

**CAIRNGORMS NATIONAL PARK AUTHORITY
FINANCE COMMITTEE**

FOR DISCUSSION

Title: OUTTURN FOR THE FOUR MONTHS TO JULY 2005

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Purpose

To provide Members with an update and information on the outturn for the four month period, April to July 2005.

Recommendations

- That the Committee note the outturn for the four months to 31 July 2005.
- That the Committee note the actions being taken to maintain close control over spending under the Operational Plan.

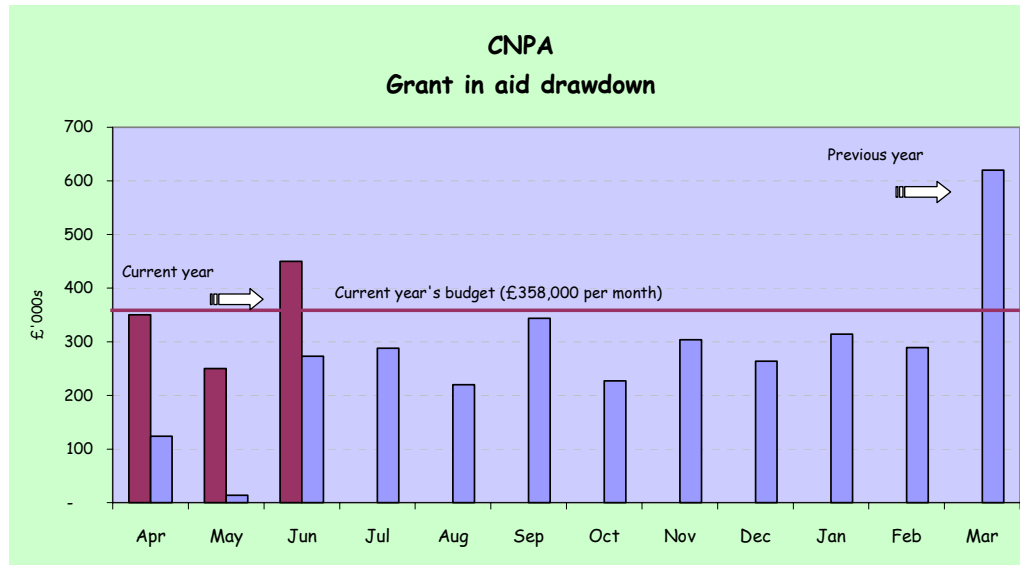
Executive Summary

- (i) At present we are showing an under-spend of £146,000 for the 2005-06 financial year to date (see Annex 1).
 - (ii) As in 2004-05 the majority of the under-spend relates to spending on the Operational Plan. Steps have already been taken to closely monitor this position. Current expenditure plans set out in the Operational Plan for 2005/06 exceed available resources by £120,000 (7%). At this stage in the year, this is not a concern since additional resources are expected following the Authority's End Year Flexibility bid, while some slippage can also be anticipated given experience from 2004/05 monitoring.
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OUTTURN FOR THE FOUR MONTHS TO JULY 2005

Overview

1. We draw funds down monthly to meet forecast expenditure. The graph below summarises the monthly draw-downs for the last two financial years, with 2005-06 on the left and 2004-05 on the right of each month's columns. In considering this comparison, however, members should be aware that total level of funding for 2005/06 is £4.3m, compared with £3.55m for the previous year.



2. The chart indicates that, on average, £358,000 of grant should be drawn down each month to fully utilise our resource allocation for 2005/06. There has not been a drawdown in July since we had sufficient funds to meet our ongoing liabilities due to a larger than required transfer of money from the Scottish Executive the previous month. Our total grant drawdown in the four months to 31 July 2005 of £1.05m is therefore some £0.38m below the total predicted by an even expenditure profile.
3. However, the chart above indicated that expenditure in 2004/05 was weighted heavily towards the last month of the year. Operational Plan expenditure monitoring, considered further below, indicates that expenditure plans for 2005/06 are again weighted toward the second half of the year. In terms of comparing the relative percentage of grant drawn down in this and last year, the actual grant claimed to date for 2005/06 of £1.05m represents 24% of total resources made available by the Scottish Executive for the year. Less than 20% of the total grant was claimed by the same stage in 2004/05.
4. The overall position of income and expenditure over the four months to 31 July 2005 is summarised in Annex 1 to this paper. Main items to highlight to the Committee on the position for core and Operational Plan expenditure are set out in the following sections.

