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## CAIRNGORMS NATIONAL PARK AUTHORITY

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### FOR DECISION

**Title: 2020/21 BUDGET AND OPERATIONAL PLAN REVIEW**

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#### **Purpose**

This paper presents a review of the Authority's budget and Operational Plan for 2020/21 in light of the impacts of COVID19 affecting the Authority since commencement of the financial year.

The paper presents an overview of the Authority's income and expenditure position in the year to date. The expenditure position focuses primarily on payroll position to date, which represents a key indicator of the reliability of initial budget estimates at such an early stage in the year.

The paper considers the position of the 2020/21 Budget and Operational Plan investment proposals in context both of the management of investments between 2019/20 and 2020/21 financial years, and of the assessed impacts of COVID19 restrictions on operations.

The paper follows consideration of these matters by the Finance and Delivery Committee at its meeting of 22 May 2020.

#### **Recommendations**

**The Board is requested to:**

- a) Note that payroll costs are on budget for 2020/21 and there are no areas of risk of overspend currently identified within current year budget monitoring;**
- b) Agree that £0.271 million identified in this paper can be released from current year budget provisions;**
- c) Agree to redeployment of £0.266 million to Green Recovery Plan actions identified in this paper (paragraph 12 and subsequent expanded detail);**
- d) Agree to commission the Glenmore NMU route extension should capital funding be secured for this project (paragraph 25 and subsequent detail).**

## 2020/21 BUDGET & OPERATIONAL PLAN REVIEW – FOR DECISION

### Update on Finance and Delivery Committee Budget Considerations

#### 2020/21 Income and Expenditure Position

1. The Authority's grant in aid funding for 2020/21 financial year was confirmed by letter dated 9 April, with revenue funding of £4.779 million and capital funding of £0.240 million. This is fully in line with expectations built into the 2020/21 budget approved by the Board at its meeting of 27 March 2020.
2. While the months of April and May are typically light on commitment of resources against the new Operational Plans, this position has been significantly exacerbated this year as the Authority operated remote working for all staff and wider COVID19 business continuity responses throughout the period to date of the current financial year. Our policy development and project planning operations have continued effectively, as have our creditor payment processes. However, there has been an understandable and expected downturn in the level of financial transactions and budget commitments made in the period of the year to date.
3. Given that staff payroll levels represent a key element of the Authority's fixed and committed cost base, expenditure on employment costs represents a key test of the robustness of financial estimates in the early part of the year. As noted in the budget paper to the Board at its previous meeting in March 2020, staff salaries are projected to utilise some 58.9% of resources made available to the Authority in 2020/21.  
<https://cairngorms.co.uk/resource/docs/boardpapers/27032020/200327CNPABdPaper2AABudget%20Cover%20Paper.pdf>
4. With April and May payroll now fully processed and paid, including pay awards due for 2020/21 implemented and backdated to 1 April 2020, we can now establish staff employment costs for the first two months of the year against budget based on the first two months' actual figures. Results of this analysis are summarised in Table One.

Table One: Projected Outturn for Employment Costs Based on April and May Actuals

	£000
Forecast full year employment costs projected outturn based on April and May 2020 actuals	3,357
Recoverable from external project funding	-334
Net projected full year outturn employment costs falling on CNPA resources	3,023
Budget as approved at Board meeting 27 March	2,978
Current projected overspend against budget	45
Planned total vacancy savings to achieve over course of year, as approved within 2020/21 Budget	64
Reduction in vacancy savings target achieved to date	19

5. Employment costs after the first two months of the year are therefore close to expectations and give no cause for concern in terms of managing a balanced outturn against budget by the end of the year. If current employment costs were to continue at current rates to the end of the financial year, a projected overspend of £45,000 against budget, equivalent to 1.5% of the salaries budget, would be incurred. As in previous years, we have established our budget based on inclusion of an assumed vacancy savings target, with a target of £64,000 in managed vacancy savings set for the full year. The current projections indicate that around £19,000 of savings against budget have been secured in the period of the year to date, leaving a remaining £45,000 to secure a balanced budget for employment costs.
6. Other aspects of expenditure cause no cause for concern of any significant over-spend against budget at this point in time.

