

CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE & DELIVERY COMMITTEE

FOR DISCUSSION

Title: 2015/16 BUDGET AND OPERATIONAL PLAN

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

Purpose

This paper is presented to support discussion on the Authority's financial position for the 2015/16 financial year. The paper presents the current position on budget development proposals for 2015/16 and seeks any views or comments on those proposals from Committee members prior to finalisation of proposals for presentation to the Board meeting in March.

Recommendations

The Finance Committee is requested to:

- a) Consider the budget proposals for 2015/16 presented in this paper;
- b) Provide any comments, views or suggested amendments to feed into ongoing work on budget development prior to presentation of proposals to Board at the meeting on 27 March.

Executive Summary

The Committee has previously been informed of the ongoing development of the budget position for 2015/16. This paper draws the current position on 2015/16 financial estimates together for discussion prior to the Board's consideration of final budget proposals at its meeting in March 2015.

In summary, total income for 2015/16 is forecast at £4.55m compared with £4.69m in 2014/15, with reduction in recurrent grant in aid from Scottish Government expected as the key contributor to that change between years.

Operational Plan investment for 2015/16 is proposed at £0.95m compared with £1.33m at the start of 2014/15. After excluding variations between years on the degree of over-programming included in initial Operational Plan provisions, the proposed provision of £0.92m for 2015/16 compares with £1.03m in 2014/15.

Management Team has sought to contain core expenditure levels at or below current year levels where possible as part of cost and efficiency management. Total core expenditure of £3.63m for 2015/16 compares with a total of £3.66m in the current year, 2014/15.

2015/16 BUDGET AND OPERATIONAL PLAN - FOR DISCUSSION

Background

1. The forthcoming year, 2015/16 represents the first of a new Corporate Plan period. The new Corporate Plan will be considered by the Board in March 2015, including financial forecasts for the Corporate Plan period. The Board will also consider final budget proposals for 2015/16 at its meeting in March.
2. At the time of writing this paper, the Scottish Parliament has still to approve final budget figures for 2015/16 and provide final confirmation of recurrent grant to the Authority for the year ahead. All grant figures are therefore based on the draft budget published in autumn 2014.
3. The Committee has previously been informed of the ongoing development of the budget position for 2015/16. This paper draws the current position on 2015/16 financial estimates together for discussion prior to the Board's consideration of final budget proposals.

2015/16 Income

4. The Authority's expected cash-based income for 2015/16 comprises primarily a revenue and capital resource allocation of £4.30m from Scottish Government. We are also budgeting for and estimated £0.25m in other income, from a range of sources including planning fees, project contributions and other generated income.
5. Total budgeted, cash-based income for the coming year, 2015/16, is therefore £4.55m. This represents funding available to the Authority to support its on-going activities and Operational Plan spending plans.
6. Many of the activities led by the Authority generate financial contributions from a wide range of partners. Therefore, the Authority's total income by the end of the financial 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 allocation to core and operational plan activities remains as £4.55m.
7. There are no additional capital allocations made available to the Authority for 2015/16 at this point. The Authority has made a bid in the current financial year, 2014/15, 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 2015/16 and into 2016/17. However, until the outcome of these bids is known the budget remains based on an income figure of £4.55m.

2015/16 Expenditure Budget: Core Budgets

8. We have sought to contain core expenditure for 2015/16 at or below current 2014/15 values where possible. This requires cost increases from inflationary impacts

and pay awards to be absorbed on the whole within existing provisions. Containing our core areas of expenditure allows planned Operational Plan investment to be maintained as far as possible in the context of declining resources.

