

CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE & DELIVERY COMMITTEE

FOR DISCUSSION

Title: FINANCE MONITORING: 6 MONTHS TO 30
SEPTEMBER

Prepared by: Daniel Ralph, Finance Manager
David Cameron, Director of Corporate Services

Purpose

To present a summary review of income and expenditure for the 6 months to 30 September, 2018 to the Finance & Delivery Committee.

Recommendations

The Finance & Delivery Committee is requested to:

- a) **Note the results of the 6 months to 30 September 2018; and**
- 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 now shows the 5 main components - Core and Operational Plan and 4 projects, LEADER, the Tomintoul & Glenlivet Landscape Partnership (T&GLP), Great Place Badenoch (GPB) and the Caper Framework (CF) – as well as a consolidated position. GPB and CF have both recently commenced. GPB will last for 3 years; CF is now in the Development Phase of the project. Both are HLF funded.
2. 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 can be expanded to cover any other significant externally funded programmes which need to be accounted for separately to the Authority's income and expenditure.
3. Annex 2 is the analysis of the Operational Plan by Theme, showing both expenditure (actual and committed) and any attributable income.
4. Any adverse variances year to date are highlighted under CORE activities. Variances on CORE expenditure and Operational Plan are monitored on an ongoing basis and variances of greater than 15% or £5,000 from budget, whichever is the higher, will be brought to the Committee's attention. Most of the reported variances will self-correct during the financial year due to the timing of spend and recognition of prepayments or accruals.

5. Positive variances will be reported as + £x,xxx and negative as - £x,xxx.

Overview

Other Income

6. Other income at 30 September totalled £147,200 and included the following:
- | | |
|-------------------------------|---------|
| a) Grants | £40,000 |
| b) Core staff costs recovered | £35,900 |
| c) Ex NPP LLP | £1,400 |
| d) Planning fees | £61,800 |
| e) All other | £8,100 |
7. The share of planning fees due from the local Authorities within the National Park boundaries for the 3 months to 30 September was £30,600. The fees for the 3 months to 30 June was £31,200 and was billed out with quarter 4 17/18 fees of £35,100 in July. Planning fees will next be recovered from the 5 Authorities with boundaries in the Park at 31 December 2018.

CORE Activities

Board and staff costs

8. Board fees and staff costs are broadly in line with expectation for 6 months.

Other Board and staff costs

9. Other board and staff costs are in line with expectations for the 6 months.
10. The only adverse variance to report is on leased cars of £6,300. This represents a timing difference only as leased motor vehicle costs are recognised for the full year. Prepayments generally are only recognised in the accounts at the financial year end and only if greater than £500.

Facilities Costs

11. The following variances are reported at 30 September:
- Rent + £39,000:** this is due to rent invoices not being issued by the land lord Seafield Estate.
 - Rates - £5,800:** timing difference effect as noted above. Revised business rates for the new build have still to be invoiced by Highland Council.
 - Interior repairs + £6,000:** repair schedule running behind as emphasis has been on snagging in the new build.
12. Opportunities to either save money or increase operational efficiency continue to be investigated. The most recent introduction is “Papercut” software on the back of a reduction in lease costs for new multi-function devices (photocopier/scanners). Papercut gives a number of benefits on an organisational level:

- a) Is easy to install and use.
- b) Is administered centrally.
- c) Improves workflow.
- d) Allows for more efficient use of MF devices e.g. One single print queue.
- e) Allows secure usage and printing release e.g. No unapproved usage as print release is only on presentation of a personalised fob, and no unclaimed printing left by printers.
- f) Strengthens compliance with data protection and enhances cyber security generally.
- g) Reduces costs with estimated savings of between 15-30%.
- h) Achieves greening objectives - less power, less wastage, less paper and toner consumption.

IT and Professional Costs

13. The following variances are reported at 30 September:
- a) **ICT shared services LLTNPA + £10,000:** no billings yet from LLTNPA
 - b) **Legal fees +£6,177**
 - c) **External audit fees - £5,500:** accrual for full year has been recognised. Audit Scotland will bill first tranche February/March 2019.
 - d) **Internal audit fees - £6,500:** due to profile of work carried out in first 6 months of financial year.

