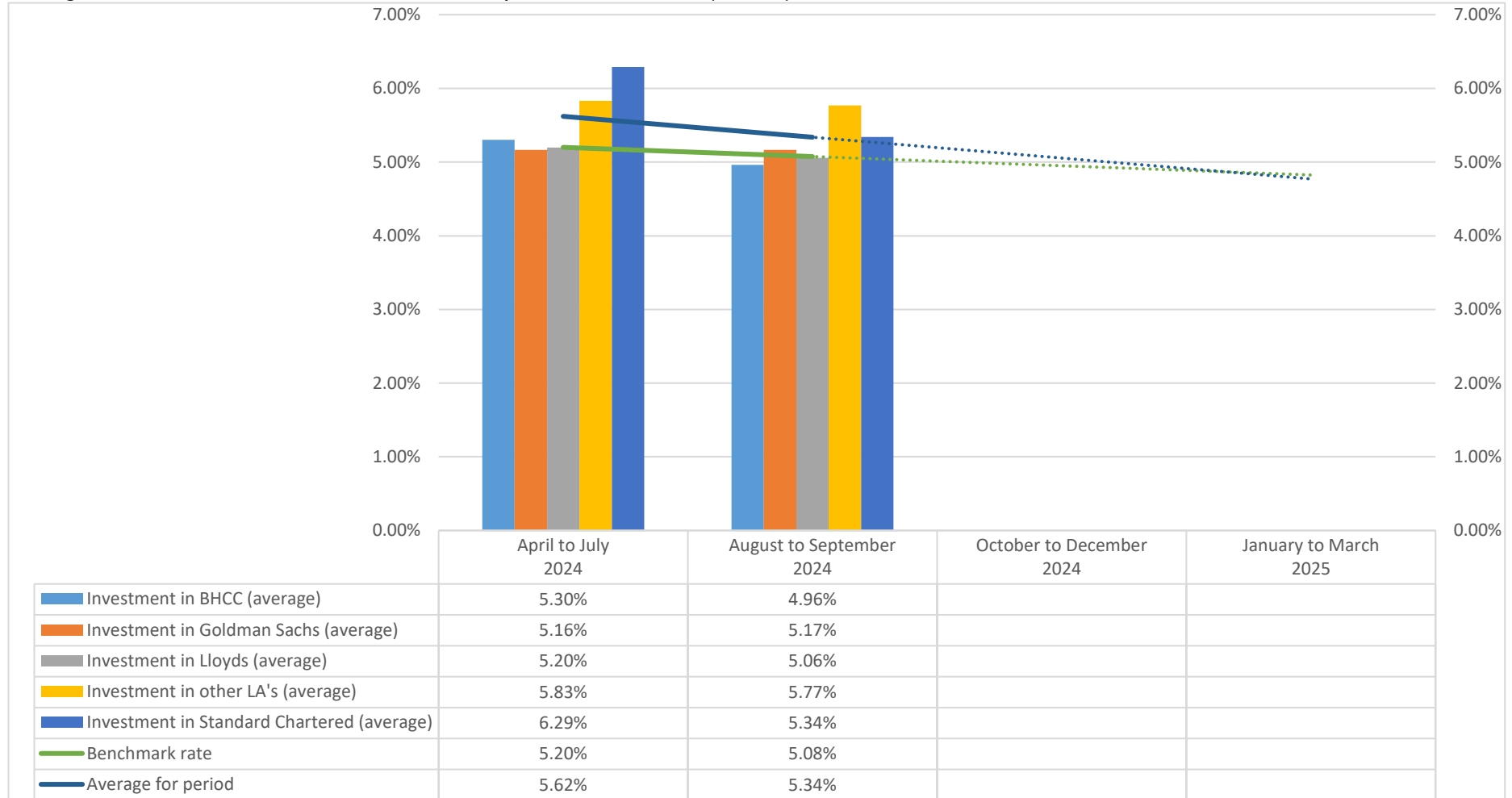
**US**

Housing starts eased by 0.5% from the previous month to an annualised rate of 1.35m units in September, in line with market expectations, trimming the downwardly revised 7.8% increase in August. Meanwhile, building permits fell by 2.9% to a seasonally adjusted annual rate of 1.43m in September, below market expectations of 1.46m.

