

**CAIRNGORMS NATIONAL PARK AUTHORITY
FINANCE COMMITTEE**

**Title: 2005/06 PROPOSED BUDGET
(year to 31 March 2006)**

Prepared by: DENBY PETTITT, FINANCE MANAGER

Purpose

To provide Members with the proposed budget for the 2005/06 Financial Year together with a guide to the budget for the next two Financial Years.

Recommendations

- That the Committee examine the proposed budget for 2005/06 and note the forecast for the following two financial years.
- That the Committee approve the 2005/06 budget, or suggest changes as necessary.

Executive Summary

- (i) Scottish Executive funding is £4.3m, £4.3m and £4.5m for the next three financial years.
 - (ii) Although approval is only sought for the proposed 2005/06 budget we are presenting indicative budgets for the next two financial years given that we already know our resource allocation for those years.
 - (iii) The budgets have been drawn up based on staffing levels at the end of 2004-05 with known changes in future years that have been agreed with individual Heads of Group.
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2005/06 PROPOSED BUDGET (year to 31 March 2005)

Introduction

1. The Authority's annual resource funding for the three financial years to 31 March 2008 has been set by the Scottish Executive as £4.3m for both 2005/06 and 2006/07 increasing to £4.5m for 2007/08.
2. Within these limits the Authority incurs two main types of expenditure:
 - Core running costs covering administrative expenditure such as Board costs, staff salaries, office running costs and capital expenditure; and
 - Programme expenditure that covers expenditure on the Operational Plan that is spent in meeting Corporate Plan goals.
3. Core expenditure tends to be relatively fixed monthly expenditure whilst the amount spent on Programme expenditure can vary from month to month depending on activity being undertaken.

Methodology and assumptions

4. The Core budget has been rolled over to reflect known changes in staffing levels but with the same mode of operation i.e. offices in Grantown and Ballater.
5. Key assumptions are as follows:

	2005/06	2006/07	2007/08
NIC	9.3%	9.3%	9.3% *
Superannuation - average rate	14.3%	19.2%	19.2% *
General inflation	2.5%	2.5%	2.5%

* NIC rates for future years and superannuation rates for 2007/08 are not confirmed.

Core expenditure

6. The following table summarises the overall percentage split between Core and Programme expenditure compared to total funding:

	Actual 2003/04	Draft 2004/05	Budget 2005/06	Forecast 2006/07	Forecast 2007/08
Board	12.0%	7.1%	5.7%	6.8%	5.9%
Staff salaries	25.1%	38.9%	39.6%	43.3%	45.4%
Other staff costs	14.6%	9.3%	4.8%	3.9%	4.1%
Office	10.2%	10.4%	7.9%	8.5%	8.5%
Capex	22.1%	3.3%	1.4%	1.5%	1.5%
Notional costs	2.4%	3.0%	2.9%	3.0%	2.8%
Core	86.4%	71.9%	62.4%	67.0%	68.2%
Programme	13.6%	28.1%	37.6%	33.0%	31.8%
	100.0%	100.0%	100.0%	100.0%	100.0%

Annex 2 shows a more detailed breakdown of Core expenditure.

Staff salaries

7. Starting with staff in place at March 2005 there have been the following new post additions in 2005/06 after discussions with individual Heads of Group:

Post	Group	Pay band
Head of Group	Natural Heritage	1
Tourism & Economic Development Manager	Economic Development	2
Senior Natural Heritage Officer	Natural Heritage	2
Senior Land Management Officer	Land Management	2

8. In addition there are a number of staff on fixed length contracts but these are mainly non-core staff and their expense is covered by Programme expenditure.

9. As well as the salary cost of posts there is a considerable, and increasing, cost of NIC and superannuation expense. Superannuation contributions vary according to salary level and the current ones are:

Previous salary bands	2004/05 %	Future salary bands	2005/06 %	2006/07 %	2007/08 %
£17,500 and less	12.0	£18,000 and less	16.2	17.1	Not known
£17,501 to £36,000	13.5	£18,0001 to £37,000	18.6	19.5	
£36,001 to £62,000	16.5	£37,001 to £63,500	22.3	23.2	
£62,000 and higher	18.5	£63,501 and higher	24.6	25.5	
CNPA average	14.3		19.2	20.1	

Superannuation costs are one-third higher in 2005/06 than in 2004/05 and with the current focus on pensions and investment returns superannuation and NIC can add almost 30% to the cost of staff.

