

**CAIRNGORMS NATIONAL PARK AUTHORITY  
FINANCE COMMITTEE**

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**FOR DISCUSSION**

**Title:**                   **OUTTURN FOR THE FOUR MONTHS TO JULY 2006**

**Prepared by:**       **Denby Pettitt, Finance Manager**

**Purpose**

To provide Members with an update and information on the outturn for the four months to July 31, 2006.

**Recommendations**

- a) That the Committee note the draft outturn for the four months to July 31, 2006.

**Executive Summary**

- a) Annex 1 shows the Income and Expenditure account for the four months to the end of July. A commentary is also included on each line, the accounts and commentary in this format are sent each month to Finance Committee members.
  - b) Cash expenditure to date exceeds that for the first four months last years being £1,104,000 compared with £915,000 last year. In percentage terms, expenditure to date is 24% of the annual budget compared with 22% last year.
  - c) Expenditure to date is running below the 2006/07 budgeted levels as we are still waiting for approval of the Authority's pay award for 2006/07 and Operational Plan expenditure is dependent on a number of large value projects that will be finalised before the year end. No adverse impact is expected on the 2006/07 full year results.
  - d) The Q2 Operational Plan review will be undertaken in September and reported back to the Committee the following month. The review will identify where the budget needs to be changed both in terms of overall spend and the phasing of the expected spend. Future reports to the Committee will be reported against this new budget once approved by the Committee.
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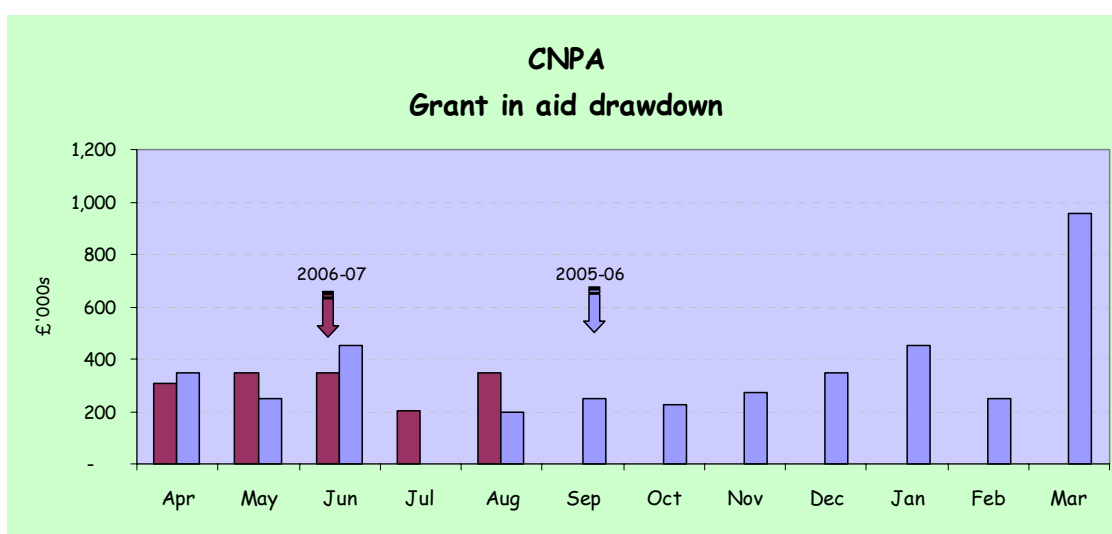
## OUTTURN FOR THE FOUR MONTHS TO JULY 2006 – FOR DISCUSSION

