

**CAIRNGORMS NATIONAL PARK AUTHORITY
FINANCE COMMITTEE**

FOR DISCUSSION

Title: **OUTTURN FOR THE TEN MONTHS
TO JANUARY 2007**

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Purpose

To provide Members with an update and information on the outturn for the ten months to January 31, 2007.

Recommendations

That the Committee:

- a) note the draft outturn for the ten months to January 31, 2006.

Executive Summary

- a) Annex 1 shows the Income and Expenditure account for the ten months to the end of January. A commentary is also included on each line, the accounts and commentary in this format are sent each month to Finance Committee members.
 - b) At the end of January we were underspent by £327,000 against budget. Of this £263,000 related to the Operational Plan (23% under budget) and £64,000 to Core and non-cash costs (3% under budget)
 - c) The Q3 Operational Plan Review has been completed with Heads of Group and Core costs reviewed in light of actual expenditure for the first ten months. Included in this review have been salary costs on the assumption that the Scottish Ministers and staff both approve the 2006-07 pay remit.
 - d) Current forecasts show a surplus of £11,000 for the year but this requires over £800,000 Operational Plan spending in the next two months. As always we are monitoring Operational Plan expenditure especially carefully in the run up to the year end in order that we maximise the use of our resource Allocation as any unused funds cannot be carried forward to the next financial year.
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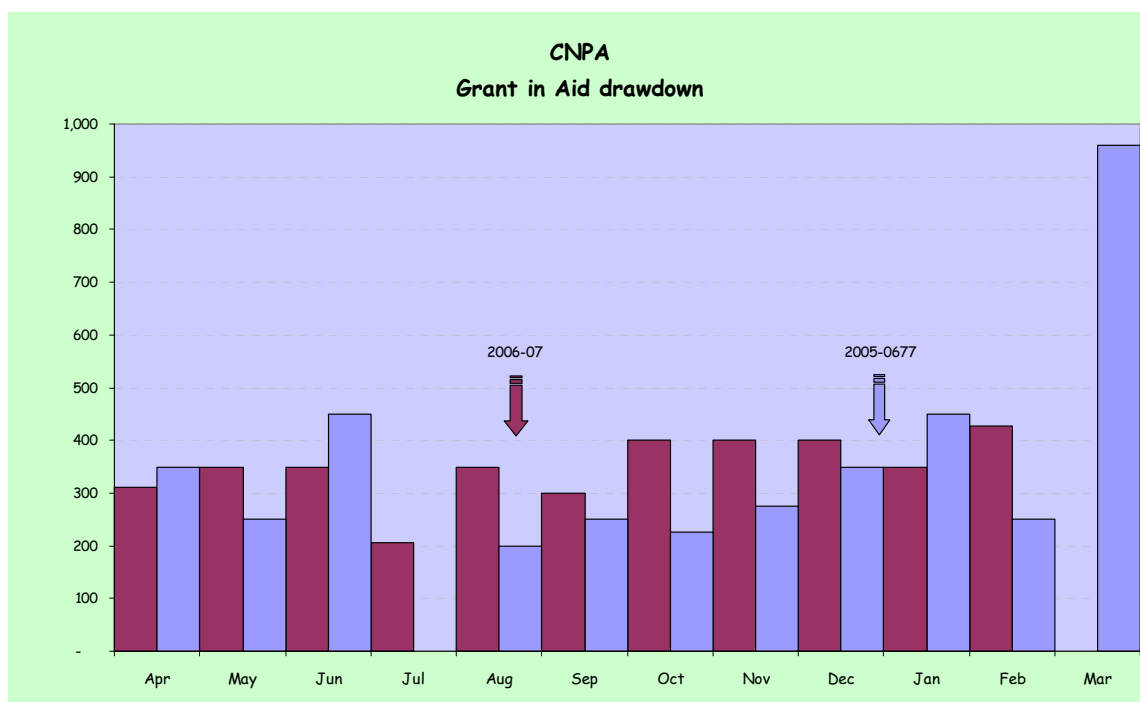
OUTTURN FOR THE TEN MONTHS TO JANUARY 2007 - FOR DISCUSSION

Overview

1. Annex 1 includes the latest Income and Expenditure account together with commentary on each line which focuses on actual income or expenditure against budget.
2. The budget was revised at the end of September and variances are now reported against the revised budget.
3. Annex 2 shows how the Authority is performing against agreed financial targets which are reported to the Board quarterly in the Balanced Scorecard Summary.

