

CAIRNGORMS NATIONAL PARK AUTHORITY

FOR DECISION

Title: 2016/17 BUDGET AND OPERATIONAL PLAN

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Purpose

This paper sets out the Authority's financial position for the 2016/17 financial year. The paper presents the proposed financial allocations for 2016/17 for core income and expenditure, together with intended operational plan investment, and seeks Board's approval to the budget and Operational Plan for 2016/17.

Recommendations

The Board is requested to:

- i. Consider the budget proposals for 2016/17 presented in this paper;**
- ii. Subject to any suggested amendments, approve financial allocations for 2016/17.**

Executive Summary

This paper sets out an overview of the Authority's financial position for the 2016/17 financial and operational year – the second year of the Authority's Corporate Plan 2015 to 2018, agreed by the Board in March 2015 and subsequently approved by Scottish Ministers. The paper also sets out the detailed core income and expenditure estimates and proposed operational plan investments for the year ahead.

The Authority has been impacted by a 2% reduction in resource allocation from Scottish Government. However, the impact of this for 2016/17 budgeting is offset by the additional resource allocated for 2015/16, on finalisation of Scottish Government budget levels for that year. The Authority's total resources at the outset of the 2016/17 financial year are therefore broadly level with the resource available at the commencement of 2015/16.

The paper highlights the main areas of resource deployment, including the significant value of staff time, for inclusion in the Operational Plan for 2016/17.

2016/17 BUDGET AND OPERATIONAL PLAN - FOR DECISION

Background

1. The forthcoming year, 2016/17 represents the second year of the Authority's Corporate Plan 2015 to 2018 agreed by the Board in March 2015 and subsequently approved by Scottish Ministers.
2. There have been no changes in the Authority's Corporate Plan objectives over the course of the last year, therefore the budget and operational plan proposals very much represent a continuation of resource allocation and investment across activities primarily initiated in 2015/16 or earlier toward the outcomes set out in the agreed Corporate Plan. Over the course of 2015/16 we have also been working to establish alignment of our resource investment against the Scottish Government's Rural, Agriculture, Forestry and Environment (RAFE) portfolio outcomes.
3. At the time of writing this paper, we are yet to receive confirmed figures on grant-in-aid allocation for the coming year from our Sponsor Team at Scottish Government. All grant figures are therefore based on the draft budget published in December 2015.
4. The following sections of the paper go on to discuss the specific issues around income, "core" running costs and Operational Plan investment proposals.

2016/17 Overview – Priorities for the Year

5. The NPA is involved in a number of highly complex and resource intensive areas of work. The main project priorities for 2016/17 are as follows:
 - a) Ongoing delivery of phase two of the Capercaillie Framework
 - b) Delivery of Sustainable Moorland Management and of Catchment Management Projects
 - c) Cairngorms Nature programme delivery, including project and communications support.
 - d) Ongoing oversight of An Camas Mòr proposal
 - e) Follow up of Cairngorm and Glenmore strategy consultation and delivery of actions arising from consultative process.
 - f) Delivery of LEADER programme, which remains at the time of writing highly dependent on timetables adopted by Scottish Government staff centrally in finalising any required guidance for applicants and Local Action Groups (LAGs).
 - g) Supporting the Tomintoul and Glenlivet Landscape Partnership through the completion of the development phase and, subject to grant award from Heritage Lottery Fund, into the delivery phase.
 - h) Active Cairngorms and supporting access infrastructure improvements, including participating in delivery of Cairngorms Outdoor Access Trust's (COAT) "The Mountains and The People Project".
 - i) Continuation of work to ensure smooth progress of A9 enhancements within the National Park taking into account the Park's special qualities.
 - j) Work to develop and seek funding supporting implementation and improvement of Long Distance Routes within Cairngorms National Park.

