

CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE COMMITTEE

FOR DISCUSSION

Title: 2014/15 BUDGET AND OPERATIONAL PLAN

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

Purpose

This paper is presented to support discussion on the Authority's financial position for the 2014/15 financial year. The paper presents the current position on budget development proposals for 2014/15 and seeks any views or comments on those proposals from Committee members prior to finalisation of proposals for presentation to the Board meeting in March.

Recommendations

The Finance Committee is requested to:

- a) Consider the budget proposals for 2014/15 presented in this paper;
- b) Provide any comments, views or suggested amendments to feed into ongoing work on budget development prior to presentation of proposals to Board at the meeting on 21 March.

Executive Summary

This paper sets out the culmination of work to date on proposed budget figures for 2014/15. Management review and development of proposals remains underway, pending presentation of the budget proposals to the Board at its meeting on 21 March 2014.

The paper is presented at this time to the Committee to highlight the Authority's financial position for the 2014/15 financial year and to seek views or comments on those proposals from Committee members prior to finalisation of proposals for presentation to the Board meeting in March.

In summary, Operational Plan investment for 2014/15 is proposed at £1.33m, with provision for core expenditure on staff, office and other expenditure at £3.66m. This represents a level of over-programming of £0.30m compared with initial financial resources available of £4.69m.

We require to develop an efficiency savings plan targeting £0.135m in savings to deliver against a target of 3% recurrent grant funding.

2014/15 BUDGET AND OPERATIONAL PLAN - FOR DISCUSSION

Background

1. The forthcoming year, 2014/15 represents the final of the three-year Corporate Plan for 2012 to 2015, the approval of the Corporate Plan having been given by the Board in May 2012.
2. At the time of writing this paper, the Scottish Parliament has still to approve final budget figures for 2014/15 and provide final confirmation of recurrent grant to the Authority for the year ahead. All grant figures are therefore based on the draft budget published in November 2012.
3. Details of budget proposals for 2013/14 are set out in the Annex to this paper. The following sections of the paper go on to discuss in some detail the specific issues around income, “core” running costs and Operational Plan investment proposals.

2014/15 Income

4. The Authority’s expected cash-based income for 2014/15 comprises primarily a resource allocation of £4.54m from Scottish Government. We are also budgeting for:
 - a) An estimated £0.06m in income from planning fees and charges;
 - b) A LEADER administration grant of £0.07m to support the administration costs of closing the current programme and develop the Local Development Strategy for the new programme; and
 - c) £0.02m in income from commercial and merchandising activity.
5. Total budgeted, cash-based income for the coming year, 2013/14, is therefore £4.69m. This represents funding available to the Authority to support its on-going activities and Operational Plan spending plans.
6. Many of the activities led by the Authority generate financial contributions from a wide range of partners. Therefore, the Authority’s total income is likely to be higher than this estimate. As these financial contributions are tied to specific projects, the Park Authority’s discretionary income for budget allocation to core and operational plan activities, remains as £4.69m.
7. There are no additional capital allocations made available to the Authority for 2014/15. The Authority has benefited from additional capital allocations in each of the last three financial years, totalling around £3.5 million over this period. At present, as there have been no additional allocations made available to the Authority, the £4.69m grant and other income represents the only financial resources available for deployment in 2014/15.

2013/14 Expenditure Budget: Core Budgets

8. A summary of core budget estimates for the 2013/14 financial year is set out in Table One.

Table One: 2013/14 Core Budget Summary

	2013/14 Budget Proposals £000		2014/15 Budget Proposals £000	Change £000
Board Salaries	161		160	-1
Staff Salaries	2,326		2,881	555
Other Board and Staff Costs	202		215	13
Office Running Costs	241		247	6
IT and Professional Support	150		159	9
Total "cash" based expenditure	3,080		3,662	582
Depreciation of fixed assets	78		36	-42
Total expenditure	3,158		3,698	540

2014/15 Expenditure Budget: Operational Plan

9. The Operational Plan for 2014/15 sets out the Authority's anticipated contributions to a range of activities over the course of the year. Proposed areas of investment are set out in Annex I to this paper.

10. Total investment in Operational Plan activities currently covers £1.33m in investment proposals. The Operational Plan for 2014/15 provides for a number of one-off items of expenditure as a consequence of the Authority's current operational cycle: Board elections, the Reporters' review of the Local Development Plan, provision for the legal challenge to the Local Plan collectively add £140,000 to the provisions made. These items therefore represent specific "spikes" in demand for financial resource cover in the coming year.

2014/15 Budget Summary

11. The summary budget position for 2014/15 is set out in Table Three.
12. In line with standard practice, the total expenditure provision has been over-programmed to allow for some slippage in activity plans and also to enable investment to proceed quickly as and when additional resources are secured.

Table Three: 2014/15 Budget Summary

	2013/14 Budget forecast (£m)	2014/15 Budget forecast (£m)
Total Income	4.601	4.686
Expenditure		
Core Budgets	3.158	3.662
Operational Plan	1.540	1.328
Total Expenditure	4.698	4.990
Net Expenditure	-0.097	-0.304

Next Steps

13. Work on budget development is still ongoing at this point in time. The Committees discussion of the forward financial position at this time allows views to be taken into account prior to finalisation of proposals for consideration by the Board in March 2014.
14. We also need to prepare an efficiency savings plan for 2014/15 to meet Scottish Government budget targets. The efficiency savings target is likely to be 3% of grant funding – equivalent to £0.135m. Release of budget provision through securing efficiencies may in turn help address the over-programming position, where cash releasing efficiencies in the core budget areas can be released to cover Operational Plan investment proposals. Should we be able to find all £0.135m in cash releasing savings, the residual over-programming level is £0.169m.
15. There is certainly a higher risk with over-programming as the organisation continues to mature, project delivery arrangements become more embedded and require less annual negotiation. Therefore the risk of slippage in expenditure plans reduces and the associated risk of over-spending increases. We require to mitigate the risk of over-spending by setting initial commitment thresholds at levels which can be sustained given initial financial resources at the start point of the year, and vary these commitment thresholds as movement in income available to support activities is identified. These thresholds will be put in place once the final budget allocations have been agreed by the Board in March.

16. The Finance Manager has also worked with colleagues to establish budget profiles for the year and determine a monitoring and review process in order that we are able to detect any slippage or alterations in expenditure intentions at as early a point in the process as possible. These profiles will be adapted for any changes made in the current budget proposals following on from consideration of the position by the Committee, management and Board. Budget profiles developed for final approved budget allocations will be used to present future monitoring reports to Committee, and to monitor patterns of financial commitment by the Authority.

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