

## CAIRNGORMS NATIONAL PARK AUTHORITY

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### FOR DECISION

**Title:** 2011/12 BUDGET AND OPERATIONAL PLAN

**Prepared by:** David Cameron, Head of Corporate Services  
Alistair Hight, Finance Manager

#### **Purpose**

To seek approval to budget figures for the 2011/12 Budget and Operational Plan.

#### **Recommendations**

The Board is requested to:

- a) Consider the proposed budget and Operational Plan investment for 2011/12;
- b) Subject to any comments or amendments, approve the budget for 2011/12.

#### **Executive Summary**

This paper sets out proposed budget figures and operational plan investment for 2011/12.

Grant in aid funding from Scottish Government has reduced by £0.19 million (4.4%) to £4.756 million.

Action has been taken by the Authority during 2010/11 to manage ongoing cost commitments, including implementation of a voluntary severance programme and delivery of efficiency savings in “core” running costs. This action over the present year combined with further efficiency savings planned for 2011/12 result in an overall reduction in budget for core running costs of £0.175 million, equivalent to 5.9% of the 2010/11 budget.

Reductions in funding for 2011/12 have been managed through delivery of these savings in core running costs and Authority is able to consider setting a budget that retains the 2010/11 level of investment in the National Park, through a range of Operational Plan activities. An Operational Plan budget of £1.938 million is proposed for 2011/12.

The proposed activities set out in the Operational Plan will continue in many cases to be delivered in conjunction with a range of partner organisations and will continue to lever substantial additional funding into the National Park. For example, the proposed contribution to the Cairngorms Outdoor Access Trust (COAT) for 2011/12 will help lever in some £0.75 million investment in the National Park from other sources in the coming year. Over the period of the current LEADER programme, some £5.21 million has been supported by the Authority’s match funding of £0.23 million and support for staff time.

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## 2011/12 BUDGET AND OPERATIONAL PLAN - FOR DECISION

### Background

1. The Organisation's Corporate Plan 2008-12 sets out our strategic objectives - what we aim to achieve over the 4-year period. The Operational Plan sets out the detail of how we will do that in a particular year – the activities, and associated financial allocations. The Corporate Plan, and hence the operational plan takes its structure from the approved National Park Plan's seven priorities for actions, with a further three added to account for the corporate and statutory activities.
2. This paper sets out proposed budget figures for 2011/12. Financial year 2011/12 represents the final year of the extended four year Corporate Plan for 2008 to 2012, the approval to the Corporate Plan extension having been given by the Board in May 2010.
3. The Finance Committee considered these budget proposals at its meeting on 18 February 2011, and endorsed the overall split of planned investment of available finances between "core" running costs and Operational Plan investment. This followed a detailed consideration of the planned changes in running costs through the interaction of inflationary pressures and targeted efficiency savings. The Committee also undertook an overview of the proposed investment of financial resources across Operational Plan priorities.
4. An overview of the Authority's budget position for 2011/12 is set out in the following sections.

### 2011/12 Income

5. The Authority's expected cash-based income for 2011/12 comprises a resource allocation of some £4.756m from Scottish Government. This grant funding level now incorporates the £0.120m for ranger grants, for which the Authority took lead responsibility with effect from 1 April 2009.
6. This anticipated grant allocation compares with £4.546m from the Scottish Government in both 2007/08 and 2008/09, and £4.790m in 2009/10. For 2010/11, the Authority's "base" grant level was £4.790m with the outturn position of £4.946m excluding one-off support for voluntary severance and other capital costs. There is therefore a reduction in grant-in-aid support of £0.19m compared with final outturn and £0.034m when compared with the 2010/11 start of year position.
7. In 2011/12, we are also budgeting for estimated £0.040m income from fees and charges. This figure has fluctuated over the years, with the budgeted income towards the lower end of the range seen in previous years.
8. Total budgeted, cash-based income for the coming year, 2011/12, is therefore £4.796m. This represents funding available to the Authority to support its activities and spending plans.

9. Many of the activities led by the Authority generate financial contributions from a wide range of partners. Currently, we anticipate £0.55m of additional funding support to be received by the Authority to support projects led by the organisation's staff. Therefore, the Authority's total turnover is expected to be in the region of £5.3m to £5.4m for 2010/11.
10. This income focuses on activity led by the CNPA and which will be reported in our accounts. There are also a wide range of partner led initiatives taking place in the National Park which are not budgeted for by the Authority but which result in further significant investment within the National Park.

