

CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE & DELIVERY COMMITTEE

FOR DISCUSSION

Title: FINANCE MONITORING: 9 MONTHS TO 31
DECEMBER 2017

Prepared by: Daniel Ralph, Finance Manager
David Cameron, Director of Corporate Services

Purpose

To present a summary review of income and expenditure for the 9 months to 31 December 2017 to the Finance & Delivery Committee.

Recommendations

The Finance & Delivery Committee is requested to:

- a) **Note the results of the 9 months to 31 December 2017;**
- b) **Note the position on projects in same period.**

Executive Summary

1. The main report to the Committee is contained in Annex 1. This report shows the 3 main components of the Corporate Plan - Core and Operational Plan and 2 projects, LEADER and the Tomintoul & Glenlivet Landscape Partnership – and a consolidated position. The consolidated position can be derived at any time, not solely at month ends, and is compared with the budget forecast for the year to assess progress towards the planned outturn for the financial year. This presentation can be expanded to cover any other significant externally funded programmes which need to be accounted for separately to the Authority's income and expenditure.
2. The original bid for the Capercaillie Framework was rejected in September and was resubmitted in full in December. The application will be considered at the HLF Scotland Board in March. The Authority has also made a bid to HLF "Great Places" programme.
3. Annex 2 is a month by month summary of the consolidated financial information shown in total in Annex 1.
4. Annex 3 is the analysis of the Operational Plan by Theme, showing both expenditure (actual and committed) and any attributable income.

5. Any adverse variances year to date are highlighted under CORE spend. Variances on CORE expenditure and Operational Plan are monitored on an ongoing basis.

Overview

Other Income

6. At 24 November the net of income over expenditure is £473,300. This is due to front-loading Grant-in-aid drawdowns to accommodate the projected spend profile of the LEADER programme. LEADER project grant payments have not been as high as forecast due to applicants' change requests or changes in payment milestones. Both typically delay activity and claims as a consequence of project management adaptations. However, delays in receipt of grant repayments from Scottish Government has offset this cash flow advantage to a substantial degree.
7. This surplus at 31 December will be managed down to a cash breakeven outturn by the end of the financial year.
8. Invoices outstanding at 31 December were £7,498.72 which includes £7,000 for the Crown Estates contribution to the East Cairngorms Moorland Management project which commences in 18/19.
9. The share of planning fees due from the local Authorities within the National Park boundaries for the period 1 July to 30 December was £35,842.80 of which £17,926 is recognised in the accounts to 31 December. The share of planning fees due is recovered bi-annually at 30 June and 31 December. At 30 June £12,046 was recovered, of which £1,331 was recognised in the financial year to 31 March 2017.

Core spend

Board and staff costs

10. Based on staff compensation paid to November, and projected payments to 31 March 2018, the projected total staff cost will be approximately £80,000 under the staff cost budget in the 2017/18 budget. This projected savings is expected to fall once an additional administration resource is appointed and again once the staff benefit provision for the year is calculated. This provision will be calculated in January on the basis of TOIL, flexi and untaken holidays carried forward at 31 December 2017.
11. The saving has arisen due to a prudent staff cost budgeting and managed vacancy savings accrued in year to date.
12. Board costs for the year are expected to be in line with budget.

Other Board and staff costs

13. Other board and staff costs are in cash terms broadly in line with expectations despite unbudgeted costs which mean the following budget lines are overspent:

Staff recruitment adverse variance £8,654 – due to unforeseen staff changes;
Staff relocation costs adverse variance £1,360 – although relocation expense has now been withdrawn a claim for relocation costs was made which related to the last financial year;

The adverse variance will be covered in savings to date particularly staff travel costs which are currently within budgeted spend.

14. Major costs lines, such as staff training and fleet leasing costs, are expected to be within budget for the whole year.

Facilities costs

15. Due to the late start in building the office extension occupancy costs and utilities will be less than expected. However, as the build progresses it is throwing up repair and maintenance issues, so far on the alarm system and electrical distribution. These costs to date can be accommodated within the capital budget as part of the build and the final costs allocation will be reviewed both at the year end and on completion of the construction work. There have been instances of damage to buildings during construction. These costs are the responsibility of the landlord as developer, as made clear in the Agreement to Lease and therefore cause no liability for the Authority.
16. A saving of £5,000 on rent for the Grantown office will be recognised until 31 March, and proportionately in 18/19 until the new build is occupied, to compensate the Authority for the demolition of the Board Room. Similarly small savings will be made on utilities and rates due to the delayed occupancy. Any surplus/underspend will be vired against any adverse variance arising in the Core budgets until the year end.
17. As a result of the switch to internet based telephone systems rather than ISDN telephony, costs to BT for the distance sensitive line between Grantown and Ballater will fall by £20,000 in a full year. The number of lines provided by BT has been rationalised and reduced: lines remain only for alarms, testing, fibre broadband into Ballater and the 100MG fibre line into Grantown.
18. Telephone costs for the first 2 months are approximately £700 per month indicating that the net gain by moving from ISDN to SIP is £11,600 for a full year.
19. BT has recently indicated that the cost of moving from the 100Mb fibre line to a 500Mb line will cost an additional £3,000 per year. The current 100Mb line costs £7,200 and so proportionally the cost of increased capacity and speed is much less. This potential investment will be considered over the next months.

