

CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE COMMITTEE

FOR DECISION

Title: FUNDING SUPPORT TO CAIRNGORMS OUTDOOR ACCESS TRUST

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Purpose

To present a one-off request for additional funding support to the Cairngorms Outdoor Access Trust (COAT).

To ask the Committee to consider potential arrangements for provision of cash flow support to COAT over the next two to three months.

Recommendations

The Committee is asked to:

- a) Approve one-off additional funding support to COAT in 2010/11 to a maximum of £35,000, subject to availability of funds within the Authority's budget toward the end of March, to provide part-funding of a VAT liability;
- b) Authorise the Authority's Chief Executive and Corporate Services Director to provide cash flow support to the Trust, in the form of advance payment of elements of 2011/12 funding set out in the Operational Plan as may be approved by the Board in March 2011, subject to availability of funds within the Authority's budget toward the end of March.

Executive Summary

Additional COAT Funding in 2010/11

1. The COAT Manager reviewed the Trust's VAT arrangements in 2009/10, having identified some anomalies in arrangements being used by the Trust to reclaim VAT. The Trust Manager identified that VAT arrangements put in place by the Upper Deeside Access Trust (UDAT), while delivering for a number of specific projects, had been inappropriately carried forward beyond the end of those projects by UDAT and into the early years of COAT operations. An independent review by VAT consultants was commissioned by the Trust which confirmed the Trust Manager's views, identified the outstanding tax liability and led to successful conclusion of a voluntary disclosure to HM Customs and establishment of a new VAT accounting and claim mechanism.
2. While this action taken to address VAT processes has been in time to deal with the finances of projects moving forward, two outcomes of this process are:

- a) Voluntary disclosure of £50,832 in VAT arrears payable by COAT to HM Revenue and Customs;
 - b) Unfunded project costs in 2010/11, in particular relating to the Community Networks path project funded by LEADER, in which £48,324 in VAT costs were originally treated as recoverable and therefore ineligible for project funding.
3. The Access Trust has taken steps internally to manage these additional costs in 2010/11 as far as possible, through adjustment to project specifications and other wider amendments to financial plans for the year. A follow-up application to Cairngorms LEADER also resulted in additional funding of toward the Community Networks project which will help cover some of these VAT costs.
 4. However, a significant funding gap remains in the Trust's budget as a result of the arrears payment due and the potential delivery of the full range of works originally intended in the Community Network project. The Trust has asked the Authority to consider whether it is able to offer funding support towards these financial pressures. Additional support will enable the Trust to continue to deliver existing projects of work in full in 2010/11 and / or avoid depletion of any Trust reserves which may be required to support the significant expenditure levels under the Mountain Heritage Project which has now commenced.
 5. The Finance Committee is therefore requested to consider the award of up to a maximum of £35,000 to cover a proportion of these additional VAT and project costs.
 6. A separate paper presented to the Committee meeting sets out the current 2010/11 financial year monitoring position. It is proposed that, as this is an additional one-off funding request, it is recommended that the Committee consider that any payment will be subject to the availability of funding toward the end of the financial year. The Committee are therefore requested to consider a maximum level of support of £35,000 with actual level of support affordable delegated to the Chief Executive and Corporate Services Director to determine.

COAT Cash-flow Support

7. In previous years, the Committee has agreed to provide early payment of grant support to COAT in order to provide urgent cash flow support to the Trust. This has typically been necessitated by a significant level of the Trust's funding coming through project funding support, with project finances claimed in arrears after actual expenditure has been incurred.
8. This process does not result in any additional funding to the Trust. Any funding provided is treated as an advance payment of grant support authorised by the Board or Finance Committee within the Operational Plan.
9. The Committee are asked to again consider the provision of any grant support approved by the Board as part of its Operational Plan considerations on 18 March 2011.
10. Again, it is proposed that the actual level of advance funding provided, within the parameters of total funding for 2011/12 agreed by the Board, should be delegated to the Chief Executive and Corporate Services Director in order to ensure that the Authority is able to be responsive to the Trust's short-term cash flow support requirements while taking full account of the Authority's cash flow and affordability considerations.