

**CAIRNGORMS NATIONAL PARK AUTHORITY
FINANCE COMMITTEE**

FOR DECISION

Title: 2008/09 BUDGET

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Purpose

To seek approval to final budget figures for the 2008/09, on which future finance monitoring will be based.

Recommendations

The Finance Committee is requested to:

- a) Endorse 2008/09 budget figures for Core and Operational Plan activities for use in ongoing financial management and monitoring;
- b) Note progress at this early point in the year on delivery of the 2% efficiency savings remains on track.

Executive Summary

The Finance Committee has considered a series of papers covering the development of budget estimates to support development of the Corporate Plan for 2008/11.

This paper now sets out final budget figures for 2008/09 in order to establish a baseline against which the Authority's finances may be monitored and controlled over the course of the year. The paper also provides an update on the progress made since February 2008 on delivery of the financial efficiency plan.

The paper also highlights progress to date on delivery of efficiency plans, which at this relatively early point of the year remain on target to deliver the required £90,000 efficiency savings by the end of the year.

2008/09 BUDGET - FOR DECISION

Background

1. The Finance Committee has considered a series of papers covering the development of budget estimates to support development of the Corporate Plan for 2008/11. The Committee has previously received information papers updating on the potential resource allocation and budget position in 2008/11 in September and November 2007. The Committee also discussed a number of key principles for development of the budget for the new Corporate Plan period at its previous meetings in January and February 2008. This paper represents the continuation of the Committee's consideration of the Authority's likely financial position over the new Corporate Plan and Comprehensive Spending Review (CSR) period, April 2008 to March 2011.
2. The key budgeting principles agreed by the Committee at its previous meeting included a change in the current monitoring control over staffing and the agreement to an efficiency plan to deliver the 2% efficiency savings target required as part of the Scottish Government's budget plans.
3. The Board has now also agreed the Corporate Plan for 2008/11, at its meeting on 20 March 2008.
4. In light of this previous work, this paper now sets out final budget figures for 2008/09 in order to establish a baseline against which the Authority's finances may be monitored and controlled over the course of the year. The paper also provides an update on the progress made since February 2008 on delivery of the financial efficiency plan.

2008/09 Budget: Core Budgets

5. In developing core budget estimates for 2008/09, we have worked from the 2007/08 base. In many cases, 2008/09 budgets have been maintained at 2007/08 levels, with the effect of any inflationary price increases having to be absorbed through budget management activities. This practice seeks to mirror current funding circumstances, where grant-in-aid for 2008/09 is set at the 2007/08 level. In a few cases, an inflation assumption of 2% has been applied where cost increases are unavoidable and it is anticipated that it will not be appropriate to seek to absorb increases.

6. The proposed budget allocations for areas of expenditure covered by core budgets, i.e. Board, office running costs, capital expenditure and most staff costs, are set out in Annex 1 to this paper. A summary of the Core Budget for 2008/09 is set out in Table One:

Table One: 2008/09 Core Budget Summary

	Original 2007/08 baseline budget £000	Effect of inflation allowances / efficiency savings £000	2008/09 budget £000
Board	259	7	266
Staff Salaries	2,043	64	2,107
Other Staff Costs	212	-7	205
Office Running Costs	427	-53	374
Capital Expenditure	33	0	33
Total	2,974	11	2,985

7. The net effect of inflationary and other increases to budget allowances, offset by efficiency savings targets for the year, is an increase of only £11k, or 0.4%, on the 2007/08 baseline.

8. In total, only £40k allowance for inflationary cost increases has been made against a 2007/08 budget base of £2.974m (equivalent to a 1.3% overall increase).

9. Annex 1 also highlights a small budget increase of £51k related to volume increases. This equates to the full year effect of posts which commenced in 2007/08, allowances for any new posts starting in 2008/09, and the salary cost of progression through pay bands based on performance.

2008/09 Efficiency Savings Targets

10. Annex 1 also shows the effect of efficiency plans agreed by the Committee in February on the final budget for 2007/08. A total of £80k is deducted from core budgets to reflect these planned efficiency improvements, with the remaining £10k of the £90k target to be found from savings in the website contract, held within Operational Plan budgets.

11. Annex 2 to this paper presents an update on progress with delivery of the efficiency plan. At this relatively early point in the year, these plans remain on target to deliver the required £90k efficiency savings against 2007/08 baseline expenditure levels.

2008/09 Budget: Operational Plan

12. The total expenditure proposals for the Operational Plan for 2008/09 have been over-programmed by 20% in line with previously agreed practice. Total budget allocations at the outset of the financial year for each strand of the Operational Plan are summarised in Table Two.

Table Two: Operational Plan Expenditure Forecasts

	£000
Biodiversity and Landscapes	157
Public Support for Land Managers	148
Sustainable Deer Management	32
Opportunities for Outdoor Access	306
Sustainable Tourism and Business	423
Promoting Affordable Housing	162
Awareness and Understanding of the National Park	455
Sub-total, re National Park Plan Priorities for Action	1,683
Strategy and Communications	124
Planning and Development Management	64
Corporate Services	60
Sub-total, corporate priorities	248
Total Operational Plan	1,931

13. The Operational Plan expenditure proposals summarised above have been reduced somewhat from the totals presented to the Board. In reviewing the overall budget position, the Management Team agreed that the level of planned expenditure built into the Operational Plans was at a level that posed too high a risk of an overspend by the end of the financial year. Expenditure plans have therefore been reduced to a level consistent with the 20% over-programming previously agreed by the Finance Committee.

