

CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE AND DELIVERY COMMITTEE

FOR INFORMATION

Title: TOMINTOUL AND GLENLIVET LANDSCAPE
PARTNERSHIP PROJECT

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Purpose

To present a summary of the current financial status of the Tomintoul and Glenlivet Landscape Partnership Project.

Recommendations

The Finance and Delivery committee is requested to:

- a) Note the contents of the paper.

Executive Summary

1. The bid to the Heritage Lottery Fund (HLF) for the Tomintoul and Glenlivet Landscape Partnership Project (T&G) was successful and CNPA and partners are now in the Development phase of the project which is to build on recent regeneration actions to enhance the area's landscape quality, tourism opportunities, skills and culture.
2. A Development Manager has been employed by CNPA, payment for which comes from the funding package to the project agreed in 2014, and has been in post since March, 2015.
3. The development phase has commenced and activity plans/applications for financial support have been received for the projects. Payment has commenced on agreed cash flows.
4. Cash contributions have been received from Chivas Bros (Pernod Ricard) for £10,000, (contributions to FY 14/15 and 15/16). A contribution of £40,000 has been agreed by Crown Estate and at the time of writing this has not been received. HIE will also contribute £50,000 but only against professional fees and after being incurred.

5. Two claims have now been made to The Heritage Lottery fund for costs incurred to 30 June 2015, and both have been paid out at the agreed rate of 55% of expenditure:
 - a) Qtr to 31 March £2,795
 - b) Qtr to 30 June £5,741

6. All transactions for T&G are separate from CNPA accounting records and because CNPA is the lead partner, all the income and expenditure will be consolidated in CNPA's financial accounts for 2015/16. A separate bank account has been opened and an independent ledger is also maintained.

7. Monthly transactions are incorporated in information prepared for Management Team, and periodically this committee. Fuller details will be provided once substantive transaction commence.

8. Grant offers have been made for 5 projects, and cash flow is profiled from August 2015 to May 2016. Crown Estate continues to develop its projects for Blairfindy Castle, Scalan and landscape mapping. CNPA also continues to develop the project it leads on:
 - a) Access – Douglas Stewart
 - b) Natural Heritage – Andy Ford
 - c) Interpretation – Jacquie Barbour
 - d) Digital Technology – Jacquie Barbour
 - e) Schools – Elspeth Macintosh
 - f) Evaluation strategy – Marion McDonald

9. All partners are working to deliver the Development Phase within the agreed bid. However, it has been established that there is a potential overspend due to the recoverability of VAT on projects, and by partners, being more complex than recognised in the original bid.

10. Where partners are not VAT registered irrecoverable VAT becomes a cost, which may not be recovered in full from HLF as the amount of irrecoverable VAT approved by HLF is not sufficient. Where partners are VAT registered full recovery on VAT may not be possible due to issues with partial exemption and whether it is feasible to elect to use the option to tax rules for property. This is a complex area and there are no easy solutions.

11. Having considered the VAT implications of the development phase, and the likely costs, the position is:
 - a) VAT registered partners who cannot reclaim VAT are being requested to absorb irrecoverable VAT as part of their contribution to the project as a whole;
 - b) We are discussing with HLF whether the project contingency can be used to potentially cover the irrecoverable VAT;
 - c) As a working assumption all VAT has been deemed to be irrecoverable in the Development Phase to assess the maximum amount not likely to be covered by HLF; and
 - d) As a last resort, funds are being earmarked by CNPA to cover any shortfall up to a maximum of £20,000. This does not mean that the final liability to

CNPA will be £20,000 as there are many variables involved in costing of the letting and costing of projects at the partner level.

12. A final position on the VAT exposure will only be known once all contracts are let and whether the contractors are VAT registered or not. Given the financial exposure the cash flows and timing of payments are being closely monitored.
13. As the VAT issue will also impact the Delivery Phase the Delivery Phase budgets will need to be revised to accommodate a more realistic figure for irrecoverable VAT. While the quantum of the Delivery Phase grant from HLF cannot be changed the allocation between of costs over the projects, including irrecoverable VAT can be changed.

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3 August, 2015

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