- k) Continued support for implementation of the Cairngorms Economic Strategy, specifically on Tourism.
6. The main internal priorities for 2016/17 are as follows:
- a) Supporting the Cairngorms LAG in its process of incorporation as a charitable entity, and in its wider delivery of the LEADER programme as the Accountable Body for LEADER in the Cairngorms.
 - b) Supporting the LAG and the Authority in its work on Community Broadband initiatives and implementing appropriate organisational structures to deliver this key rural development priority.
 - c) Review the achievements of the Organisational Development Strategy (ODS) which has run now from 2014 until 2016, consider the need to revise the ODS in light of the generally very positive staff survey results received at the end of 2015, develop and implement an agreed forward organisational change programme.
 - d) Delivery of the Grantown office extension project in collaboration with the landlord.
 - e) Focusing communication activities on the agreed campaigns established in the communications strategy.
 - f) Building on Planning Service Improvement actions and delivering best value planning services.
 - g) Supporting COAT in delivery of its programme of access works and in particular the second year of The Mountains and The People project.
7. As required within our resource planning structures, we have continued to develop our plans and proposed investments within the existing structure directed by our Corporate Plan. The Management Team is very aware of the significant amount of damage within the National Park caused over the winter of 2015/16 by the flooding in Aberdeenshire in particular. We have been fully involved with Aberdeenshire Council and other delivery partners, notably COAT, in determining the damage and remediation costs to this part of the National Park. We will continue to seek opportunities along with partners to direct our efforts, within existing corporate priorities, to assist with the recovery effort in Ballater and other communities impacted on by the storms.

2016/17 Budget: Income

- 8. The Authority's expected cash-based income for 2016/17 comprises primarily a revenue and capital resource allocation totalling £4.315m from Scottish Government.
- 9. We are also budgeting for a further £0.25 million income from other sources including planning fees, project contributions and other generated income.
- 10. Total budgeted, cash-based income for the coming year, 2016/17, is therefore £4.565m. This represents funding available to the Authority to support its on-going activities and Operational Plan spending plans.
- 11. The resource allocation from Scottish Government represents a reduction of £0.143m compared with total funding levels for the current year, 2015/16.

However, as the 2015/16 resource allocation includes additional funding allocated to the Authority after the budget proposals were first published, the start point for 2016/17 budget of £4.315m in resource from Scottish Government is very close to the original level of £4.30m used in development of the 2015/16 initial budget.

12. Many of the activities led by the Authority generate financial contributions from a wide range of partners. Therefore, the Authority's total income and turnover by the end of the coming year is likely to be higher than this estimate. As these financial contributions are tied to specific projects, the Park Authority's discretionary income for budget allocation to core and operational plan activities in 2016/17, remains as £4.565m.
13. There are no additional capital allocations made available to the Authority for 2016/17 at this point. The Authority has made a bid in the current financial year, 2015/16, for some additional funding to support Information and Communication Technology investment plans to support implementation of aspects of the Organisational Development Strategy. We have also made a bid to support the fit out costs of the proposed office extension, with the expectation that these costs are likely to materialise toward the end of 2016/17 and into 2017/18.
14. However, until the outcome of these bids is known the budget remains based on an income figure of £4.565m. The resource levels for 2016/17 budget allocation, including other income, therefore is very similar to the 2015/16 start point of £4.550 million.

Wider Funding Context within Cairngorms National Park

15. As we reported to Board in presenting the 2015/16 budget proposals, the work of staff and organisational support from the Authority over the course of the last years has resulted in some significant successes for the Authority and its partners in securing sizeable levels of third party investment into the National Park.
16. The development phase of the Tomintoul and Glenlivet Landscape Partnership commenced in 2015/16 and we work towards the securing approval to the full delivery phase in the coming year (with Tomintoul and Glenlivet Community Development Trust alongside the Authority as lead delivery organisation). The Mountains and the People Project (Cairngorms Outdoor Access Trust as lead delivery organisation) is now near the completion of its first year of full delivery with a number of mountain path routes completed in both Cairngorms and Loch Lomond and the Trossachs National Parks and recruitment in place to support delivery of "The People" activity elements of the project from year two (May 2016 onwards). Cairngorms LEADER (Cairngorms Local Action Group as lead delivery organisation) aims to have a first round of project awards in late Spring / Summer of 2016. Collectively, we have estimated that these partnership initiatives will secure total investment in the Cairngorms National Park from these programmes of activity in excess of £10 million over the 5 years from 2015/16.
17. All of these significant programmes of activity involve the Authority to a significant degree in providing organisational, service and governance support, some direct financial investment and staff knowledge and expertise. From a financial perspective,

the Authority's contributions to these projects and associated total levels of investment to be secured within the National Park are summarised in Table One.