### Overview

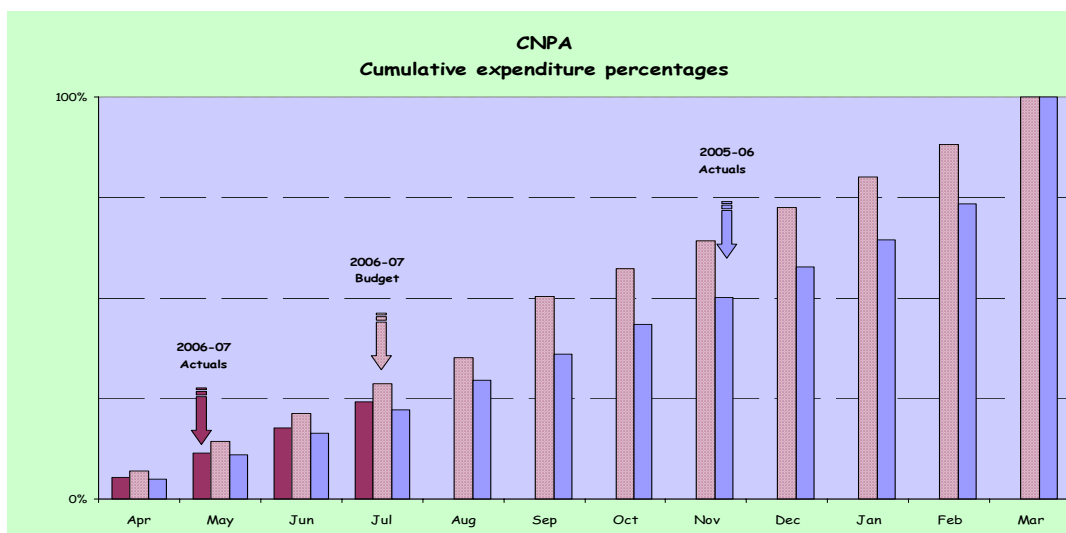
1. Annex 1 includes the latest Income and Expenditure account together with commentary on each line which focuses on actual income or expenditure against budget. This revised format has also been used to present monthly e-mail updates to Finance Committee members in response to a demand to have a comment against all account lines.
2. Due to the level of detail now presented in the Annex, the main body of the paper concentrates on an overall review of the results to date together with comments as to how future month's results and forecasts may be affected.

### Grant in Aid drawdown and expenditure patterns

3. The chart below summarises the monthly GIA drawdowns for the last two financial years, with 2006/07 on the left and 2005/06 grant on the right of each month's columns. This provides a broad overview of the Authority's expenditure pattern over the course of these two years.



4. The chart below shows the cumulative expenditure over the course of the year compared with budget and last year's expenditure profile.



5. Expenditure is ahead of last year's level, both in monetary and percentage terms, although we are underspent by £204,000 compared with budget. The fact that we are ahead of last year's expenditure is due, in part, to the improvements we have made in budgeting and monitoring methods including the use of detailed action plan schedules.
6. There is, however, some work still to be done in improving the accuracy of budget forecasts developed by the project managers and also ensuring that more expenditure can be targeted for the first three months. This latter point should be helped by the fact that the CNPA's staffing complement is almost complete and, for next year there may be a number of ongoing projects that can be worked on in the first part of the year. We have also recently implemented a procedure allowing Heads of Group to commit up to 30% of their current year's Operational Plan budget for future year's projects and this should enable advance planning of projects rather than starting from scratch at the start of each financial year.
7. As shown in Annex 1, almost £50,000 of the under spend relates to salary costs as we are still waiting for approval for the 2005/06 salary increases.
8. Operational Plan expenditure is almost £150,000 below budget but this is very dependent on timing of payments at present. We have some relatively large payments to make on the Point of Entry Marker and Outdoor Access projects in the coming months that will bring this in line with budget.

### Next Steps

9. Once the August monthly accounts have been closed off the Q2 Review of Operational Plan expenditure will be undertaken with Heads of Group and the outcome of this advised to members at the October meeting.

10. As part of the review we will identify where the budget needs to be changed both in terms of overall spend and the phasing of the expected spend. Future reports to the Committee will be reported against this new budget once it has been approved by the Committee.