Operational Plan

14. Annex 3 summaries the expenditure and income by Operational Plan Service.
15. Conservation and Land Management are now reported as separate services and will continue to work closely in delivering priorities.
16. Actual expenditure incurred to 30 September is in line both with expectations and with prior years' spend profiles. Operational Plan spend is historically higher in the second half of the financial year.
17. Specific reference has to be brought to the apparent overspend on Corporate services. The successful Europarc 2018 conference has yet to be fully reconciled with financial information to be provided by the events management company which was not available at the time of preparation of this report. Full provision has been made for the likely costs of direct Board elections which are due to take place at the end of March 2019. Costs have been higher than budgeted for the contribution to the NPP LLP as the current contribution is for the provision of services which carries irrecoverable VAT.

Non-Cash

18. Non-cash budget provision from Scottish Government provides for depreciation of assets and other accounting provisions made necessary by the Authority's operations. To date depreciation is behind plan and has been flagged as a RAG amber. This is because the allocation of office extension costs, treated as an asset in

the course of construction, have not yet been completed as the final costs are still to be determined. On finalisation backlog depreciation will be recognised over the various fixed asset headings from the date of occupation of the new offices.

Grant-in-Aid

19. **Resource (R DEL):** resource grant in aid has been drawn down in line with the planned drawdown (£2,595,000 to date from total annual budget of £4,565,000).
20. **Capital (C DEL):** capital grant in aid has been drawn down in line with the planned drawdown (£75,000 to date from total annual budget of £200,000).

Capital Spend

21. This has been flagged as a red RAG. The initial capital budget was for £60,000 out of a total capital budget of £200,000 for the year. The allocation between capital grants and capital spend will be reallocated without effecting operations.

Projects

LEADER

22. All claims for project advances and administration costs are now made on the “LARCS” system. Since the last year end substantial progress has been made on claim reviews and payments from Scottish Government. Payments are now being received monthly with the quantum of the coming monthly claim being monitored on a weekly basis.
23. At 30 September the “RAG” position on the LARCS is “amber” and the following table summarising the progress of all LARCS claims made in the financial year to date:

	Admin costs claimed	Project advances claimed	Claims still to be made and in suspense	Total
	£	£	£	£
As at 01.04.18	26,793.07	234,216.59	177,027.82	438,037.48
transfers	-	170,985.93	(170,985.93)	-
Suspense movement	-	-	(286.86)	(286.86)
LARCS claims	49,744.62	621,043.32	-	670,512.08
still to be made	10,877.16	-	14,523.90	25,401.06
received to date	(45,231.97)	(740,288.29)	-	(785,520.26)
As at 30.09.18	42,193.88	285,957.55	20,278.93	358,430.36

24. This table is not embedded in LEADER reporting and will form part of the audit evidence made available to the external auditors at the year end.

25. With the exception of £841.07 on an administration claim, all project claims have been paid out in full.
26. At 30 September claims due for payment or in process of review for payment in October totals £94,214.

Tomintoul & Glenlivet Landscape Partnership

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

Quarter ended	£	Received
31 March	88,924	02/07
30 June	61,264	14/08
30 September	68,170	

28. Contributions from the 3 main partners have been received, £50,000 each from CNPA, Crown Estate Scotland and The Moray Council.
29. Funding for 18/19 of £50,000 from HIE will be claimed later in the financial year.
30. Activity so far has been slower than expected so far and will now accelerate as work commences on the Blairfindy, Scalon and Access projects.
31. The projected spend for the projects is to be reprofiled in October to take account of project slippage and revised phasing and scope of individual projects.