Table One: Significant Externally Funded Investment Programmes

Work Programme	Operational Duration	CNPA Total Financial Contribution	Total Expected Investment
Tomintoul and Glenlivet Landscape Partnership	5 years	£250,000	£3,500,000
The Mountains and the People Project	5 years	£275,000	£2,200,000 estimate within Cairngorms NP of £6,250,000 total project
LEADER	5 years	£350,000	Estimated £6,000,000 total programme value (£2,970,000 LEADER)

2016/17 Expenditure Budget: Core Budget Summary

18. A summary of core budget estimates for the 2016/17 financial year is set out in Table Two.

Table Two: 2016/17 Core Budget Summary

	2015/16 Budget Proposals £000	2016/17 Budget Proposals £000	Change £000
Board Salaries	163	165	+2
Staff Salaries	2,861	2,811	-50
Other Board and Staff Costs	215	201	-14
Office Running Costs	214	264	+50
IT and Professional Support	179	162	-17
Total "cash" based expenditure	3,632	3,603	-29
Depreciation of fixed assets	33	55	+22
Total expenditure	3,665	3,658	-7

2016/17 Budget and Operational Plan - Staffing

19. The Authority's staffing levels represents one of the key financial management tasks in balancing financial investment between core areas of expenditure, and project investment through the Operational Plan.
20. Management Team has maintained a scrutiny of staffing levels over the course of the last year, and particularly over vacancy management and any proposed recruitment. Our current financial monitoring position presented to Finance Committee in January 2016 indicates that the final outturn position for 2015/16 will be some £90,000 lower on staffing than budgeted as a result of vacancy management in the year. A number of vacant posts have been removed from the established structure, delivering an ongoing budget saving. Organisational structures have also been reviewed, resulting in a number of new recruitments which have progressed to fill lower graded posts than previously.
21. The Authority faces cost increase pressures from staff employment as a consequence of a 3% increase in employers' National Insurance contributions from April 2016.
22. The Board's Staffing and Recruitment Committee has also agreed to Management Team pursuing a pay award for staff for 2016/17 of 1% "basic award" increase to all staff, plus the contractual minimum of 1.5% progression award to those staff progressing through their salary band. The basic award for all staff will be supplemented for any staff earning below £22,000 to ensure a minimum basic award salary increase of £400 with effect from 1 April 2016. These proposed salary awards are all in line with the Scottish Government's published public sector pay guidance for 2016/17. The Authority also plans to extend its No Compulsory Redundancy policy for a further year through 2016/17, again in line with Scottish Government guidance.
23. Our staff and pay modelling indicates that the full year impact of staff savings and efficiencies made over the course of 2015/16 will more than offset these pay pressures. Hence the initial budget figures set out in Table Two highlight a forecast year-on-year reduction in staff pay of around £50,000 (1.7% reduction) for 2016/17 as compared with 2015/16 budget. Management Team will continue to scrutinise any vacancies arising from natural turnover in the year to seek further opportunities for reductions in staffing commitments.
24. Our staff continues to provide a significant resource investment into delivery of both Corporate and National Park Partnership Plan (NPPP) priorities. The Operational Plan set out in Annex 2 to this paper and considered in more detail in a subsequent section of this paper highlighted the amount of staff resource invested in each aspect of our planned activities for 2016/17.
25. The Authority also continues to take up a key support and facilitation role in major projects through its willingness to take on the role of lead employer for staff delivering major projects. Hence we act as the employer and Accountable Body for LEADER staff undertaking support to the Cairngorms LAG; we have employed an externally funded Peatlands Project Officer post; and led on the employment of the

Tomintoul and Glenlivet Landscape Partnership Development Officer. We expect to continue to fulfil this key role in facilitating the delivery of priority NPPP projects.

