

CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE AND DELIVERY COMMITTEE

FOR DISCUSSION

Title: 2015/16 FORWARD BUDGET CONSIDERATIONS

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Purpose

This paper presents an initial review of considerations around the 2015/16 Authority's Budget position. The paper is intended to support initial discussion of financial management issues at a developmental stage in the Authority's budgeting processes prior to consideration of a fuller set of budget proposals for the coming year at the next meeting in February 2015.

Recommendations

The Finance Committee is requested to:

- a) Note the initial analysis of the high level issues posed in planning the 2015/16 budget;**
- b) Highlight any strategic considerations to be incorporated into subsequent budget planning exercises;**

Executive Summary

1. In tandem with development of the new Corporate Plan, we have commenced coordination of budget estimates for the coming financial year 2015/16. While the Corporate Plan will be supported by longer range financial forecasts covering the period of the plan, we are concentrating at present on initial development of financial forecasts for the first year of the new Corporate Plan within the context of the Scottish Government's Budget Bill for the year ahead.
 2. The potential movement in income and expenditure estimates against the base budget figures agreed for 2014/15 is set out at Annex I. This Annex also contains some commentary on the factors being considered as part of the budget development process, together with sensitivity analysis around some of the key variables which could influence financial position for the coming year.
 3. This paper allows for engagement with the Finance Committee on the development of the coming year's budget at a relatively early stage in the process. A more developed set of budget proposals will be presented to the next meeting of the Committee in February 2015, prior to the budget proposals being submitted to the Board along with the Corporate and Operational Plan in March 2015.
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Annex I: 2015/16 Budget Considerations

	2014/15 Base Budget £000	2015/16 Budget Planning Estimates £000	Comments and Considerations
Income			
Grant in Aid	4,403	4,268	Expected reduction of 3% based on Scottish Government budget bill.
Capital Grant	33	33	No change in funding built in at this point. Ongoing level of capital funding remains significantly below that required to help support investment in the National Park and also increasingly below the Authority's own internal capital requirements for IT and equipment. One off increase in capital financing for 2015/16 required to support fit out of offices should accommodation project get to that stage in coming year.
Other Income	250	250	No changes expected to planning fee income or LEADER administration grants supporting CLAG support team.
Total Income	4,686	4,551	
Core Expenditure			
Board Fees	160	163	Small increase linked to 1% fee rate increase in 2014 and at 1 April 2015
Staff Salaries	2,881	2,861	Budget held static assuming that effect of existing 1% salary award plus 1.5% progression value (total cost around £60k) agreed with staff to be implemented 1 April 2015 can be absorbed through vacancy management and retaining effect of 2014/15 staff management action over course of year. Also seeking to absorb increase in employers' pension contributions to be implemented with effect from 1 April (estimated cost £40k). A £20k switch from salaries to professional support regarding changes in GIS service.

	2014/15 Base Budget £000	2015/16 Budget Planning Estimates £000	Comments and Considerations
Other Board and Staff Costs	215	215	Budget held static for planning purposes at this point – potential 2% (£4k) inflationary increases regarding training provision assumed to be absorbed and give rise to lower levels of activity if required.
Running Costs	214	214	Potential £5k in inflationary pressures (assessed at 2% inflation assumption) to be absorbed through efficiencies management and / or reduced activity levels.
IT and Professional Support	159	179	£4k inflationary pressures to be absorbed – e.g. through reduced internal audit days. £20k switch to outsourced GIS.
Capital items	33	33	Capital expenditure needs to be ring-fenced against capital resources. As noted above, there is a need to consider the financing of the fit out elements of the accommodation project which have been estimated at £200k. Discussions initiated with Scottish Government on this subject.
Total Core Expenditure	3,662	3,665	
Operational Plan	1,328	986	Subject to final resolution on discussion over availability of capital resources, some level of capital fit out costs for accommodation may need to be allocated against these resources in 2015/16.
Of which over-programming	304	100	Degree of over-programming for outset of 2015/16 financial year may be extremely limited by increasing level of likelihood of expenditure against priority commitments. Allowance for £100k at present – even this may have to be identified as projects only to be committed as resources are identified in year rather than allowing current practice of more open contractual commitments within wider budget management.

	2014/15 Base Budget £000	2015/16 Budget Planning Estimates £000	Comments and Considerations
Base level Operational Plan	1,024	886	

Sensitivity Analysis:

1% variation in grant in aid levels £45,000

10% variation in planning activity and resultant fees £6,000

1% variation in staffing £28,600;

1 FTE vacancy / over recruitment = £40,000 average salary and on-costs

1% variation over core non salary and Board fees expenditure £6,000