
CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE & DELIVERY COMMITTEE

FOR DISCUSSION

Title: 2021/22 BUDGET DEVELOPMENT

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Purpose

This paper presents the current position on the development of the Authority's budget for the 2021/22 financial year, commencing 1 April 2021, prior to consideration of final budget proposals by the full Board at its meeting scheduled for 12 March 2021.

Strategic Considerations

The paper covers the following aspects of development of Board strategy, scrutiny of planning and assurance:

1. Strategic risk management and risk appetite: do the budget plans, financial objectives set and any risks and judgements taken on estimates and provisions establish an appropriate platform for the Authority's budget setting and financial management processes for the coming financial year?
2. Delivering strategic objectives: do the financial plans, at this stage in their evolution, establish an appropriate resource allocation base from which to deliver approved strategic objectives?
3. Assurance: are there any aspects of budget development that merit specific attention in refining and further developing budget proposals for the full Board meeting?

Recommendations

The Finance & Delivery Committee is requested to:

- a) **Consider the position of the 2021/22 budget as presented in light of the strategic considerations for the Committee;**
- b) **Agree any proposed further actions on budget development prior to the submission of budget proposals to the Board in March.**

Income

1. There is a significant step-change in the funding allocations made available to the Authority by Scottish Government for the 2021/22 financial year, as summarised in Table One.

Table One: Scottish Government Funding Allocations

	2020/21 £000	2021/22 £000	Variance £000
Resource main allocation	4,779	5,830	+1,051
Resource COVID Response	-	500	+500
Capital	240	600	+360
Total grant in aid allocations	5,019	6,930	+1,911
Specific Programmes			
Peatland Restoration	246	2,285	+2,039
SG Biodiversity Funding	To be confirmed	To be confirmed	To be confirmed
Other generated income	125	174	+49
Total Income	5,390	9,389	3,999

2. The Authority will directly receive and manage funding in the coming year to support the Cairngorms Peatland Restoration Programme. These funds will support our programme team and grants made available to landowners undertaking approved peatland restoration projects. The Authority also hopes to secure biodiversity funding from Scottish Government, with that information still to be confirmed at this stage of the budget development process.
3. As in 2020/21, we will continue to budget for additional generated income from sources such as planning fees, shared service delivery to partners and other miscellaneous receipts. The budgeted income figure for 2021/22 is £174,000, and increase of £49,000 in anticipated of receipt of “Kickstart” grant cover for the employment of Kickstart Rangers as part of the ranger service development.
4. In total, therefore, there is currently an increase of almost £4 million in funding put directly under the management of the Authority for 2021/22 financial year.
5. In addition to the specified funding set out in Table One above, the Authority over the course of the year will remain lead applicant and accountable body for the Cairngorms Capercaillie Programme, the Cairngorms LEADER Programme (ends 31 December 2021) and the Tomintoul and Glenlivet Landscape Partnership (programme ends 31 May 2021 with residual responsibility for oversight of a small management and maintenance budget).

Step Changes in Operational Delivery 2021/22

6. The Authority has worked with Scottish Government throughout 2020 to identify a number of evolutions of our operational bases which could deliver significant contributions to Government's National Outcomes as set out in the National Performance Framework, while delivering against the Authority's existing strategic goals. These discussions and bids have secured the step change increases in funding considered above. The key changes are summarised in Table Two together with estimated financial values associated with each aspect of delivery and its linkage with existing strategic outcomes.

Table Two: Significant Changes in Operational Delivery for 2021/22

Activity	Value £000	Strategic Fit
Peatland Restoration	2,285	Corporate Plan conservation and land management priority 1: support landscape scale restoration
Support Heritage Horizons Programme Bid	150	Various Corporate Plan objectives / approved by Board 12 Feb 2021
Cairngorms NPA Ranger Service: Seasonal Rangers (including Kickstart rangers)	296	Corporate Plan visitor experience priority 2: Increase physical activity in both residents and visitors and support delivery of Scotland's Natural Health Service /
Cairngorms NPA Ranger Service: permanent ranger service provision	286	Green Recovery Plan approved Board June 2020
Green Recovery Grants	250	Green Recovery Plan approved Board June 2020, linking to Economic Action Plan approved in 2019, together with Rural Development objective 2: support communities, specifically focussing on the most fragile, to deliver their agendas for change
Visitor Management: capital financing to support enhancements to visitor facilities and improved visitor experience	324	Visitor Experience Priority 1 - Continue to ensure visitor infrastructure meets the expectations of visitors to the National Park and help deliver a sustainable tourism economy. Green Recovery Plan approved by Board June 2020 linking to Economic Action Plan approved in 2019.
Organisational and Cairngorms NP responses to COVID	220	As Visitor Experience Priority 1 in above line / Rural Development Objective 2 (see Green Recovery Grants above) plus Corporate Plan Priority 3 on Corporate Services – delivering ongoing service improvements which in this case will support organisational adaptation to work after COVID19 response.
Total service increases	3,811	

7. The service changes outlined in Table Two therefore account for around 95% of the step changes in funding received for the 2021/22 financial year.
8. Further significant adjustments to the Authority’s budget base between the current financial year, 2020/21, and the forthcoming financial and operational year, 2021/22, support provision across all elements of the agreed Corporate Strategy. Table Three sets out the more significant of the cross-organisational movements in the projected cost base for the Authority for 2020/21.