26. The updated trend of our organisational staffing levels is set out at Table Three.

Table Three: Cairngorms NPA Staffing 2006/07 to 2016/17

Year end 31 March	Headcount	FTE
2007	59	55.8
2008	60	57.4
2009	62	59.0
2010	65	60.3
2011	58	51.3
2012	58	51.1
2013	60	53.9
2014	67	60.6
2015	67	60.2
2016est	69	61.2
2017est	69	62.3

27. It should be noted with regard to workforce management that the operation of the Authority's (and Scottish Government's) no compulsory redundancy policy creates limitations on management of staff numbers, and a dependency on natural turnover to create opportunities to review staff investment. The positive aspects of this policy are of course around enhancements to staff morale through job security over a period of very difficult economic circumstances.

Other Non-Staff Core Expenditure

28. Our aim with other areas of core expenditure in 2016/17 is to maintain these budgets as far as possible at or below the budget levels for 2015/16. This recognises the desire to maintain Operational Plan investment levels as far as possible, and also to achieve further targeted efficiency savings.
29. We have identified further ongoing operational efficiencies in our training, recruitment and other staff support costs, and in Information Technology and professional fees. However, for 2016/17 initial estimates these have been more than offset by increases in budget provision to office running costs. There may be recurring savings achievable in telephony costs following implementation of new systems at the end of the current financial year, although reductions have not yet been made to budget estimates pending evidence of actual post-implementation costs.

2016/17 Expenditure Budget: Operational Plan

30. The Operational Plan for 2016/17 sets out the Authority's anticipated contributions to a range of activities over the course of the year. Total financial investment in Operational Plan activities currently covers £0.963m in investment proposals. The

Operational Plan also details the major lines of activity that are planned for the year which will require investment of staff resources alone. Proposed areas of investment of both financial and staff resources are set out in Annex 2 to this paper.

31. While Annex 2 highlights the range of financial and staff resourcing provisions made for the coming year, the following sections set out some brief commentary on the main areas of financial investment in 2015/16 and the intention underpinning them.

Communications: Website Provision and Events Support

32. The Authority's new website was launched in September 2015. The ongoing budget of £20k per annum is to ensure we continue to deliver a reliable and secure website for the Park and Park Authority, continue to improve the user experience by navigation and design improvements and develop our capabilities to provide online services. We aim to complement this with developing use of social media, and also to support other groups within the Authority with their priority events and in delivering our agreed communications campaigns.

Conservation and Land Management: Habitat Restoration

33. This package continues to include provision for land management support (£20k), training (£19k), forestry consultations and sustainable deer management; and work on the landscape toolkit; all to deliver large scale habitat enhancement. This includes a significant staff time commitment to facilitate projects and collaborate with partners.

Conservation and Land Management: Priority Species and Engagement

34. This continues work initiated in 2015/16 through Cairngorms Nature Campaign and communications (£20k) and citizen science (£11k). There is specific resource dedicated to delivering the Cairngorms Nature Action Plan, the Capercaillie Framework and project work in support of other priority species.

Conservation and Land Management: Moorland and Catchment Management

35. Resource provision is maintained in 2016/17 for moorland and catchment management initiatives. Catchment partnerships are effective delivery mechanisms for many of our conservation priorities. Moorland management includes resource to support Peatland Action Programme projects (externally funded), the East Cairngorms Moorland Partnership and raptor conservation.

Rural Development: Strategic Planning

36. Having adopted the Local Development Plan in 2015, our focus now moves forward with significant investment in development of both the third National Park Partnership Plan from 2017 and the following Local Development Plan from 2020 as part of the rolling five year cycle for both these key strategic planning documents.

Rural Development: Planning Service Improvement

37. As agreed with Planning Committee, we will continue to deliver on our planning service improvement action plan, delivering best value in public services. A significant resource investment remains directed toward delivery of our development management planning service.