## **2011/12 Expenditure Budget: Core Budgets**

### ***Efficiency Savings***

11. In developing core budget estimates for 2011/12, we have worked from the 2010/11 base after adjusting for agreed efficiency savings. Our assumption is that efficiencies achieved in the three year efficiency plans for 2008 to 2011 approved by Committee will be retained into 2011/12 – as is required by Scottish Government Guidance on this matter.
12. The Scottish Government's draft budget for 2011/12 sets out a provision for delivery of further efficiencies of 3% in budgets. The Authority expects to report that the efficiency targets for 2008 to 2011 have been exceeded, and it is not clear at this point whether the excess over target to 2011 may be allowed to contribute to required efficiency levels targeted for 2011/12. To establish reasonably prudent initial financial estimates for 2011/12, our draft budgets seek to identify a "full" 3% of further efficiency savings.
13. Once again, our goal for 2011/12 budgets has been to seek to identify efficiency savings from central, "core" areas of the organisation and hence seek to protect the sums available for investment in the Operational Plan and, through that, delivery of NPP priorities and our Corporate Plan achievements.
14. As in previous years, we anticipate that savings arising from efficiency savings may be used within the organisation to fund delivery priorities rather than representing further reductions in cash funding to the Authority.
15. A summary of core budget estimates for 2011/12 financial year, after deduction of planned efficiency savings, is set out in Table One.

**Table One: 2011/12 Core Budget Summary**

	<b>2010/11 Original Budget £000</b>	<b>2011/12 Budget Proposals £000</b>	<b>Change £000</b>
Board Salaries	182	166	-16
Staff Salaries	2,208	2,077	-131
Other Board and Staff Costs	233	169	-64
Office Running Costs	218	233	15
IT and Professional Support	116	137	21
<b>Total “cash” based expenditure</b>	<b>2,957</b>	<b>2,782</b>	<b>-175</b>
Depreciation of fixed assets	57	76	19
<b>Total expenditure</b>	<b>3,014</b>	<b>2,858</b>	<b>-156</b>

### **2011/12 Expenditure Budget: Operational Plan**

16. The Operational Plan for 2011/12 sets out the Authority’s anticipated contributions to a range of activities over the course of the year.
17. The total expenditure proposals for the Operational Plan for 2011/12 have been set for 2011/12 at 100% of available budget. As with 2010/11, for the coming year we have not included an over-programme element. This approach is on the basis that programme managers are increasingly clear on their expenditure plans for the year and there is, consequently, a much higher risk of over-spending were budgets for the year over-programmed.
18. Initial provision for Operational Plan investment in 2010/11 totalled £1.899m. Over the course of 2010/11 we have been able to increase that to £1.938m through establishing additional savings in core, running costs and diverting these resources into funding projects within the National Park.
19. For 2011/12, our initial Operational Plan allocations total £1.938m. This maintains the 2010/11 revised total and represents an increase of £0.039m over the start point for the current year. Action taken in 2010/11 and new efficiency targets proposed for 2011/12 have therefore supported the Authority’s ability to make significant investments in delivery of projects within the National Park despite the reductions to income levels for the coming year.

20. The strategic objectives linked to delivery of the Corporate Plan are presented again at Annex 1 to this paper, to give context to the operational plan presented for 2011/12. Annex 1 also includes the milestones targeted by the Authority for delivery by March 2012, and it is on delivery of these milestones and strategic corporate objectives that the Operational Plan has been focused. The commentary section in this Annex sets out, by exception, those areas where the Management Team review of staff and financial resource availability required some adjustment to the strategic objectives and / or milestone for March 2012.
21. Total budget allocations at the outset of the financial year for each strand of the Operational Plan are set out in detail in Annex 2 and summarised in Table Two.