### **2020/21 Budget Review**

7. Financial management of contractual and project funding commitments between 2019/20 and 2020/21 financial years, together with initial assessment of budget impacts arising from COVID19 restrictions on activities, does warrant consideration of potential underspends and consideration of resource reallocation, which the following section of this paper outlines.
8. As outlined in the budget paper to the Board on 27 March, the Authority's standard year-end financial management processes to maximise utilisation of available financial resources, we may make some payments against project commitments in the current rather than the coming financial year. Such payments are only made when warranted

by existing contractual arrangements and / or in support of voluntary or charitable bodies, when the receipt of finances due from the Authority provide them with crucial working capital in addition to supporting delivery of agreed outcomes. Our resource management activity over February and March 2020 has enabled the investment summarised in Table Two to be implemented in the prior financial year, resulting in equivalent reductions in resource requirements in the 2020/21 Operational Plan.

Table Two: Potential Reductions in 20/21 Operational Plan Investment Requirements

	£000
Catchment Management Partnerships: Core Funding	20
Year 1 Wildcat Project Contribution	12
Waders and Wetlands Project Contribution	18
Speyside Way Improvements and Extension Finalisation	90
Path Maintenance grant funds	20
Supporting Community Networks	50
Enabling business support and business collaboration	25
<b>Total reduction in 20/21 Operational Plan Investment Requirement</b>	<b>235</b>

9. Additionally, assessment of budget requirement after around 7 weeks of the current financial year necessarily conducted under COVID19 operational restrictions has identified other areas of our budget where expected underspend can be taken from budget provisions and reallocation. These impacts have been identified as summarised in Table Three.

Table Three: Potential Reductions in 20/21 Budget Provisions

	£000
Cairngorms Nature “Big Weekend” savings after providing for virtual events	7
Ranger grants not payable during ranger COVID19 furlough period	16
Curtailed of Visitor Survey	2
Travel, subsistence, accommodation and meeting cost savings	11
<b>Total potential reductions in 20/21 budget provisions</b>	<b>36</b>

10. In total, some £0.271 million is available to release from original 20/21 budget provisions. As the early financial monitoring over the first two months of the financial year does not indicate any over-spend risks in other areas of the Authority’s financial provisions, these resources made free from budget management actions and from impacts of COVID19 operational delays are available to consider for reallocation within the Authority’s budget requirements and investment priorities.

## **Green Recovery Plan**

11. The foregoing analysis indicates that the Authority has in the order of £0.27 million available from budget management and delay of plans to finance actions in delivery of

short-term elements of the Green Recovery Plan within 2020/21 budget resources. This sum is available without the suspension of ongoing elements of the Operational Plan set out to the Board in March 2020. The Green Recovery Plan will be considered in its entirety as a separate item on the Board's agenda. This section of the Budget and Operational Plan Review papers considered the specific items that have begun to evolve from the Green Recovery Plan with the potential for investment and service deployment in the short term, i.e. within the current financial year, and which may be financed from the Authority's resources available in 2020/21.

12. There are three key areas for detailed consideration of resource redeployment at this stage of 2020/21 by the full Board, following consideration by the Finance and Delivery Committee. The Committee agreed that further work by officers in development of proposals in these potential areas of resource deployment was merited while, recognising that this work and associated input of staff time remained at some risk depending on current full Board decisions. These three initial areas of investment in the short term to support the Authority's Green Recovery Plan delivery are:
  - a) A seasonal ranger service: provision of a seasonal ranger service between the end of June 20 and end of October 20 would require investment of an estimated £0.126 million, to potentially provide 3 staff in Aberdeenshire and 4 staff in Highland areas of the Cairngorms.
  - b) Establishment of a Cairngorms Recovery Fund of £0.100 million to provide an allocation of resource to support essential community and business recovery actions, where such actions are not supported from other, existing national programme funds and financial allocations.
  - c) Provision of development funds of £0.040 million to support the development of the Tomintoul and Glenlivet Dark Skies Observatory Project.
13. Additionally, one capital project identified in the Capital Programme element of the Green Recovery Plan has progressed through initial screening within the Scottish Government's capital recycling / reallocation processes: the potential investment in the Glenmore Route for Non-Motorised Users (NMU).

