
CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE & DELIVERY COMMITTEE

FOR DISCUSSION

Title: DRAFT BUDGET 2018/19

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Purpose

This paper sets out current budget estimates for 2018/19 financial year for consideration by the Committee as part of the overall budget development process and prior to presentation of final budget estimates to the full Board at its meeting in March 2018.

Recommendations

The Finance & Delivery Committee is requested to:

- a) Consider the current position on budget development for 2018/19;**
- b) Advise on any issues which may require attention prior to consideration of the final budget estimates for 2018/19 by the Board at its meeting in March 2018.**

Executive Summary

1. Following announcement of the Scottish Government's budget proposals in December, the Management Team with the Operational Management Group are now further developing the budget estimates for 2018/19 from the preliminary scenarios developed prior to budget announcement.
2. This paper sets out the current evolution of that budget work for consideration by the Committee.
3. For 2018/19, operational plans are being developed in tandem with the new Corporate Plan for 2018/22. As such, the evolution of operational plan proposals is not sufficiently far advanced to provide details in this juncture. The budget estimates therefore set out provisions for investment in the operational plan, with additional detail to be developed for presentation to the Board at its meeting in March.

Income

4. Grant in Aid, as the key income source, has increased year on year from 2017/18 to 2018/19 in terms of both revenue and capital support from Scottish Government for the work of the Authority. Revenue grant has increased from £4.315 million to

£4.564 million (increase of £0.249 million). Capital grant has increased from an underlying position of £0.06 million to £0.2 million (increase of £0.14 million).

5. We have also included an estimate of £0.2 million in other income receipts over the course of the year. This covers income from planning fees and contributions to project works undertaken by the authority where some elements of salaries or running costs are covered by third parties.
6. Total income for 2018/19 at the disposal of the Authority is therefore estimated at £4.904 million across revenue and capital activity.
7. The Authority also has accountability for significant programme finances for both Cairngorms LEADER and the Tomintoul and Glenlivet Landscape Partnership. These finances flow through the Authority's accounts and are reported as part of final annual accounts. However, for budgeting purposes they are accounted for separately, as are the staff and project involved in programme delivery, in order that the budget process focuses on the resources directly at the disposal of the Authority in delivery of Corporate Plan objectives.

Expenditure

Staffing

8. Staffing numbers are expected to remain broadly level between 2017/18 and 2018/19, with any increases arising through externally funded project opportunities.
9. Staff costs included in the budget have been modelled on the basis of the Scottish Government public sector pay policy, published alongside their budget proposals in December 2017. This provides for a 3% pay increase for any staff earning up to £30,000 and 2% for all other staff. Provision is also made for staff who are progressing through their salary bands in accordance with our internal salary structures and policies. Staffing and Recruitment Committee has been appraised of the terms of the pay policy and we will continue to take reference from that Committee on the terms of pay negotiations with the staff group, with financial consequences dealt with at Board in March following budget discussions at this Committee.
10. Salaries budgets also include a vacancy savings allowance of 1.5%, anticipating some ongoing level of staff turnover and management action to make savings on those occasions through adjustments in replacement posts and holding posts vacant for a period of time.
11. Board fees have been set at this point with the expectation that the attendance policy will continue.

Other Running Costs

12. The timing of completion of the office extension and the addition to the budget of rental, rates and utility costs associated with that completion represents a point of some uncertainty. We currently expect completion toward the end of July 2018,

however a wet autumn and relatively bad winter have delayed this project to date. From a financial perspective, any impact is likely to result in the budget being over-provided and management team will monitor this position. Offsetting this, we continue to have a rental contract for temporary accommodation that we cannot yet give a final notice on and therefore costs have not yet been removed from budget.

13. Other than the office accommodation provisions, the budget for other running costs remain very much in line with the current year. Savings in telephony lines are expected to offset other cost increases, including the potential increase in bandwidth.
14. We will continue to seek efficiency savings from operations, although these become increasingly difficult to identify without compromising operational effectiveness.

Operational Plan

15. On the basis of current budget estimates, funding available to support the Operational Plan is anticipated to be £0.19 million higher than at the outset of 2016/17.
16. The provision of additional capital allocation to the Authority allows some elements of our Operational Plan to be funded from these resources where the outputs are capital in nature. Typically these fall in the Visitor Experience areas of the Operational Plan, where funding for path infrastructure development and maintenance is provided for. There may also be elements of the Conservation and Land Management programme that may be suitable to be supported through capital funds. We will undertake a full analysis of the position when the Operational Plan proposals are nearer completion in order to ensure funds available are used fully and appropriately.
17. Of the capital allocation available, £0.14 million has been provided at present to cover Operational Plan expenditure. The remaining £0.06 million is held to provide for IT infrastructure investment and building maintenance in line with prior years' budgets.
18. The Operational Management Group is currently finalising their investment proposals for the coming year, together with indicative activity for future years. The Operational Plan detail will therefore be presented to the full Board. This will include estimated staff time to be input to activities in addition to financial allocations, to provide a view of total resources invested by the Authority.
19. In the meantime, the figures now presented give a high level overview of the funding capacity held by the Authority for investment through its Operational Plan once staffing and other committed running costs have been accounted for.

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