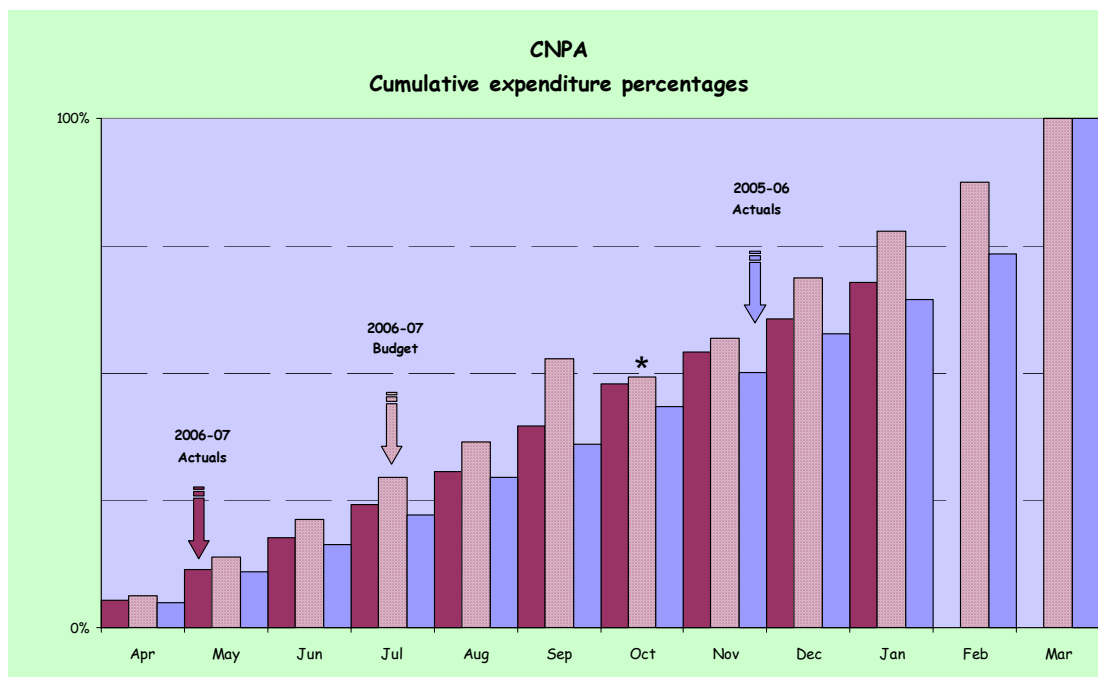
Grant in Aid drawdown and expenditure patterns

4. The chart below summarises the monthly GIA drawdowns for the last two financial years, with 2006/07 on the left and 2005/06 grant on the right of each month's columns. This provides a broad overview of the Authority's expenditure pattern over the course of these two years.



5. The above chart shows that for all but three months of the current year we have drawn down more Grant in Aid than in the equivalent month of 2005-06. In order to maximise our use of Grant in Aid we now need to draw down and spend £603,000 in March which is an improvement on the £959,000 drawn down in March 2006.

6. The chart below shows the cumulative expenditure over the course of the year compared with budget and last year's expenditure profile.



* budgeted expenditure in October has been reduced to reflect changes in budget phasing from the mid-year review

7. Expenditure continues to be ahead of last year's level, both in monetary and percentage terms, although we are under spent by £327,000 in the current year compared with the revised budget, presented to the Committee in October.

Forecast year end position

8. The Q3 Operational Plan Review was completed with individual Heads of Group in January although this still has to be formally ratified by the Management Team. The forecast has been updated to reflect the latest spending plans which all need to be completed by the end of March.
9. Similarly, the forecast for Board fees has been updated to reflect the known 1.75% increase. The forecast for staff salaries reflects the anticipated increase which has still to be approved by Scottish Ministers.
10. A further reduction in the year end spend forecast is due to staff salary costs, which assuming the Scottish Ministers give final approval to the pay remit and this is accepted by staff, are forecast to be £92,000 below the initial budget. This is primarily due to holding a number of posts vacant pending a review of the Authority's staffing requirements in moving into the delivery phase of the National Park Plan.

11. Taking account of the above, we are forecasting a surplus for the year of £11,000. As in previous years, the run up to the year end requires careful management of expenditure in order to maximise our use of our annual Resource Allocation from the Scottish Executive. Inevitably, some expenditure plans slip even at this late stage, and in light of this, we are continuing to look for new spend that may be completed by the end of March whilst still offering Value for Money.