Core Expenditure

5. Overall, core expenditure, covering Board expenditure, staff salaries and associated employment costs, other staff costs (recruitment, travel and training), office running costs and capital expenditure is some £33,000 (4%) below the expected level of expenditure of £778,000 at the end of July.
6. Staff salaries are £58,000 (11%) below budget. The vacancy in the post of Head of Communications has resulted in a shortfall of salary and related costs (£14,000), while three posts recruited during the year to date had later than anticipated start dates (£10,000). Officers have also been negotiating a pay remit for 2005/06 with the Scottish Executive and liaising with the Board's Staffing and Recruitment Committee on this. The effective date for any pay increase in 2005/06 is 1 April and, accordingly, budget provision for increases in salary and employer's on-costs had been made from that date. As agreement has yet to be reached on a pay remit and pay award for 2005/06 this budget provision has yet to be used. In addition we budgeted £10,000 to be used on short term staff to provide for maternity or other vacancy cover and none of this provision has been used yet.
7. Other staff costs exceed budget by £33,000. This line covers money spent on recruitment, relocation, training and staff travel costs. The budget for recruitment for the period was £10,000 and actual spend totalled £32,000. This is mainly a matter of budget phasing since we have a further £40,000 budgeted over the next two months, although an element of the additional expenditure does relate to added costs of recruitment to the vacant post of Head of Communications. In addition there is £10,000 of relocation costs in the current year that were incurred by staff in post at March 2005 but which the auditors did not allow us to treat as a 2004-05 expense since payment was not made until 2005-06.
8. The capital expenditure budget was spread evenly through the year and there has been no expenditure on capital items to date.

Operational Plan

9. Expenditure on activities and projects included in the Authority's Operational Plan for 2005/06 totals £170,000 at the end of July, and compares with a forecast budget for the first four months of £283,000. There is, therefore, a shortfall in expenditure of £113,000 against budget in the first four months of the year.
10. To avoid underspend on the Operational Plan running through to the end of the year, we have held the first series of quarterly reviews between individual Heads of Group, the Head of Corporate Services and the Head of Strategic Policy and Programme Management. The purpose of this review is to critically analyse individual expenditure lines to receive early indications as to whether individual actions or group tasks identified in the Operational Plan:
 - i) are in line with budget;
 - ii) need more financial or other resources, for example, staff support; or
 - iii) can meet their goals with less financial resources. In this case surplus funds can be released into a central pot to be used, subject to Management Team approval, on tasks identified under (ii) or new tasks identified in the year.

11. The first quarterly review has been discussed by the full Management Team and the financial outcome is summarised below:

	No.	£'000
Operational Plan prior to review (June 23)		1,522
New spend opportunities	6	109
Existing opportunities - increased spend	16	292
- reduced spend	34	(168)
Revised planned expenditure total after Q1 review		1,755
Approved Operational Plan budget		1,635
Potential overspend		120

12. As the above table indicates, current expenditure plans set out in the Operational Plan for 2005/06 exceed available resources by £120,000 (7%). At this stage in the year, this is not a concern since:
- we expect to receive additional funding in the year of £115,000, following our bid for End of Year Flexibility (EYF) in the use of funds allocated for but not spent in 2004/05 (the agenda item on the accounts for 2004/05 provides further information on this point);
 - experience in 2004-05 shows that some expenditure tends to be delayed and therefore at this point in the year some slippage against plans at the end of the first quarter can still be expected; and
 - the Committee, in previous discussions has considered that a degree of “over-programming” budget resources is an acceptable budget management tool, given the nature of the expenditure contained in the Operational Plan.
13. The next round of detailed meetings reviewing the status of Operational Plan expenditure will be held in September. Following these discussions, it will be appropriate to undertake a full half-year review of the Authority’s combined core and Operational Plan budget situation.
14. Heads of Group will be also expected to present detailed monthly phasing for all Operational Plan expenditure over the second half of the year, in order to provide the means of detailed monitoring of the status of financial commitments over this period.

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CAIRNGORMS NATIONAL PARK AUTHORITY
Finance Committee Paper 5 Annex 1 09/09/05

CNPA							
Income & Expenditure account (July 2005)							
	Current month			Year to date			
	Actual	Initial	Variance	Actual	Initial	Variance	see
	£'000s	budget	£'000s	£'000s	budget	£'000s	para.
		£'000s	£'000s				no.
Income							
Grant in aid from SE	-	351	(351)	1,050	1,060	(10)	2-3
Other income	1	-	1	5	2	3	-
Release to cover depreciation	36	9	27	36	36	-	
Total income	37	360	(323)	1,091	1,098	(7)	-
Core Expenditure							
Board costs	23	21	(2)	84	83	(1)	-
Staff salaries	126	148	22	478	536	58	6
Staff (other costs)	15	20	5	77	44	(33)	7
Office costs	17	25	8	106	95	(11)	-
Capital expenditure	-	5	5	-	20	20	8
	181	219	38	745	778	33	-
Programme Expenditure							
Projects - managed by CNP	-	-	-	-	-	-	-
Park objectives	-	-	-	-	-	-	-
	57	131	74	170	283	113	9-14
Cash Expenditure	238	350	112	915	1,061	146	-
Depreciation	36	9	(27)	36	36	-	-
Notional costs	1	1	-	1	1	-	-
Total Expenditure	275	360	85	952	1,098	146	-