

# CAIRNGORMS NATIONAL PARK AUTHORITY

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## FOR DECISION

**Title: 2013/14 BUDGET AND OPERATIONAL PLAN**

**Prepared by: Alistair Hight, Head of Finance and IT  
David Cameron, Corporate Services Director**

### **Purpose**

This paper presents the budget figures for 2013/14 financial year for approval.

### **Recommendations**

The Board is requested to:

- a) Approve the budget for 2013/14 financial year;
- b) Note the approved budget and any proposed variations to it will be monitored by the Finance Committee on behalf of the Board throughout the year.

### **Executive Summary**

This paper sets out budget figures and operational plan investment for 2013/14, drawn from the Corporate Plan 2012-15 approved by the Board in May 2012.

The Corporate Plan 2012-15 divides the Park Authority's operational activity into 8 programmes of work, over which total financial and staffing resources have been allocated.

This paper presents a balanced budget to the Board for 2013/14, including a degree of over programming to allow for some slippage in project design and development over the course of the coming year.

The recurrent grant in aid resources available to the Authority have also been supplemented by capital funding allocations totalling almost £3 million for 2012/13 and 2013/14.

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## 2013/14 BUDGET AND OPERATIONAL PLAN - FOR DECISION

### Background

1. The Board agreed the Authority's current Corporate Plan at its meeting of May 2012. This Corporate Plan included financial projections spanning 2012/13 to 2014/15.
2. In approving the Corporate Plan, the Board noted that funding reductions and anticipated inflationary cost increase pressures resulted in some potential excess of planned expenditure over available income in both 2013/14 and 2014/15.
3. The Board agreed that while the Corporate Plan was approved to set out the Authority's delivery strategy over the new National Park Partnership Plan period, the Management Team would also have to exercise appropriate financial control measures to ensure the organisation continued to operate within a balanced budget.
4. This paper updates the Board on the development of 2013/14 budgets and the operational plan for this year, in delivery of the agreed Corporate Plan. A more detailed paper on budget proposals is also being presented to the Board's Finance Committee prior to the Board meeting, enabling members of the Finance Committee to feed the Committee's thoughts into the Board's discussions. These Finance Committee papers are available on the Authority's website should any members wish to refer to them.

### 2013/14 Budget Overview

5. The Authority's recurrent grant in aid funding is expected to reduce by £0.08 million for 2013/14, in line with proposed forward budget allocations set out in the Scottish Government's budget proposals for 2012/13 to 2014/15. Inflationary costs also continue to run at about 2.7% on the CPI measure and 3.1% on the RPI measure. As anticipated in the Corporate Plan and forward financial forecasts therefore, the combined pressures of declining revenue funding and increasing cost pressures continue to impact on the Authority's financial management.
6. Where possible, budgets covering general running costs have been held broadly static at 2012/13 levels, with cost increases to be absorbed as part of planned efficiency savings measures.
7. We highlighted to Board in May 2012 that, while staff numbers had been managed downward in the 18 months leading into the commencement of this new Corporate Plan period, around 5 additional staff posts were considered necessary at that time to deliver against strategic outcomes set. Some additional staff recruitment has consequently taken place.
8. Additionally, an amount has been provided to cover a pay award to staff from 1st April in line with the Scottish Government's public sector pay policy. The total cost of this provision is around 2.5% of the payroll and as such remains below prevailing inflation rates representing further use of pay restraint within the Authority's management of public finances. Hence, while the staff salary provision shows the only area of sizeable

increase in budget provision over 2012/13 levels, this increase does cover an increase in staff numbers in addition to a relatively modest provision for staff pay awards.

9. Total costs of staffing provision, at around 50% of total income, remains within the 53% guideline agreed for monitoring purposes with the Finance Committee as a control over level of overall flexibility in deployment of finances by the Authority.
10. A summary of overall 2013/14 budget allocation is shown in Table One.