**Table Two: Operational Plan Expenditure Forecasts 2011/12 compared with 2010/11 Mid-year Revised Budget**

	2010/11 £000	2011/12 £000
Biodiversity and Landscapes	177	206
Public Support for Land Managers	83	100
Sustainable Deer Management	20	12
Opportunities for Outdoor Access	272	313
Sustainable Tourism and Business	154	154
Promoting Affordable Housing	20	20
Awareness and Understanding of the National Park	396	397
Communications and Engagement	275	284
Planning and Development Management	363	254
Organisational and Community Services	178	198
<b>Total Operational Plan</b>	<b>1,938</b>	<b>1,938</b>

22. A number of lines of activity in Annex 2 have no required financial investment. These lines are retained for the time being in the Operational Plan summary to support consideration of the amounts of staff time that may require to be allocated to specific activities, and it is intended that the Operational Plan to be presented to the Board will include investment in terms of staff time in addition to financial allocations.
23. The comparative figures between years in Table Two highlight a substantial reduction in planned expenditure against planning and development management in 2011/12. This is a consequence of the costs of the Local Plan and Local Plan Inquiry in 2010/11 falling out of expenditure requirements in this area of operation for 2011/12.
24. Proposed expenditure levels in the other nine broad priorities for action are generally in line with prior year's expenditure. The relatively low level of expenditure currently identified as a requirement to deliver actions on promoting affordable housing reflect the core operations in this area being linked into and delivered through other aspects of activity, such as planning policy work and development of supplementary guidance.

### **Operational Plan Delivery: Staff Resources**

25. Available staff resources are significantly reduced for 2011/12, as a result of the implementation of the voluntary severance scheme and other actions taken to manage forward budget commitments over the course of 2010/11. The Authority's capacity to deliver the range of strategic objectives agreed in May 2010 has therefore been somewhat curtailed. The Corporate Plan delivery update presented to the Board in January 2011 sets out details of adjustments made, including identifying two of the 48 strategic objectives on which no further action would be taken, as a result of constraints on staff resources.
  
26. In order to ensure that the totality of the Operational Plan proposals are deliverable within the available staff resources remaining to the Authority, an initial, high level, analysis of staff time required to deliver each activity has been undertaken.
  
27. This analysis and overview of staff availability confirms that the proposed Operational Plan is deliverable within the staff resource available to the authority in 2011/12. The overview has also helped senior managers identify which aspects of planned activity in 2011/12 involve significant levels of staff input required from differing teams across the organisation and where, therefore, more detailed project planning is required to ensure the availability of the required staff input and identified stages of relevant projects.
  
28. Annex 2 also sets out an estimated "total" cost for each line of operational activity, making an allocation of core costs, based on the staff time requirements, to each line of the operational plan. This gives a representation of cost of each operational plan activity after allowing an apportioned allocation of other organisational support costs to actual direct finance and staff costs.

### **2011/12 Budget Summary**

29. The summary budget position for 2011/12 is set out in Table Three.

**Table Three: 2011/12 Budget Summary**

	2011/12 Budget forecast (£m)
<b>Total Income</b>	<b>4.796</b>
Expenditure	
Core Budgets	2.858
Operational Plan	1.938
<b>Total Expenditure</b>	<b>4.796</b>

## Wider Financial Considerations

30. This paper has focused primarily on the resources available to the Authority and the proposed deployment of those financial and staff resources in 2011/12.
31. Much of the Authority's operations operate in conjunction with a wide range of partners. In many instances, contribution of finance and staff time to other partners result in significant additional sums being levered into the National Park. This income to the National Park is not reflected in the Authority's accounts in instances where other partners are acting as lead in the delivery of activity.
32. The operation of the Cairngorms Outdoor Access Trust (COAT) represents one such example of this situation. The COAT business plan, presented in a separate paper to the Board, highlights forecast total income for 2011/12 of just under £1million, with around £0.75m of that total being levered into the National Park from a wide variety of other sources.
33. Similarly, the Authority's support of the Cairngorms LEADER Local Action Group through support for staff time and project-match funding contributions, has resulted in enabling projects with total funding to date of £5.54 million. This is on the basis of the authority's investment of some £0.23 million, LEADER (European funding routed through Scottish Government) funding of £1.98 million, other public funding of £2.72 million, private funding of £0.52 million and in kind contributions by project applicants of £0.09 million.
34. This provides two high level examples of the full level of funding activity within the National Park enabled through the Authority's activities. When staff time allows, we will seek to build up a fuller picture of the level of additional funding levered into the National Park through the full range of the Authority's Operational Plan activities.

## Next Steps

35. Subject to any comment from the Board, the Finance Manager will issue the final Operational Plan and budgets for 2011/12 following the Board meeting, in order that staff may commence delivery of activities over the course of the year.
36. Finance staff will also work 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. Budget profiles developed will be used to present future monitoring reports to Committee.

**David Cameron**  
**8 March 2011**  
**davidcameron@cairngorms.co.uk**