CAIRNGORMS NATIONAL PARK AUTHORITY
FINANCE & DELIVERY COMMITTEE

FOR DISCUSSION

Title: **FINANCE MONITORING: 22 WEEKS TO 24 NOVEMBER 2017**

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Purpose

To present a summary review of income and expenditure for the 22 weeks to 24 November 2017 to the Finance & Delivery Committee.

Recommendations

The Finance & Delivery Committee is requested to:

a) **Note the results of the 22 weeks period to 24 November 2017;**
b) **Note the position on projects in same period.**

Executive Summary

1. The main report to the Committee is contained in Annex 1. This report shows the 3 main components of the Corporate Plan - Core and Operational Plan and 2 projects, LEADER and the Tomintoul & Glenlivet Landscape Partnership – and a consolidated position. The consolidated position can be derived at any time, not solely at month ends, and is compared with the budget forecast for the year to assess progress towards the planned outturn for the financial year. This presentation will be expanded to cover bids to the Heritage Lottery Fund for the "Capercaillie Framework" and "Great Place Badenoch" if successful.

2. The original bid for the Capercaillie Framework was rejected in September and is being resubmitted in full in December. The application will be considered at the HLF Scotland Board in March: no expenditure is anticipated following a successful bid until permission to start which would like likely late April or early May 2018. A response on the Badenoch application is due before the end of December and if successful the project will start immediately (in January 2018) and last for 3 years.

3. Annex 2 is a month by month summary of the consolidated financial information shown in total in Annex 1.

4. Annex 3 is the analysis of the Operational Plan by Theme, showing both expenditure (actual and committed) and any attributable income.

5. Any adverse variances year to date are highlighted under CORE spend. Variances on CORE expenditure and Operational Plan are monitored on an ongoing basis.

Overview

Other Income

6. At 24 November the net of income over expenditure is £488,300. This is due to front-loading Grant-in-aid drawdowns to accommodate the projected spend profile of the LEADER programme. LEADER project grant payments have not been as high as forecast due to applicant's change requests to milestone payments which typically seek to delay activity and claims as a consequence of project management adaptations.

7. This surplus will be managed down to a cash breakeven position by the end of the financial year.

8. Invoiced income in the period outstanding at the time of preparation of this report are the second, and final, contribution due from SNH for the Civ /Tech Challenge/wildlife crime project (£10,200 – issued 22/11) and a planning recovery of (£11,192.31 – issued 23/11).

9. The share of planning fees due from the local Authorities within the National Park boundaries for the period 1 July to 30 September was £17,926. The share of planning fees due are recovered bi-annually at 30 June and 31 December. At 30 June £12,046 was recovered, of which £1,331 was recognised in the financial year to 31 March 2017.

Core spend

Board and staff costs

10. Based on staff compensation paid to November, and projected payments to 31 March 2018, the projected total staff cost will be approximately £82,000 under the staff cost budget in the 2017/18 budget. This projected savings is expected to fall once an additional administration resource is appointed and again once the staff benefit provision for the year is calculated. This provision will be calculated in January on the basis of TOIL, flexi and untaken holidays carried forward at 31 December 2017.

11. The saving has arisen due to a prudent staff cost budgeting and managed vacancy savings accrued in year to date.

12. Board costs for the year are expected to be in line with budget.

Other Board and staff costs

13. Other board and staff costs are in cash terms broadly in line with expectations despite unbudgeted costs which mean the following budget lines are overspent:

Staff recruitment adverse variance £8,654 – due to unforeseen staff changes
Staff relocation costs adverse variance £1,360 – although relocation expense has now been withdrawn a claim for relocation costs was made which related to the last financial year.

The adverse variance will be covered in savings to date particularly staff travel costs which are currently within budgeted spend.

14. Major costs lines, such as staff training and fleet leasing costs are expected to be within budget for the whole year.

Facilities costs

15. Due to the late start in building the office extension occupancy costs and utilities will be less than expected. However, as the build progresses it is throwing up unavoidable repair and maintenance issues, so far on the alarm system and electric distribution. These costs to date can be accommodated within the capital provisions available. There have been instances of damage to buildings during construction. These costs are the responsibility of the landlord as developer.