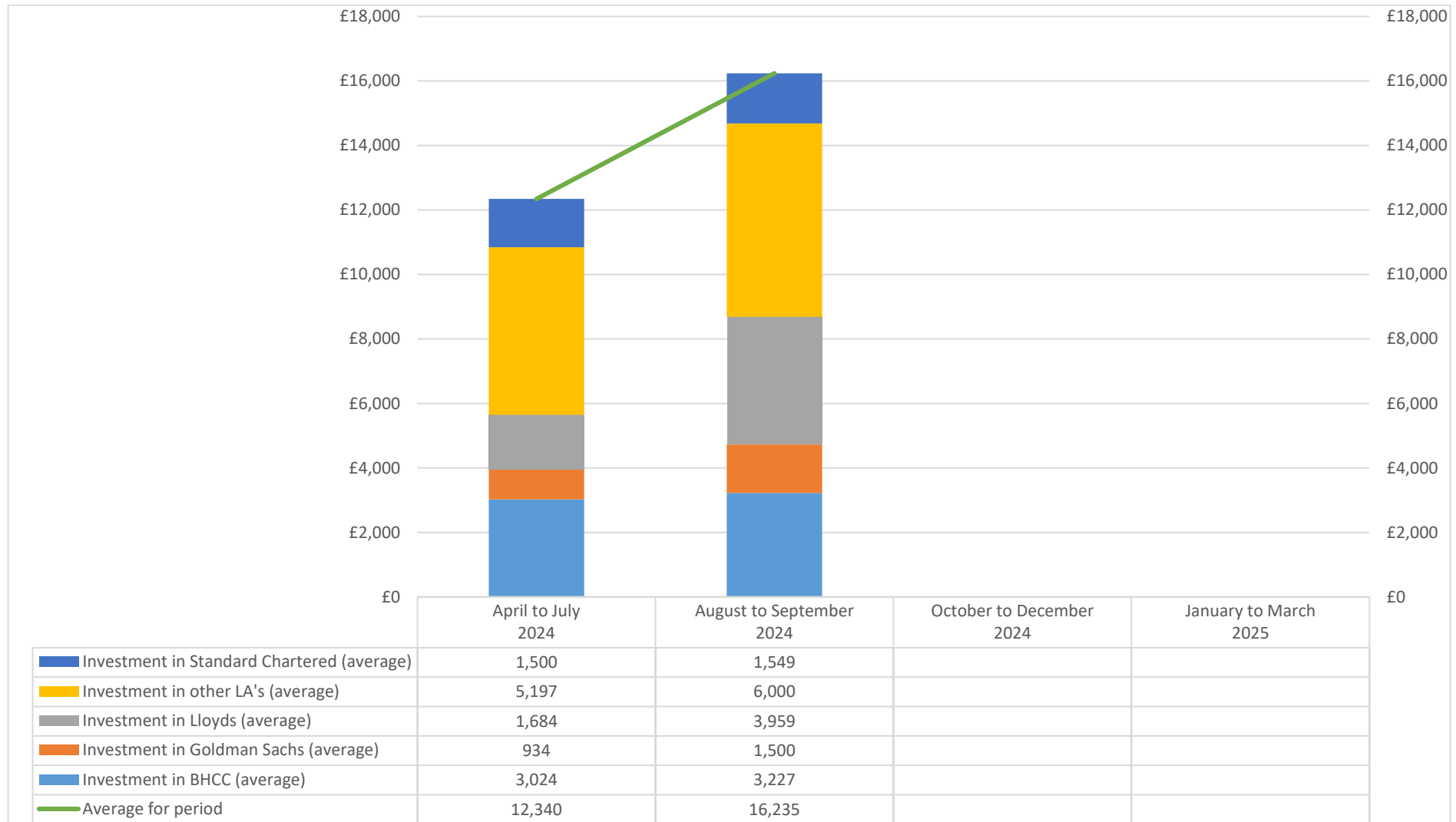


2024/25 Treasury Management Performance

Average Interest rate achieved on Investments compared to Benchmark (SONIA)



Average amount invested £'000 (weighted by amount per day)



**Explanation of Key Terms**

<b>Key Term</b>	<b>Explanation</b>
Above budget Variance	Difference between budgeted and actual/forecasted activity which would have an adverse impact on the Authority's financial position, e.g. expenditure in excess of available budget, or less income than budgeted.
Below budget variance	Difference between budgeted and actual/forecasted activity which would have a favourable impact the Authority's financial position, e.g. less expenditure than budgeted, or more income than budgeted.
Budget Carry Forward	Unspent revenue budgets to be moved from one financial year to another where circumstances mean that it is not possible to spend budgets in the current financial year.
Capital Expenditure	Expenditure involving the acquisition or enhancement of assets with a long term value to the Authority, such as land, buildings, and major items of plant, equipment or vehicles.
Capital Programme	Approved budgets for capital expenditure over the Medium Term Financial Strategy period which supports priorities informed by the Members' Budget Workshops and outcomes identified in the PMP.
Capital Reprofile	Unspent capital budgets to be moved from one financial year to another where circumstances mean that it is not possible to spend capital budgets in the current financial year.
Financial Procedures	Approved procedures which set out the responsibilities of Members and officers of how Financial Regulations are to be applied in practice.
Financial Regulations	Approved responsibilities of Members, directors, statutory officers and managers in looking after the financial affairs of the Authority. It seeks to ensure high standards of financial conduct, and probity in dealing with public money.

Medium Term Financial Strategy (MTFS)	Planned use of resources over a five year period taking into consideration assumptions for anticipated changes in commitments, savings and grant income.
Movement	Changes in actual/forecasted activity compared to previously reported forecasts.
Non-Grant Funded Budgets	Expenditure budgets that are not funded by grants from external bodies
Provisional Outturn Position	The anticipated year-end financial position of the Authority subject to any required approvals and assessment from external auditors.
Reserves	Funds retained to provide for future services and activities, usually earmarked for specific purposes, subject to maintaining prudent levels and any statutory limitations
Revenue	Expenditure and income required to meet ongoing day-to-day activities of the Authority. Examples include salaries, wages, material, supplies and services.
Ringfenced Grants	Financial assistance from external bodies to fund specific activity, where conditions exist to repay the grant should it not be used to fund the specified activity.
Unringfenced Grants	Financial assistance from external bodies to fund activity, where no conditions exist to repay the grant.