Other Core expenditure

10. Board costs to increase broadly in line with inflation. Remuneration levels are set by Scottish Executive with increases effective April. The increased costs in 2006/07 reflect the need to fund election expenses.
11. Other staff costs are forecast to fall since there should be no need for the levels of recruitment and relocation expense incurred in 2004/05. For future posts we have estimated average recruitment costs of £7,500 and relocation of £5,000 per post.
12. Office costs in 2004/05 included £50,000 for additional office accommodation that was not used but was transferred to meet the increased cost of Pay & Grading awards. The increased staff levels anticipated in future mean that we have budgeted a similar level for future years temporary accommodation costs.
13. The capital costs in 2004/05 were unusually high given the need to buy a number of one-off assets to enable the increasing staff numbers to perform their roles. Future capital expenditure has been budgeted in line with the level envisaged at the time of the 2004/05 mid-year review, before we decided to make additional one-off capital investments in 2004/05.

Programme expenditure

14. Budgeting for Core costs leaves us the following funds for Programme spend in the next three financial years:

Actual 2003/04 £'000	Draft 2004/05 £'000	Budget 2005/06 £'000	Forecast 2006/07 £'000	Forecast 2007/08 £'000
267	944	1,635	1,431	1,444

15. The detailed Programme spend is derived from the Corporate Plan's 20 goals.

DENBY PETTITT
27 April 2005

denbypettitt@ Cairngorms.co.uk

CNPA
Income & Expenditure account (2003-2008)

	Historic		Future years			see para. no.
	Actual 2003-04 £'000s	Draft 2004-05 £'000s	Forecast 2005-06 £'000s	Forecast 2006-07 £'000s	Forecast 2007-08 £'000s	
Income						
Grant in Aid (GIA) from SE	1,926	3,111	4,288	4,287	4,487	1
Other income	1	42	42	45	48	
GIA to meet notional costs	3	11	12	13	13	1
Total income	1,927	3,164	4,342	4,332	4,535	
Core Expenditure						
Board costs	235	238	249	295	266	10
Staff salaries	492	1,308	1,717	1,875	2,057	7-9
Staff (other costs)	285	312	210	171	185	11
Office costs	199	350	344	367	385	12
Capital expenditure	432	111	60	65	70	13
	1,643	2,319	2,580	2,773	2,963	
Programme Expenditure						
Projects - managed by CNP	-	-	-	-	-	
Park objectives	-	-	-	-	-	
	267	944	1,635	1,431	1,444	14-15
Notional costs	3	11	12	13	13	
Depreciation	44	90	115	115	115	
Total expenditure	1,957	3,364	4,342	4,332	4,535	

CNPA

Core expenditure (2005-08)

	Historic		Future years			see para. no.
	Actual 2003-04 £'000s	Draft 2004-05 £'000s	Budget 2005-06 £'000s	Forecast 2006-07 £'000s	Forecast 2007-08 £'000s	
Board costs						
Board member salaries	183	188	194	200	206	
Other costs	52	50	55	95	60	10
	235	238	249	295	266	
Staff salaries						
Core staff	492	1,308	1,717	1,875	2,057	7-9
Other staff costs						
Recruitment	227	117	50	20	20	11
Relocation	4	70	25	5	5	11
Professional subscriptions	-	1	5	5	5	
Training	11	55	55	60	65	
Conferences & courses	-	6	10	12	15	
Pool cars	8	22	35	37	40	
Travel and subsistence	35	41	30	32	35	
	285	312	210	171	185	
Office running						
Standing charges	53	79	90	90	95	
Utilities	10	15	15	15	17	
Stationery	14	18	16	18	20	
Other supplies	11	16	15	15	15	
Maintenance	2	12	70	75	75	12
Postages	6	10	12	15	15	
Telephone	13	17	20	22	25	
Computer support	24	88	35	40	40	
Library	2	6	6	7	8	
Professional support	64	88	60	65	70	
Corporate expenses	-	1	5	5	5	
	199	350	344	367	385	
Capital expenditure						
Total capex	432	111	60	65	70	13
Total expenditure	1,643	2,319	2,580	2,773	2,963	