16. As a result of the switch to SIP (Session Initiation Protocol: referred to as VOIP in paper 31 January 2017 finance paper) rather than ISDN telephony costs will fall by £20,000 in a full year (compared to 16/17). The number of lines provided by BT has been reduced and are for alarms, testing, fibre broadband to Ballater and the 100MG fibred line into Grantown. Telephone calls are now made using Microsoft Lync, so are essentially internet telephone services reducing the need for fixed phone lines and connections. The full year savings now reported are removing the "distance sensitive" line provided between Grantown and Ballater which is no longer required to support our phone or internet operations.

IT and professional costs

17. IT and professional fees are broadly in line with expected spend.

18. An accrual of £11,000 has been made in the accounts for the 17/18 external audit fees (£10,700 in 16/17). Audit Scotland have yet to indicate the actual fee but fee setting arrangements remain unchanged from 16/17.

Other

19. The Citroen electric car was disposed of after a breakdown. A repair was uneconomical, especially as it could only be used for local journeys and was about to be put into hibernation for the winter. The vehicle was 7 years old and fully depreciated. A book profit of £750 was made on disposal.

Operational plan

20. Annex 3 summaries the expenditure and income per Theme within the Operational Plan.

21. Actual expenditure incurred to date is in line with expectations.

22. An in-year spending review is currently in progress looking at spend to date, commitments recognised and spend to the year end. This will be reported on in the next report.

Non-Cash

23. Non-cash expenses is depreciation and the final charge for the year will be dependent on the timing of capital purchases and their depreciation profile. A review will be made before the year end to identify any assets whose net book value is less than the carrying value due to damage or diminution in value through use. This is usually carried out in March.

Grant in Aid

24. Resource (R DEL): resource grant in aid has been drawn down in line with the planned drawdown.

25. Capital (C DEL): £50,000 from "normal" annual allocation of £60,000 has been drawn down and £34,000 has been spent on ICT and software additions. £7,000 has recently been spent on 6 additional SAS hard drives in lie with a recent IT internal audit recommendation on "disaster recovery".

26. The additional allocation for the office build has spent £2,400 of the £50,000 drawn down though work has been carried out which has not yet been billed for changes to the alarm system, enhanced power supply, bespoke blinds for the roof windows and audio visual equipment. All costs attributable to the extension are being monitored to ensure the spend is within the budget allocated by Scottish Government. Total spend on the extension to date, including 2016/27 costs, is £61,000.

Projects

<u>LEADER</u>

27. All claims for project advances and administration costs are now made on the "LARCS" system. As at 24 November the "RAG" position on the LARCS system is "green" with the following summarising the progress of all claims made to date:

	£	
approved for payment	196,938	46.9%
pre-approval checks	194,007	45.3%
submitted not yet reviewed	37,654	8.8%
	428,599	

Administration costs	79,560	18.6%
Project grants paid by CNPA	349,039	81.4%
	428,599	

28. No payments have yet been made by Scottish Government.

29. Recoveries from LEADER are still recognised monthly in management accounts. Project grants paid by CNPA are reclaimed on LARCS within 10 working days from payment of project grant.

30. Project grants paid in 17/18, to 24 November, total £296,260 to 12 projects.

31. No further payments have been made since April on behalf of the Small Grants Programme, administered by the LEADER team on behalf of the LAG. £1,278 remains as an accrual within CORE and will be transferred to the Cairngorms Trust.

<u>Tomintoul & Glenlivet Landscape Partnership</u>

32. Amounts due from the Heritage Lottery Fund (HLF) since last paper to Committee:

quarter ended	£	received
31 March	78,775	26 June
30 June	98,829	9 October
30 September	87,987	o/s
31 December (estimate)	118,000	

33. Funding for 17/18 of £50,000 from HIE has still to be claimed.

Outturn Position 2017/18

34. The intention is to finish the financial year as close as possible to breakeven. To achieve this transaction reports will be issued from January monthly and then weekly to Heads of Service based on actual costs and committed cost. Management Information will continue to be provided on an actual basis. From January a projected outturn will be run in parallel with the actual costs to identify and stress points or savings in the run up to 31 March.

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24 November 2017