Rural Development: Economic Strategy

38. This area of work includes facilitating delivery and monitoring of the Economic Strategy through our support for key delivery partners and groups such as the Cairngorms Business Partnership (CBP), Cairngorms Tourism Partnership, and Cairngorms Digital Steering Group. CNPA is contributing significantly to two key areas of the Strategy: Infrastructure and Tourism. This includes our work supporting delivery of the A9 Dualling project and Broadband initiatives. Key expenditure in the tourism area provides funding support for collaborative marketing campaigns with VisitScotland and CBP and for the 'Make it Yours' project. This project aims to work with businesses, visitor-facing staff, and partners to increase knowledge and awareness of the CNP to ensure the brand is used effectively to better promote the area to visitors.

Rural Development: Tomintoul and Glenlivet

39. This package of work draws together CNPA's contributions towards activity on the Tomintoul and Glenlivet area – one of the two spatial priorities in the Park Partnership Plan. It covers the work of the Transform Team, made up of the public agencies and partners who provide oversight of delivery of the Regeneration Strategy, the contribution to the Landscape Partnership and the work of the Tomintoul and Glenlivet Development Trust.

Rural Development: Community Development

40. In December 2014, CNPA Board approved a new approach to community engagement and development work in the National Park and in February 2015 the Finance and Delivery Committee approved the agreement of Memorandums of Agreement with two key agencies. Financial resource has been provided in line with the Board's decision to support this activity over 2016/17, the second of the agreed three year period of support.

Visitor Experience: Access Infrastructure

41. We continue to work with COAT as a key partner in delivery of improvement and maintenance on the Cairngorms' priority access infrastructure. This investment includes our contribution in finance and staff time to delivery of The Mountains and The People project, funded in part through the Heritage Lottery Fund. We also plan to invest some staff time in working up proposals and funding bids to continue work on developing the key long distance routes passing through the National Park.

Visitor Experience: Active Cairngorms

42. Investment into Active Cairngorms includes our ongoing support for ranger services in addition to delivery of the Authority's statutory responsibilities as the Access Authority for the Cairngorms National Park. It includes resource investment in project delivery, including continuing to support the John Muir Award and junior ranger programmes.

Visitor Experience: Cairngorm and Glenmore

43. This includes staff time in leading the Cairngorm and Glenmore Partnership and support for improvements to the visitor experience at Cairngorm and Glenmore following on from completion of consultation on the strategy and development of agreed actions.

2016/17 Budget Summary

44. The summary budget position for 2016/17 is set out in Table Four.

Table Four: 2016/17 Budget Summary

	2015/16 Budget forecast (£m)	2016/17 Budget forecast (£m)
Grant and Fee Income	4.550	4.565
Expenditure		
Core Budgets	3.632	3.603
Operational Plan	0.951	0.963
Total Expenditure	4.583	4.566
Net Expenditure	-0.033	-0.001
Note:		
Sensitivity Analysis - Movement by 1% in:		£000
- Pay awards		28
- Inflationary price increases		6
- Grant in aid movements		43

45. As Operational Plan investment proposals become increasingly certain and require less lead time in reaching agreement with partners, there is less slippage in proposals and financial commitment. We have therefore taken the decision for 2016/17 not to over-programme the budget and Operational Plan and have sought, as illustrated in Table Four, to deliver a balanced budget.

Next Steps

46. The Finance Committee will continue to be presented with regular budget monitoring updates over the course of 2016/17 to highlight any movements in budget position and to agree any significant in-year revisions to budget targets.
47. The Finance Manager has also worked with colleagues to establish budget profiles for the year and determine a monitoring and review process in order that we are able to detect any slippage or alterations in expenditure intentions at as early a point in the process as possible. These profiles will be adapted for any changes made in the current budget proposals following on from consideration of the position by the Committee, management and Board. Budget profiles developed for final approved budget allocations will be used to present future monitoring reports to Finance and Delivery Committee and to monitor patterns of financial commitment by the Authority.

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