Denby Pettitt
9 February 2007

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CNPA								
Income & Expenditure account (January 2007)								
		Year to date			Full year			Full year
	Notes	Actual £'000s	Latest budget £'000s	Variance £'000s	Initial budget £'000s	Latest budget £'000s	Activity to date %	Latest forecast £'000s
Income								
Grant in aid from SE	(a)	3,415	3,364	51	4,387	4,446	77%	4,446
Other income	(b)	9	72	(63)	75	75	12%	55
Non-cash transactions	(c)	101	104	(3)	128	128	79%	128
Total income	-	3,525	3,540	(15)	4,590	4,649	76%	4,629
Core Expenditure								
Board costs	(d)	208	214	6	258	257	81%	257
Staff salaries	(e)	1,554	1,606	52	1,997	1,950	80%	1,905
Staff (other costs)	(f)	162	183	21	225	225	72%	195
Office costs	(g)	311	268	(43)	412	375	83%	426
Capital expenditure	(h)	5	30	25	55	33	15%	33
	-	2,240	2,301	61	2,947	2,840	79%	2,816
Programme Expenditure								
Projects - managed by CNP	-	-	-	-	-	-	-	-
Park objectives	-	-	-	-	-	-	-	-
	(i)	869	1,132	263	1,638	1,505	58%	1,674
Cash Expenditure	-	3,109	3,433	324	4,585	4,345	72%	4,490
Depreciation	(j)	91	94	3	115	115	79%	115
Notional costs	(j)	10	10	-	13	13	77%	13
Total Expenditure	-	3,210	3,537	327	4,713	4,473	72%	4,618
Surplus/(Deficit)	Even activity through year leads to following proportion						83%	11
Notes:								
Latest budget	This was presented to the Finance Committee at their meeting on October 20.							
Latest forecast	This has been updated to reflect the likely cost of the annual pay rise, backdated to April 1, our latest estimate of Operational Plan spending following the Q3 Review and a reduction in other staff costs.							

	Commentary							
(a)	revision.							
(b)	Planning fees invoiced for 2006 are £44,110 which is less than the budget of £62,000 due to the reduction in number of call-ins. Invoices have already been raised for these amounts and income will be booked when received.							
(c)	Non-cash transactions represent notional costs that we are 'charged' by the Scottish Executive based on the assets we use and the depreciation charge based on previous capital expenditure.							
(d)	We received confirmation from Scottish Executive that an increase of 1.75% is to be applied to Board fees from April 2006. This has been subsequently approved by the CNPA Staffing and Recruitment Committee and will be paid in February's payroll run although we have already accrued for the cost of this.							
(e)	The staff's pay award for 2006-07 has not been approved yet although we have accrued for the likely cost. It is hoped that this too will be finally approved by Scottish Ministers in time for February's payroll. The forecast for the year has also been adjusted to take account of the likely full year cost.							
(f)	Other staff costs are slightly below budget (£21,000; 11%). The full year forecast has been reduced by £30,000 to reflect this (mainly reductions in recruitment and relocation costs).							
(g)	Office costs exceed budget by £43,000 (16%), this is mainly due to two reasons. Firstly, there are a number of small computing purchases for which capital Grant in Aid can be used, this would also utilise the underspend on capex that is currently £25,000 (see below). Secondly, there are a number of utility invoices (totalling £14,000) that have been received and paid in advance of the budget provision that is contained in March 2007 accounts. No impact on full year.							
(h)	See (g) above.							
(i)	Although Operational Plan expenditure has slipped in December and January the Q3 Operational Plan review completed in January confirmed that expenditure by the year end is expected to be over £1.6 million which is in line with the initial budget.							
(j)	Non-cash costs mainly in line with budget.							

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CNPA								
Balanced Scorecard Performance Measures - Finance								
	Performance measure	Status				Performance tolerance		
		Jan-07	Dec-06	Sep-06	Jun-06	Green	Amber	
Current year	Income in line with budget	(a)	Green	Red	Red	Green	± 1%	± 2%
	Core expr. in line with budget	(b)	Amber	Red	Red	Green	within +1% and -2%	within +2% and -3%
	Operational Plan expr. in line with budget	(c)	Red	Red	Red	Green	within +1% and -2%	within +2% and -3%
Next year	Income in line or above forecast	(d)	N/A	N/A	N/A	Green	over 100%	over 97%
	Operational Plan commitments in line with agreed control level	(e)	Green	Green	Green	N/A	≤ 30% current year's budget	≤ 31% current year's budget
Notes								
(a)	On target							
(b)	Expenditure 97.3% of budget, underspend caused by lower staff numbers and recruitment costs							
(c)	Expenditure 76.7% of budget but year end forecast spend is £1,671,000.							
(d)	Resource Allocation agreed at £4.5 million.							
(e)	Overall within control limit although over-allocation in some Groups (all expenditure agreed by Management Team/Board)							