**Denby Pettitt**  
**30 August 2006**

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Finance Committee Paper 2 Annex 1 08/09/06

<b>CNPA</b>								
<b>Income &amp; Expenditure account (July 2006)</b>								
		Year to date			Full year			Full year
	Notes	Actual £'000s	Latest budget £'000s	Variance £'000s	Initial budget £'000s	Latest budget £'000s	Activity to date %	Latest forecast £'000s
<b>Income</b>					(see below)			(see below)
Grant in aid from SE	(a)	1,215	1,280	(65)	4,387	4,387	28%	4,387
Other income	(b)	4	4	-	75	75	5%	75
Non-cash transactions	(c)	36	36	-	128	128	28%	128
<b>Total income</b>	-	<b>1,255</b>	<b>1,320</b>	<b>(65)</b>	<b>4,590</b>	<b>4,590</b>	<b>27%</b>	<b>4,590</b>
<b>Core Expenditure</b>								
Board costs	(d)	83	86	3	258	258	32%	258
Staff salaries	(e)	597	640	43	1,997	1,997	30%	1,997
Staff (other costs)	(f)	77	80	3	225	225	34%	225
Office costs	(g)	119	127	8	412	412	29%	412
Capital expenditure	(h)	5	4	(1)	55	55	9%	55
	-	881	937	56	2,947	2,947	30%	2,947
<b>Programme Expenditure</b>								
Projects - managed by CNP	-	-	-	-	-	-	-	-
Park objectives	-	-	-	-	-	-	-	-
	(i)	223	371	148	1,638	1,635	14%	1,635
<b>Cash Expenditure</b>	-	<b>1,104</b>	<b>1,308</b>	<b>204</b>	<b>4,585</b>	<b>4,585</b>	<b>24%</b>	<b>4,582</b>
Depreciation	(j)	36	36	-	115	115	31%	115
Notional costs	(j)	4	4	-	13	13	31%	13
<b>Total Expenditure</b>	-	<b>1,144</b>	<b>1,348</b>	<b>204</b>	<b>4,713</b>	<b>4,713</b>	<b>24%</b>	<b>4,710</b>
<b>Surplus/(Deficit)</b>	Even activity through year leads to following proportion						33%	<b>(120)</b>

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<b>Commentary</b>							
(a)	The initial Grant in Aid budget comprises the following amounts:						
	Resource Allocation (cash element 2006-07)						4,287
	CUP brought forward from 2005-06						100
							4,387
	Drawdown has been slightly ahead of need but no cause for concern since, on a monthly basis, we need additional funds to cover cash flow delays in receiving third party funding on partnership projects.						
(b)	Planning fees are the largest element of other income and these are received in the last three months of the Financial Year, hence the relatively low budget to date compared with the full year figure.						
(c)	Non-cash transactions represent notional costs that we are 'charged' by the Scottish Executive based on the assets we use and the depreciation charge based on previous capital expenditure.						
(d)	The budget for Board costs assumed an increase in fees based on inflation. This has not yet been confirmed by the Scottish Executive and therefore actual costs are slightly below budget. When the increase is approved it will be backdated to April 2006 (last year the increase in fees was approved in July although we haven't heard anything so far this year).						
(e)	Similar to the above point, the staff's pay award for 2006-07 has not been approved yet. In addition, we also have a monthly provision for staff cover which has not been used yet.						
(f)	Other staff costs are close to budget.						
(g)	The office running cost underspend continues to be mainly due to maintenance (£5,000), professional support (£3,000). Budgets for both these items are spread evenly across the year whereas any expenditure will tend to be for discrete, one-off costs.						
(h)	The main expenditure on capital expenditure is the purchase of the Sonus microphone system (£3,900).						
(i)	Programme expenditure lags behind budget, the initial budget profile was:						
	Q1					15%	252
	Q2					41%	668
	Q3					17%	273
	Q4					27%	445
							1,638
	If the profile were adjusted to reflect the fact we tend to pay invoices in the month following receipt we would expect to have paid £258,000 by the end of July compared with actual payments of £223,000						
(j)	Non-cash costs in line with budget.						