

**CAIRNGORMS NATIONAL PARK AUTHORITY
FINANCE COMMITTEE**

FOR DISCUSSION

Title: 2005/06 BUDGET OVERVIEW

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Purpose

To provide Members with an update on the steps being taken to manage the current year's budget.

Recommendations

- That the Committee note the taken in developing and reviewing the budget for 2005/06 outlined in the paper.
- That the Committee consider the plan to change the timing of future Finance Committee meetings to allow consideration of financial performance close to the end of each quarter, rather than reviewing the results some time after the end of the quarter. The subsequent report on the delivery of the Operational Plan to the Board would then be able to incorporate the views of the Committee on the financial situation, together with the fuller report on the status of delivery of Corporate Plan goals and Operational Plan activities.

Executive Summary

This paper presents a brief overview of action taken to date in developing the 2005/06 budget forecasts included in the Corporate Plan and approved by the Board in February. The paper indicates a movement in budget provision over the six months since February, with some £0.24m switched from the budget for staffing costs to funding activities within the Operational Plan for 2005/06. The paper outlines future plans for further reviewing the budget position as we approach the mid-year point of 2005/06.

2005/06 Budget Overview

Background

1. The Corporate Plan for 2005 to 2008 was approved by the Board at its meeting of 11 February 2005. The plan included a summary budget forecast covering the three year period 2005/06 to 2007/08.
2. This paper presents a brief overview of action taken to date in further developing the 2005/06 budget forecasts set out in the Corporate Plan, establishing control and monitoring arrangements, and planned future work on budget revisions.

Corporate Plan

3. The Corporate Plan set out the following summary budget figures for 2005/06, against our resource allocation of £4,300,000 for the year from the Scottish Executive.

| | £000 |
|--|--------------|
| Board Costs | 261 |
| Staff Salaries and On-costs | 1,957 |
| Other Staff Costs | 190 |
| Office Running Costs | 347 |
| Capital Expenditure | 60 |
| Depreciation and Notional Costs | 90 |
| Operational Plan / Programme Expenditure | 1,395 |
| | |
| Total Expenditure | 4,300 |

4. The budget for staff salaries and associated employer's on-costs relates to "Core" staff only. Staff involved in delivering specific projects are budgeted for within the budget provisions for those projects, held within the line in the above table covering Operational Plan / Programme expenditure.
5. Budgeted costs were based on assumed core staffing levels of 53 full time equivalents (FTEs). The Board approved that the Chief Executive should have delegated responsibility to deploy staff resources over the Corporate Plan period in line with these budget proposals, which represent a maximum for staff costs. Management Team would continually review the need for staff resources, and how best to meet those requirements through a mix of permanent, temporary, fixed-term and seconded contracts. Within this maximum level, the Chief Executive proposed to maintain average staff numbers at around 50 FTE with consequent savings being redeployed to fund additional Operational Plan / Programme expenditure.

Development of 2005/06 Operational Plan and Budget

6. In developing the Operational Plan for 2005/06, following approval of the Corporate Plan, the Management Team reviewed original staffing proposals and decided not to progress a number of recruitments at this stage. The current staffing level at the end of August 2005 is 45.5 FTE, including a number of posts which are vacant at present (Senior Natural Heritage Officer, Education and Inclusion Manager and Head of Communications).
7. Accordingly, the report to the Committee in May 2005 highlighted that the staffing budget for the current year had been revised to £1.717m, while the budget available to fund actions within the operational plan had increased to £1.635m: a reduction in staffing and equivalent increase in Operational Plan expenditure of £0.24m.
8. Staffing levels remain under review, considering both current year budget availability and longer-term delivery requirements of Corporate Plan goals. Controls over recruitment, both for new posts and requests to fill any vacancies arising, have also been put in place, with all requests subject to review by the Chief Executive, Head of Corporate Services and HR Manager.
9. Similarly, the commitment of resources allocated to Operational Plan budgets is reviewed quarterly. The impact of this review process over the first quarter of 2005/06 is summarised in the paper on the outturn for the four months to July 2005. Funds released by some budget holders are transferred to finance additional expenditure on other existing operational plan elements, and used to fund new proposals brought forward.

Future Action

10. We intend to undertake a full review of the budget position toward the end of September. At this time, the review of Operational Plan delivery over the second quarter of the year will be completed. The position on the staff pay award for 2005/06 should also be clearer by that time.
11. Following this review, a revised budget for 2005/06 will be drawn up. This will form the basis for budget monitoring for the remainder of the year. The active management of funds allocated to individual budgets within the Operational Plan will continue in order to seek to maximise use of available resources in the year.
12. The mid-year budget review will also allow forward budget forecasts for 2006/07 and 2007/08 to be refined. The Management Team is currently in the process of developing a first draft of the Authority's Operational Plan for 2006/07 and 2007/08.

13. In these forward forecasts, the Management Team will continue to balance the requirement to have staff in the organisation who are able to progress specific projects, with the objective of retaining as high a proportion of resources as possible available to support Operational Plan activities. This is a delicate balance, with the slippage in Operational Plan expenditure in 2004/05 and phasing of the majority of budgeted Operational Plan expenditure in the second half of 2005/06 testament to the level of internal staff resources needed to manage and implement the activities.
14. An update report on the development of forward budget plans will be brought to the next meeting of the Committee.
15. The Head of Corporate Services is also considering how best to integrate the quarterly monitoring of delivery of planned activities within the Operational Plan by the Board, with the associated monitoring of financial performance by the Finance Committee. A current thought is to time future finance Committee meetings in order that the financial situation towards the end of a quarter may be considered, rather than reviewing the results some time after the end of the quarter. The subsequent report to the Board would then be able to incorporate the views of the Committee on the financial situation, together with the fuller report on the status of delivery of Corporate Plan goals and Operational Plan activities.
16. **Members' views of this intended course of action would be welcomed.**

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