IT and professional costs

20. IT and professional fees are broadly in line with expected spend.
21. An accrual of £10,940 has been made in the accounts for the 17/18 external audit fees (£10,700 in 16/17). This is in line with the estimate provided by Audit Scotland.

Other

22. The Citroen electric car was disposed of after a breakdown. A repair was uneconomical, especially as it could only be used for local journeys and was about to be put into hibernation for the winter. The vehicle was 7 years old and fully depreciated. A book profit of £750 was made on disposal.

Operational plan

23. Annex 3 summaries the expenditure and income per Theme within the Operational Plan.
24. Actual expenditure incurred to date is in line with expectations.
25. An in-year spending review is currently in progress looking at spend to date, commitments recognised and spend to the year end. This will be reported on in the next report.

Non-Cash

26. Non-cash budget provision from Scottish Government provides for depreciation of assets and other accounting provisions made necessary by the Authority's operations. The final charge for the year will be dependent on the timing of capital purchases and their depreciation profile. A review will be made before the year end to identify any assets whose net book value is less than the carrying value due to damage or diminution in value through use. This is usually carried out in March.

Grant -in-aid

27. Resource (R DEL): resource grant in aid has been drawn down in line with the planned drawdown.
28. Capital (C DEL): £50,000 from "normal" annual allocation of £60,000 has been drawn down and £34,000 has been spent on ICT and software additions. £7,000 has recently been spent on 6 additional SAS hard drives in line with a recent IT internal audit recommendation on "disaster recovery".
29. The additional allocation for the office build has spent around £2,400 of the £50,000 drawn down though work has been carried out which has not yet been billed for changes to the alarm system, enhanced power supply, bespoke blinds for the roof windows and audio visual equipment. All costs attributable to the extension are being monitored to ensure the spend is within the budget allocated by Scottish Government. Total spend on the extension to date, including 2016/17 costs, is £61,000.

Projects

LEADER

30. All claims for project advances and administration costs are now made on the “LARCS” system. As 31 December the “RAG” position on the LARCS system is “green” with the following summarising the progress of all LARCs claims made to date:

	£	
paid	39,595	8.4%
approved for payment	252,236	53.6%
pre-approval checks	13,424	2.9%
submitted not yet reviewed	41,256	8.8%
resubmitted (a)	90,697	19.2%
unverified (b)	10,457	2.2%
rejected (c)	23,013	4.9%
	470,678	
Administration costs	106,084	18.6%
Project grants advanced	364,594	81.4%
	470,678	

- a) resubmitted claims are all from composite claim 2 which was previously flagged as in pre-approval check. SG split out the administration costs from the claim for payment and the remaining project advances had to be resubmitted. All are flagged now as submitted;
 - b) these are costs which SG have referred back to the LAG for additional information or clarification before approval;
 - c) one claim was rejected in December as SG for an unknown reason. Previous claims have been approved for payment or were in pre-approval check.
31. One payment has been received for the Administration costs claim to 30 June 2017 from Scottish Government.
32. Recoveries from LEADER are still recognised monthly in management accounts. Project grants paid by CNPA are reclaimed on LARCS within 10 working days from payment of project grant wherever possible.
33. Project grants paid in 17/18, to 24 November, total £345,504 to 16 projects.
34. Project advances from December still to be loaded on the LARCs system total £36,480.
35. No further payments have been made since April on behalf of the Small Grants Programme, administered by the LEADER team on behalf of the LAG. £1,278 remains as an accrual within CORE and will be transferred to the Cairngorms Trust.

Tomintoul & Glenlivet Landscape Partnership

36. Amounts due from the Heritage Lottery Fund (HLF) since last paper to Committee:

quarter ended	£	received
31 March	78,775	26 June
30 June	98,829	9 October
30 September	87,987	o/s
31 December	117,849	o/s

37. Funding for 17/18 of £50,000 from HIE has still to be claimed. This will be claimed before the year end.

Outturn Position 2017/18

38. The intention is to finish the financial year as close as possible to breakeven. To achieve this transaction reports will be issued from January monthly and then weekly to Heads of Service based on actual costs and committed cost. Management Information will continue to be provided on an actual basis. From January a projected outturn will be run in parallel with the actual costs to identify and stress points or savings in the run up to 31 March.

Daniel Ralph
David Cameron
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danielralph@cairngorms.co.uk
davidcameron@cairngorms.co.uk