**Table One: 2013/14 Budget Summary**

	<b>2012/13 Projected Expenditure £000</b>		<b>2013/14 Corporate Plan Budget £000</b>	<b>2013/14 Budget Proposals £000</b>	<b>Change: 13/14 Proposals compared to 12/13 Projected £000</b>
Income					
<b>Total Income</b>	<b>4,687</b>		<b>4,601</b>	<b>4,601</b>	<b>-86</b>
Expenditure					
Board Salaries	159		161	161	2
Staff Salaries	2,190		2,179	2,326	136
Other Board and Staff Costs	230		202	202	-28
Office Running Costs	239		241	241	2
IT and Professional Support	258		228	228	-30
<b>Total Core expenditure</b>	<b>3,076</b>		<b>3,011</b>	<b>3,158</b>	<b>82</b>
Operational Plan Expenditure	<b>1,602</b>		<b>1,742</b>	<b>1,540</b>	<b>-62</b>
<b>Total expenditure</b>	<b>4,678</b>		<b>4,753</b>	<b>4,698</b>	<b>20</b>
<b>Net Income (Expenditure)</b>	<b>9</b>		<b>-152</b>	<b>-97</b>	<b>-106</b>

11. As the above budget summary highlights, the total excess of expenditure over income for 2013/14 has been reduced compared with original Corporate Plan estimates. We have retained a level of over-programming within the total budget, in order to allow for some slippage over the year in project development and delivery. This over-programming recognises various complexities in delivering typically through multi-

partner projects incorporating various potential delays in securing partner support and financial contributions.

## Capital Allocations

12. The Authority has been successful in securing significant levels of capital resourcing from the Scottish Government both in 2012/13 and for 2013/14. These allocations of around £1.5 million for each year allow significant steps to be taken in advancing delivery toward the Authority's Corporate Plan outcomes and the NPPP priorities.
13. The capital allocations of £1.5 million in both 2012/13 and 2013/14 are additional to the income and expenditure figures summarised in Table One, which sets out the anticipated use of recurrent, revenue based funding. Capital projects funded in general terms progress sustainable economic development within the National Park while progressing priority investment in:
  - a) Speyside Way;
  - b) Wider path infrastructure;
  - c) Enhancing and protecting the built heritage;
  - d) Developing Community facilities and community infrastructure;
  - e) Visitor attractions and sustainable tourism;
  - f) Affordable housing;
  - g) National Park gateways and signage;
  - h) Climate Change and developing a lower carbon National Park.
14. While a very welcome and significant additional financial investment in delivery of NPPP priorities, the addition of these capital resources and consequential work required of staff in finalising investment plans with partners does stretch our delivery capabilities from within a relatively small staff group. Management Team and Programme Managers are currently reviewing work priorities for the coming year with updated work priorities to be established and agreed as part of the coming annual appraisal and objective setting cycle.
15. We are also very aware that the potential for further bids for additional allocations of capital resourcing may be invited over the coming financial year. The Management Team and Operational Management Group are currently considering how we may best develop a more proactive forward capital investment strategy to support all future capital bids including those to Scottish Government, and the resource consequences of moving forward in this way. Further updates on this approach will be presented in due course to the Finance Committee and Board.

## Operational Plan 2013/14

16. Total proposed Operational Plan investment for 2013/14 is set out in Table Two, and compared with original investment levels forecast for the year in the Corporate Plan and also with investment levels in the current year. Again, these figures exclude the deployment of the additional £1.5 million in capital funding allocated for 2013/14, which effectively doubles the proposed levels of investment managed by the Authority in the coming year.

**Table Two: Operational Plan Expenditure Forecasts 2013/14 compared with year 2 of 2012/15 Corporate Plan**

<b>Programme</b>	<b>Operational Plan 2012/13 £000</b>	<b>Corporate Plan 2013/14 £000</b>	<b>Operational Plan 2013/14 £000</b>
1. Brand and Visitor Experience	400	425	385
2. Getting Involved	265	280	240
3. Land Management & Conservation	170	135	135
4. A Special Place	145	120	90
5. Opportunities for Recreation	119	279	240
6. Sustainable Business	185	200	170
7. Organisational Excellence	83	83	80
8. High quality Planning	235	220	200
<b>Total Operational Plan</b>	<b>1,602</b>	<b>1,742</b>	<b>1,540</b>

17. The full detail of project investments planned for 2013/14 are set out in the Appendix to the budget paper submitted to the Finance Committee for detailed review at its meeting prior to the full Board. Members who wish to review this detail can access this paper from the Authority's website.

### **Next Steps**

18. Following approval of the budget for 2013/14, the Board's Finance Committee will continue to monitor the deployment of resources and delivery against budgets.
19. Organisational performance monitoring against key milestones and key performance indicators will also continue to be presented to the full Board twice each year.

**Alistair Highet**  
**David Cameron**  
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[alistairhighet@cairngorms.co.uk](mailto:alistairhighet@cairngorms.co.uk)  
[davidcameron@cairngorms.co.uk](mailto:davidcameron@cairngorms.co.uk)