#### Seasonal Ranger Service Proposals

14. The Seasonal Ranger Service proposal was considered as part of the Board's workshop discussions on the development of the Green Recovery Plan. The Authority anticipates that as the Scottish Government's COVID19 recovery roadmap continues to allow for more flexibility for people to resume travelling for leisure and other purposes, there will be a need to manage how people access the Cairngorms National Park to ensure that physical distancing and wider health guidance is adhered to, our environment is protected and our communities feel safe. The proposed seasonal ranger service will provide practical support for land managers responsible for managing key sites, through employing 7 seasonal rangers to start on 15 June with a view to being fully operational at the end of June. We plan to hire 3 seasonal rangers in Deeside and 4 in Badenoch & Strathspey for a 4 month period until the end of October 2020. This is to ensure that we have a flexible, skilled resource on the ground to help deal with visitor management issues within the National Park, linking closely with the existing ranger services.

15. The total costing for this service is estimated at £0.126 million, with the summary breakdown of costs set out in Table Four.

Table Four: Seasonal Ranger Service Summer / Autumn 2020 Cost Estimate

	£000
7 x Seasonal Ranger Posts mid-June to end October 2020	100
Provision for internal management costs	16
Provision for operating budget	10
<b>Total cost provisions</b>	<b>126</b>

16. In order to deliver a seasonal ranger service within an extremely tight timetable, and avoid delays whereby significant visitor pressures could mount for several weeks prior to the service being recruited, trained and deployed, the timetable for service development has been established to seek to dovetail the confirmed appointment of these new staff to the day of the Board meeting. Staff will start from Monday 15 June for two weeks of training prior to deployment should the service receive final approval from the Board.

#### Cairngorms Recovery Fund

17. The Green Recovery Plan provides for a “Cairngorms Recovery Fund” of £0.100 million aimed at providing support to Cairngorms communities and businesses in their recovery from the widespread social and economic impacts of COVID19. Care will be needed to ensure such a fund does not duplicate the range of support mechanisms made available from national government sources and is a tailored fund to meet the specific, rural needs of the Cairngorms communities and their businesses. The Green Recovery Plan highlights that “fairness” will be embedded in the fund as a key principle.
18. The Cairngorms Local Action Group Trust (“Cairngorms Trust”) have also made a decision at their Board meeting of 26 May 2020 to reorient their charity focus for the time being from working with business and communities to seek support for charitable work in environment and access schemes, to using their resources to support public benefit and community led local development (including businesses) as they recover from COVID19. The Authority proposes to work in partnership with the Trust, and also with other community and business representative bodies, in developing objectives and criteria for the Cairngorms Recovery Fund which can be operated on a complementary basis by the Authority and the Cairngorms Trust.

#### Dark Skies Observatory Project Support

19. The Cairngorms Dark Skies experience is the project name to construct and operate an Observatory and Planetarium to attract visitors to the area and enhance the local economy. The physical asset will be owned by Crown Estate Scotland and the facility operated by a community led Social Enterprise Operating Company (SEOC) that has been instrumental in developing this project.

20. The objective of the project is to secure funding in the order of £1.8 million to construct the observatory and planetarium, as a significant tourism asset to the Tomintoul and Glenlivet area and, more widely, to the Cairngorms National Park as a whole. This proposal therefore focuses on a longer-term benefit to the Cairngorms' tourism economy with the potential creation of an asset bringing significant additional interest to the tourism economy of the National Park.
21. The potential Green Recovery Plan investment at this juncture is the provision of £0.040 million in grant support as part of a £0.120 million fund to fully specify and secure permissions required to enable full contract award and build. It is anticipated that many of these costs could be recovered from the capital grants for the full delivery project should these be secured. However, the outlay is needed at this juncture to progress the project specification and potentially support the gain of this asset for the local community and the Cairngorms more widely. With no guarantee of recovery of the outlay from future funding at this juncture, the proposed investment would therefore fall as a call on 2020/21 revenue resources.
22. The funding is intended to support the project proposal through the remaining formative stages of development and specification, through to securing all funding support for the full construction project. This will require all aspects of design and development activities including: specification and design; business planning; site exploration and acquisition; all appropriate land and planning permissions and dealing with various requirements of all potential match funders. While the finalisation of these proposals is therefore some time away, the injection of development funding provides a significant support to this potential longer-term economic and tourism development while providing the various business benefits associated with the evolution of a large scale capital project of this type.