9. A summary of core budget estimates for the 2015/16 financial year is set out in Table One.

Table One: 2015/16 Core Budget Summary

| | 2014/15 Budget Proposals £000 | | 2015/16 Budget Proposals £000 | Change £000 |
|---------------------------------------|--|--|--|------------------------|
| Board Salaries | 160 | | 163 | +3 |
| Staff Salaries | 2,881 | | 2,861 | -20 |
| Other Board and Staff Costs | 215 | | 215 | 0 |
| Office Running Costs | 247 | | 214 | -33 |
| IT and Professional Support | 159 | | 179 | +20 |
| Total “cash” based expenditure | 3,662 | | 3,632 | -30 |
| Depreciation of fixed assets | 36 | | 33 | -3 |
| Total expenditure | 3,698 | | 3,665 | -33 |

10. Key points to note with regard to forward provisions for core expenditure in 2015/16 are:
- a. A switch from in-house staff to outsourced, contracted provision of elements of our GIS provision, reflected in a reduction in staffing and equivalent increase in IT and Professional Support provisions;
 - b. Pay awards agreed for implementation with effect from 1 April 2015 will be absorbed within 2014/15 budget levels, maintaining staff savings secured in the current financial year.
 - c. We are seeking to secure further efficiency savings in operations over the coming financial year and for the time being these targeted additional savings are shown against office running costs.

2015/16 Expenditure Budget: Operational Plan

11. The Operational Plan for 2015/16 sets out the Authority’s anticipated contributions to a range of activities over the course of the year.

12. Total investment in Operational Plan activities currently covers £0.95m in investment proposals. Management Team has continued our policy of reducing the levels to which we allow an over-programming of initial Operational Plan budgets compared with available resources, to recognise the increasing degree of certainty associated with expenditure plans and reducing likelihood of slippage and underspends. Whereas the 2014/15 financial year commenced with an over-programmed level of £0.3m, our proposals for 2015/16 include an over-programmed level of only £0.03m.
13. As a result of changes in focus within the Corporate Plan and associated changes in internal organisation of budgets and management accounts, the analysis of Operational Plan allocations between investment areas is not directly comparable between 2015/16 and the current year, 2014/15. The significant change in degree of over-programming at the commencement of the financial year also distorts comparisons between Operational Plan allocations at the commencement of this and next financial year. Table Two presents an analysis of the proposed Operational Plan allocations for 2015/16 on the basis of proposed Corporate Plan themes and supporting services.

Table Two: Operational Plan Allocations 2015/16

| | |
|--|-------------|
| Operational Plan 2015/16 | £000 |
| Conservation | 147 |
| Visitor Experience | 388 |
| Planning | 104 |
| Rural Development | 187 |
| Corporate Services | 63 |
| Communications | 64 |
| Total Operational Plan Provisions | 953 |
| | |
| (Over) under Programme Level | (34) |

14. These Operational Plan provisions focus on the financial investments to be made by the Authority. A significant impact on delivery of NPPP priorities will continue to come from the investment of our staff time, skills and experience. Our Operational Plan presentation to the Board in March will highlight the total allocation of resource to be made across these areas, including the financial equivalent of this staff investment.

2015/16 Budget Summary

15. The summary budget position for 2015/16 is set out in Table Three.

Table Three: 2015/16 Budget Summary

| | 2014/15 Budget forecast (£m) | 2015/16 Budget forecast (£m) |
|--------------------------|---------------------------------------|---------------------------------------|
| Total Income | 4.69 | 4.55 |
| | | |
| Expenditure | | |
| Core Budgets | 3.66 | 3.63 |
| Operational Plan | 1.33 | 0.95 |
| Total Expenditure | 4.99 | 4.58 |
| | | |
| Net Expenditure | -0.30 | -0.03 |

Next Steps

16. Work on budget development is still ongoing at this point in time. The Committee's discussion of the forward financial position at this time allows views to be taken into account prior to finalisation of proposals for consideration by the Board in March 2014.
17. 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 Committee and to monitor patterns of financial commitment by the Authority.

David Cameron
Danie Ralph
4 February 2015

davidcameron@cairngorms.co.uk
danielralph@cairngorms.co.uk