

CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE AND DELIVERY COMMITTEE

FOR DISCUSSION

Title: 2019/20 BUDGET DEVELOPMENT

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Purpose

This paper presents the current position on development of the Authority's budget for the 2019/20 financial year.

Recommendations

The Finance and Delivery Committee is asked to:

- a) **Consider the update on the estimated budget position for 2019/20;**
- b) **Consider whether any aspects of the budget merit further consideration in the development of final proposals to be presented to the Board in March.**

Background

1. The Board reviewed the Authority's budget estimates as at end of January 2019 as part of its business session on 1 February 2019. As advised at that meeting, development work was ongoing on budget estimates with a further update to be brought to this Committee meeting for consideration. This paper presents the current position on the Authority's budget development and highlights a few key impacts on resources since the meeting of 1 February.
2. The Board's Staffing and Recruitment Committee has also considered the detail of the Authority's planned approach to staff pay awards at its meeting of 1 February 2019. The Committee endorsed management's proposed approach to pay for 2019/20 within the wider parameters of the Scottish Government's Public Sector Pay Policy for 2019/20. The financial consequences of the Authority's proposed approach to pay are incorporated into the budget estimates for 2019/20.

Overview of Budget Position for 2019/20

3. A summary of the present budget position for 2019/20 is presented in Annex 1. Overall, the budget position has been brought closer to the break-even target for the year, with a net expenditure position of £32,000 compared with the previous £47,000 net expenditure position. This change is the result of a number of specific actions.

Key budget movements since the figures were presented to the Board business session on 1 February are:

- a) Employers' pension contributions: we received notification on 8 February of a significant increase in employers' pension contributions, with an increase in average contributions from 21% to 27% of salary. We had anticipated a small increase in these contributions, however the scale of the increase was not expected and hence not allowed for in previous figures. The total cost of the increase is estimated at £155,000 with some £66,000 covered by funding expected in support of project posts. There is, therefore, a net impact of £89,000 on the Authority's own resources.
 - b) To manage pension increases, we have instigated a hold on two vacant posts in the establishment. Unless there are other improvements in the budget position these posts will not be recruited in 2019/20. This saves an estimated £86,000 over the year. Members should note that the vacant posts held are not in planning and will not therefore cause any impact on that service over the year. There are a number of multi-year projects coming to an end in 2020 and the Authority's funding for those posts will therefore fall out of our budget provisions. There may therefore be opportunity to commence recruitment to these posts toward the end of 2019/20 for commencement in 2020/21.
 - c) Recognising that these two posts have been effectively removed from budget, we have reduced the estimated residual vacancy savings that can be achieved by £49,000 to avoid double-counting savings impacts. These posts were originally expected to remain vacant until summer 2019.
 - d) A reduction has been made in staff and board training and travel provisions of £15,000.
 - e) Relatively small reductions in Operational Plan investment proposals have been implemented to bring the overall budget at commencement of the year to a reduced and more acceptable net expenditure position.
4. The Authority's current Operational Plan provisions retain a planned investment of £1.213 million into project work in the National Park and toward delivery of National Park Partnership Plan priorities. This level of planned investment at the commencement of the year compares well with previous years. The position also compares favourably with the Corporate Plan projections of Operational Plan investment of £1.115m for 2019/20. A summary of current Operational Plan estimates is presented in Annex 2 to this paper.
5. The resultant position now presented continues to show an excess of expenditure over expected income of £32,000. A small net expenditure position is the normal start point for the Authority and allows for a degree of slippage in investment plans over the course of the year. As such, the overall position now presented is in line with the budget setting position for previous financial years.

Next Steps

6. The Management Team and Operational Management Group will continue to review and develop budget estimates as necessary for submission of final budget estimates to the Board at its meeting on 29 March. This development work will also include estimations of staff and other resource costs to be allocated against the Operational Plan activity lines in order to give sight of the total resource investment into each activity.
7. The Director of Corporate Services and Finance Team will also continue to closely monitor the budget position for 2018/19 and explore any opportunities arising to accelerate planned investment from 2019/20 into the current year should resources and investment plans allow. This will alleviate the excess of expenditure over income budgeted for the coming year, while also providing for potential reinstatement of some of the budget alterations required over the previous weeks.

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13 February 2019

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