#### Capital Investment

23. The outline capital programme which forms a key element of the draft Green Recovery Plan is also set out in the Plan document considered elsewhere on the Board's agenda.
24. The current items identified for the capital programme is reproduced at Annex I to this paper, restructured into a diagram showing those projects that are "shovel ready", i.e. ready to be deployed subject to funding availability. The diagram indicates the developmental stages of other capital investment ideas on the basis of the degree to which permissions (planning, land owner) have been secured and the degree to which the detailed specification of the project has been completed.
25. One project, the Glenmore route for Non-Motorised Users, with estimated investment requirement of £0.150 million, has progressed through a first and second cut of potential projects under consideration by Scottish Government for any in-year reallocation of capital funds. This project seeks to build on investment already secured for Glenmore through the Strategic Tourism Investment Fund by providing a further path extension in Glenmore to support active travel.

26. There is some potential therefore that this project will be commissioned in the year, and this may be at short notice. The Board's approval to this project being added to its approved capital programme and operational plan is therefore requested at this juncture.
27. The wider capital programme will remain subject to ongoing monitoring and development: updating on the status of projects as their situation evolves around development of specification and securing planning permissions required. We will update the Finance and Delivery Committee on the evolution of the capital projects on an ongoing basis, with any specific funding decisions being taken by the Committee or the Board as appropriate to scale of investment and extent to which there has been prior Board approval to the activities involved.

### **Procurement Strategy and Supporting Local Businesses**

28. A key aspect of converting the Authority's general investment and more specific "Green Recovery" actions into local economic benefit involves both staff salaries which help drive the local economic multiplier of the Cairngorms National Park, and also letting contracts to local contractors and suppliers.
29. The Authority's Procurement Strategy, approved by the Audit and Risk Committee in 2018, already sets out a focus for our contracting activity to support the local economy of the Cairngorms National Park as far as is possible within the wider parameters of public procurement regulations.  
<https://cairngorms.co.uk/resource/docs/boardpapers/02022018/180202AuCtteePaper6AnnexIJointNPAsProcurementStrategy.pdf>
30. The procurement strategy recognises that a significant proportion of the Cairngorms economy comprises micro businesses and small / medium sized enterprises, and that appropriate steps need to be taken to support local businesses in taking opportunities to secure contract offers put forward by the Authority. Such steps can include being mindful of the lots made available within the tender specification, allowing where possible for a number of smaller lots to be procured rather than a single large contract and hence allowing bids by a number of smaller suppliers. We will also consider the most appropriate route to market for the contract supply on a case by case basis to ensure we can maximise the exposure of our contracts to local businesses.
31. Care must always be taken to ensure that the Authority's actions and use of public funds remain within the parameters of public procurement regulations. We have taken some initial legal advice to support the Authority's work moving forward in ensuring that we can maximise the scope available to us in promoting local economic activity through our public procurement.
32. In the context of the Green Recovery Plan, our Procurement Strategy also sets out our approach to supporting action on climate change and seeking to ensure that our contracting activity supports our wider objectives of a more sustainable economy.

## Next Steps

33. The Director of Corporate Services and Finance Team will make appropriate amendments to the 2020/21 approved budget based on decisions taken by the Board on the content of this paper.
34. Final approval to the Season Ranger Service will result in contract awards to selected individuals and commencement of the service with effect from 15 June.
35. The Management Team will continue to work within the revised budget parameters agreed to deliver the existing Corporate Plan objectives while also amending delivery plans to accommodate the successful delivery of the additional objectives established by decisions on this paper.

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