Great Place Badenoch

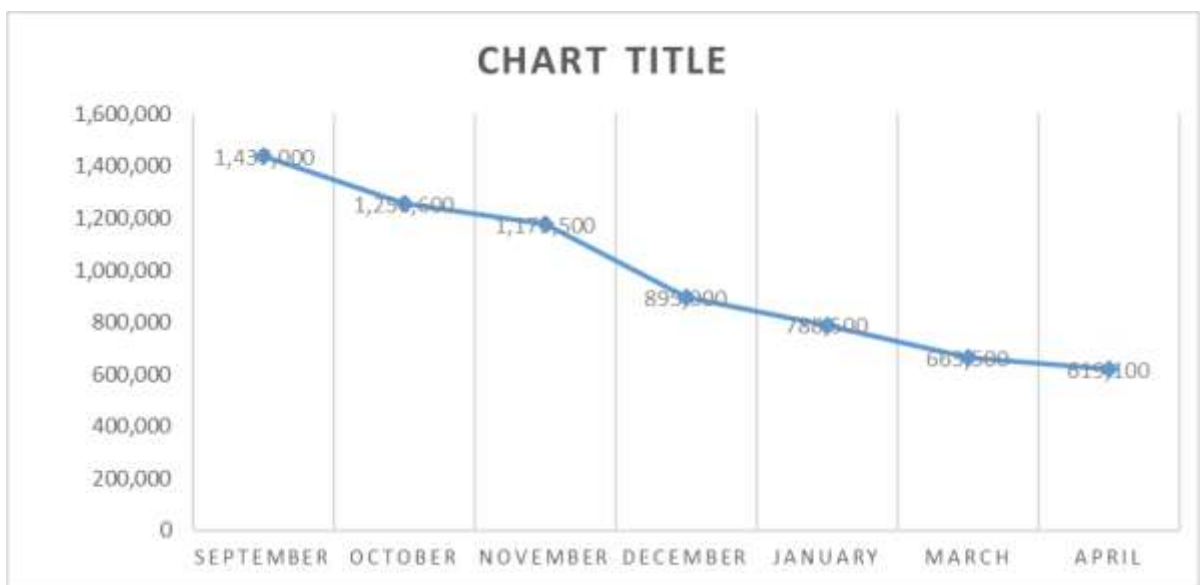
32. This is a 3 year (to end by 3 March 2021) HLF project to conserve and development the cultural heritage of Badenoch. The permission to start was granted in March 2018 and a project manager was in post in April. (The project manager is employed by Voluntary Action Badenoch & Strathspey)
33. The projected value of the project is £326,000 with 80% funded by HLF. Partner funding of £66,000 has been provided by Transport Scotland (£30,000), CNPA (£30,000) and the Highland Council (£6,000), of which £64,000 has been received.
34. The first grant claim to HLF was made on 6th July for the quarter to 30 June and was received in full on 8 August. The second grant claim will be for £15,940.

Capercaillie Framework

35. The Development Phase of the HLF project to conserve the remaining Capercaillie population in the Cairngorms was given the permission to stat by HLF on 28th June and all directly employed staff are now in post. HLF will contribute funding at a rate of 62.5%. The first claim to HLF covers the period to 30 September and is £3,660.

CASH FLOW AND CASH MANAGEMENT

36. Although CNPA has been successful in attractive funding for high value projects the cash management falls on CNPA to ensure that adequate funding is available to meet project liabilities as they arise, in addition to CNPA’s own funding requirements and to stay within guidelines set by the sponsoring Department and Scottish Government.
37. A number of tools are being developed to help manage and balance cash needs to identify stress points. This monitoring will be developed further and cash flow models will be used for each component of the Authority’s activities.
38. The graph below sets out the current projected cash flow until 31 March 2019 with the cash position of each component’s RAG status shown. (**Red**, warning; **amber**, neutral; **green** positive.)



Quarter ended...	Sept	December	March
CORE activities	●	●	●
LEADER	●	●	●
T&GLP	●	●	●
GPB	●	●	●
CF	●	●	●

The current projected cash balances at the year-end are in line with those reported at 31 March 2018.

39. The graph presented does not include a profiled cash flow for the Capercaillie project as this is currently being reworked. Additionally, the Tomintoul and Glenlivet project will re-profile its projects (revised cost to deliver, timing and resultant cash flow and use of contingency) in October. As year-end approaches emphasis on reporting cost and income will change to forecasting the outturn which in turn will mean that the cash flow model will be further enhanced and more accurate. The model is primarily designed to be a predictive tool to allow

management to identify periods of stress on cash resources to allow for early intervention.

Outturn Position 2018/19

40. The intention is to finish the financial year as close as possible to breakeven. To achieve this all budget lines will be monitored on a regular basis and cost recoveries identified and incorporated into Management information as early as possible. Where necessary viring of budget lines may be required and the first opportunity to undertake this exercise will be in October once the September month end routines have been completed.

Daniel Ralph
David Cameron
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danielralph@cairngorms.co.uk
davidcameron@cairngorms.co.uk