Income

14. The Authority's cash-based income for 2008/09 comprises resource allocation of some £4.546m from the Scottish Government, together with an estimated £0.055m income

from fees and charges. Total budgeted, cash-based income for the coming year, 2008/09, is therefore £4.601m.

2008/09 Budget Summary

15. When Core budgets (totalling £2.985m in line with Table 1 and Annex 1) and current Operational Plan expenditure plans (totalling £1.931m in line with Table 2) are combined, current expenditure plans to be funded from the Authority's resources amount to £4.916m. This is some £315k above anticipated income available to the Authority, and equates to the 20% over-programming built into the Operational Plan at the outset of the year to allow for slippage in development and implementation of activities.
16. For expenditure monitoring purposes, the final outturn target for the Operational Plan of £1.616m will be adopted. This excludes the over-programming amount currently built into expenditure projections.
17. The summary budget position for 2008/09 is set out in Table Three.

Table Three: 2008/09 Budget Summary

	2008/09 Budget forecast (£m)	2008/09 Budget forecast (£m)
Total Income		4.601
Expenditure		
Core Budgets		2.985
Operational Plan	1.931	
less current Operational Plan over-programming	-0.315	
Operational Plan out-turn target		1.616
Total Expenditure		4.601

18. Figures in Table Three exclude depreciation and notional costs, and also the resource allocation included in the Authority's Comprehensive Spending Review settlement to cover these non-cash costs. The focus for table three is therefore on the cash-based resources available to the Authority.

Next Steps

19. The revised operational plan, updated to reflect comments at the Committee and Board meetings of 20 March 2008, is presented at Annex 3 to this paper.

20. Finance staff are now working with colleagues to establish budget profiles for the year and determine a monitoring and review process in order that, as in previous years, we are able to detect any slippage or alterations in expenditure intentions at as early a point in the process as possible. Budget profiles developed will be used to present future monitoring reports to Committee.

21. The means of monitoring and reporting on operational performance over the new Corporate Plan now requires to be resolved. The structure of the Operational Plan set out in Annex Three continues to reflect the National Park Plan priorities for action. The linkage between these activities and the 46 target achievements set out within the Corporate Plan to 2011 require to be established, and appropriate performance indicators developed to ensure that the Authority is able to measure and monitor progress against final outcomes by March 2011. A revised monitoring framework will be proposed to the Board as part of the first quarter monitoring of the Operational Plan for 2008/09.

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CAIRNGORMS NATIONAL PARK AUTHORITY
Finance Committee Paper 1 Annex 1 16/05/08

Annex 1: 2008/09 Core Budget Forecasts – deducting efficiency savings

	Budget 2007-08 £'000s	Inflation Indexing £'000s	Volume Changes £'000s	Efficiencies £'000s	Budget 2008-09 £'000s
Board costs	259	4	3	-	266
<u>Staff salaries</u>					
Core staff	2,043	27	48	(11)	2,107
<u>Other staff costs</u>					
Recruitment	30			(6)	24
Relocation	15				15
Professional subscriptions	5				5
Training	80				80
Conferences & courses	-				-
Pool cars	37	1			38
Travel and subsistence	45	1		(3)	43
Sub-total Other Staff Costs	212	2	-	(9)	205
<u>Office running</u>					
Standing charges	115	2		(15)	102
Utilities	20	-			20
Stationery	31	1			32
Other supplies	7	-			7
Maintenance	10	-			10
Postages	10	-			10
Telephone	20	-			20
Computer support	125	3		(40)	88
Library	15	-			15
Professional support	70	1		(5)	66
Corporate expenses	4	-			4
Sub-total Office running	427	7	-	(60)	374
<u>Capital expenditure</u>					
Sub-total Capital	33				33
Total expenditure	2,974	40	51	(80)	2,985

Annex 2: Efficiency Plan as at 7 May 2008

Proposed Efficiency Actions in 2008/09	Cumulative Efficiency Saving per annum	Commentary as at 7 May 2008
£15,000p.a. accommodation rationalisation;	15,000	Completed-staff relocated from Morlich House and lease terminated.
£2,000p.a. reduction in internal audit coverage;	17,000	Approved by Audit Committee 19 March
£3,000p.a. reduction in cost of legal services;	20,000	Monitoring ongoing
£3,000p.a. reduction in business travel and subsistence;	23,000	Monitoring ongoing
£6,000p.a. reduction in recruitment costs;	29,000	Monitoring ongoing
£30,000p.a. software licence rationalisation;	59,000	Waiting for confirmation of 08/09 GIS license costs
£5,000p.a. reduction in contracted ICT support;	64,000	Monitoring ongoing
£10,000p.a. reduction in website hosting and development;	74,000	Tender process underway
£5,000p.a. reduction in ICT equipment replacement;	79,000	Monitoring ongoing
£11,000p.a. reduction in staffing through managing turnover.	90,000	Monitoring ongoing: currently one vacant post