# CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE COMMITTEE

**FOR DISCUSSION**

**Title:** **FINANCE MONITORING: 6 MONTHS TO 30 SEPTEMBER 2013**

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## Purpose

This paper presents a summary review of income and expenditure for the month to 30 September 2013, together with a review of total income and expenditure over the six months to 30 September.

The paper also sets out a revised income and expenditure projection to 31 March 2014, together with a summary of Operational Plan net expenditure covering the same periods.

## Recommendations

The Finance Committee is requested to:

a) Note the results of the 1 month period to 30 September 2013, as well as the half year to 30 September 2013;
b) Note the analysis of the Operational Plan net expenditure by programme for the 1 month period to 30 September 2013 to 30 September 2013;
c) Note the forecast for the remaining 6 months compared to Plan;
d) Note the Shovel Ready payments to 30 September, and plan to 31 March 2014;

## Executive Summary

a) Annex 1, sheet 1, shows the financial results for the CNPA for both the 1 month to 30 September 2013. A surplus for the month was returned compared to a budget deficit which amounted to £129,000. This is almost entirely due to Operational Plan expenditure being less than budget (£126,000). There was only a £3,000 variance on Core expenditure for the month.

b) Annex 1, sheet 1, also shows the financial results for the CNPA for the 6 months to 30 September 2013. The variance for the 6 month period to budget was an increase in net expenditure of £167,000. This position is primarily due to a shortfall in Operational Plan income against budget for the first half of the year – this itself primarily caused by ongoing delay in receipt of LEADER funding to support the operations of the Cairngorms LEADER Local Action Group.

c) Net income for the period was £410,000 against budget of £577,000, a variance of £167,000. This net income variance represents a 1.2% variance of total income for the 6 months.

d) Grant-in-aid, to cover operational costs and capital expenditure together with enhanced capital expenditure (Shovel Ready) was drawn down as forecast.

e) The net income variance is made up as:
   i. £52,000 other income (f)
   ii. £141,000 additional net Operational Plan expenditure (g)
   iii. £48,000 additional Core expenditure (h)

f) Other income represents the CNPA's share of planning fee.

g) Operational Plan expenditure was £30,000 higher than budget and demonstrates the smoothing of monthly variations to budget over the 6 month period, where as Operational Plan income was £141,000 less than budget.

h) Core expenditure variances in the first half of the financial year, per Annex 1, were:
   i. Board and staff costs £11,000 less than budget;
   ii. Other Board Costs £20,000 higher than budget;
   iii. Office Running Costs were £8,000 higher than budget, and
   iv. IT and Professional Support £32,000 higher than budget.

   Material variances (positive [-] and adverse [+]), expressed as a % variation value, actual to budget were:

| | | | |
|---|---|---|---|
| i. | Board meeting and other costs | +34% | (£12,600) |
| ii. | Training and other HR | +94% | (£19,100) |
| iii. | Recruitment | -33% | (£5,600) |
| iv. | Travel and subsistence | +33% | (£4,500) |
| v. | Building interior repairs | +482% | (£5,700) |
| vi. | Agency fees for temporary staff | +142% | (£29,100) |

i) The anticipated final net position in the forecast is dependent on Operational Income matching forecast and this gives additional challenges and risks in delivering the total planned expenditure within budget for the remaining 6 months. All aspects of income and expenditure continue to be closely monitored with increased and detailed monitoring of Core and Operational Plan expenditure to allow delivery of the planned outcome, and to allow refinements in budget setting for 2014-15 based on 2013-14 experience. Our overall target for the end of the year remains as close to break even as possible, making full use of grant resources made available to the Authority. As such we will continue to work on budgets for the second half of the year to ensure that variations found over the first half can be managed or accommodated.

j) Annex 1, page 2, summarises the net expenditure for each of the 8 Operational Plan programmes as noted in the 2012-15 CNPA Corporate Plan.

k) Annex 1, page 2, also includes an Operational Plan Dashboard showing the net spend, committed and remaining spend.

l) The mid-year review in October has identified additional revisions to two programmes totalling £45,000 which can be met in part by the internal reallocation of resources and specifically identified Operational Income.

m) The revised projected Operational Program budgets for the full year are:

| | **Budget** £ | **Revised** £ | **+/-** £ |
|---|---|---|---|
| P1 Brand and Visitor Experience | 385,000 | 395,000 | 10,000 |
| P2 Getting Involved | 230,000 | 230,000 | 35,000 |
| P3 Land management and Conservation | 135,000 | 135,000 | - |
| P4 A Special Place | 101,000 | 101,000 | - |
| P5 Opportunities for recreation | 212,000 | 212,000 | - |
| P6 Sustainable Business | 174,000 | 174,000 | - |
| P7 Organisation Excellence | 80,000 | 80,000 | - |
| P8 High Quality Planning | 200,000 | 200,000 | - |

n) The projections to 31 March 2014 indicate a variance of £355,000 from plan to projected outcome. As noted in i) above this outcome is dependent on Operational Income matching forecast, and would result in a net income (surplus) position of almost £0.5 million. To some extent this current forecast position is a reflection of some slippage in delivery plans while we concentrate as far as possible on priority capital investment projects. These figures do remain forward forecasts at this point. They are not planned final outturn positions.

o) For the remaining 6 months, and as previously indicated to the board, all aspects of income and expenditure will continue to be closely monitored with budget holders on a monthly basis as will all Core costs. We will work as in previous years to develop financial plans over the second half of the year that bring overall finances closer into line with this target position.

p) Shovel ready capital projects are limited in terms of actual cash payments made half way into the year. However, the Committee has considered and agreed a number of projects over the course of its previous two meetings and these projects are now becoming more committed "on the ground" with payments associated expected to significantly increase over the third quarter of the year.

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