Table Three: Changes in Cost Base Supporting All Corporate Outcomes

Activity	Value £000	Strategic Fit
Revising organisational structure to fit future priorities and step change in operations	140	Delivering all existing corporate plan outcomes and agreed Board strategic objectives.
Movement in pay	164	Delivering Scottish Government Public Sector Pay Policy; observing CNPA pay policies.
Enhancing shared services to establish a fully supported GIS service.	48	Corporate Plan, Corporate Services Priority 2 - Ensure that the office extension, existing accommodation and ICT facilities are ‘fit for purpose’ and help to deliver the Organisational Development Strategy – implement GIS strategy
Total service increases	352	

9. The significant cross-organisational service changes represent a further 9% of the funding increases secured for 2021/22. These changes, plus those in table two directed toward more specific corporate plan outcomes, thus account for 104% of the total increase in funding allocated to the Authority for the year ahead. This is offset by some reductions in operational plan expenditure requirements where investments have come to a conclusion, together with other budget management assessments. Some of the more significant budget assumptions are covered in a following section of this paper.
10. The Authority has undertaken a Voluntary Exit exercise with staff between October 20 and January 21. This has resulted in four members of staff who will take voluntary exit from the organisation at the end of April 21. The costs of the VE compensation payments are fully covered by the provision for the equivalent salary over the 21/22 financial year. This action by management will release around £160,000 from the authority’s staff payroll costs at the end of the 21/22 financial year.
11. The analysis of budget changes presented in these sections allow the Committee to consider the planned allocation of significant increases in funding over current year funding levels and, through doing so, take assurance that the funding secured will continue to deliver against the Authority’s existing, approved strategic objectives and

outcomes. Overall, 91% of the movement in the Authority's funding and operational base is accounted for within the activity changes identified in tables two and three.

Key Assumptions

12. At this stage of budget development, the Executive Management Team is considering two key elements of the budget establishment process which are considered here. The Committee's view of these assumptions in light of the strategic considerations set out at the start of this paper is invited to inform further development of the budget estimates prior to the Board meeting.

Vacancy Savings

13. In setting the 2020/21 budget, the Board approved a position including an estimated £78,000 in vacancy savings from holding vacant posts for a period of time before recruitment. This represented 2.6% of the total staff budget for the year of £2,978,000. Staffing in the current year represented 58.9% of available income at the time of establishing the budget for the year.
14. Our budget development process for 21/22 recognises the increase in staff levels to deliver these new programmes of activity summarised in this paper. We anticipate that there will be some delays in recruitment and increased levels of turnover impacting on budgets. As such, we have increased the vacancy savings assumption to £171,600, or 3.9% of the revised staff budget of £4,455,600. Staffing for 2021/22 represents 47.5% of available resources for the year, the significant reduction as a percentage of income reflecting the increase in peatland programme and capital allocations to the Authority for 2021/22.

Over-programming

15. Over the last two to three years, the Authority has gradually eliminated the practice of "over-programming" as an element of its budget setting. Over-programming allowed for some expectation of slippage in expenditure plans over the course of the year by budgeting for a greater level of expenditure than could be supported by the funds available in the year. Management of slippage through over-programming helped ensure that the Authority could maximise use of resources and come as close to a target break-even outturn position at the end of the year as possible. The rationale for the removal of an over-programming allowance linked to the increasing certainty of project managers on their spending plans as our partnerships and operational agreements matured, and consequently reduced expectation of significant slippage in plans.
16. As is set out in this paper, there is a significant step change in resource availability for 2021/22. It may be appropriate to budget on the basis of some increase in over-programming to ensure the Authority is able to maximise deployment of resources available in the year. Over-programming may also be a worthwhile approach to managing potential uncertainties in project delivery arising from COVID19 restrictions which are likely to remain at least over the first quarter of 2021/22.

Capital Programme

17. Work remains to complete the capital programme of planned capital investments for 2021/22. We have information on the approved Green Recovery Plan to work from at the outset. Further work is required on this aspect of our plans over the course of the next months.
18. To date, an allocation of £170,000 has been used to support capital elements of the Operational Plan and a further £100,000 to support investment in corporate systems and equipment.
19. The Management Teams are developing a programme of capital works with partners to help support visitor management across the National Park looking at key sites for improvement, campervan facilities etc. This provision has been included at Table Three of this paper.

2021/22 Budget Summary

20. Incorporating these proposed significant changes in operations into the overall budget results in the total budget position as established in Annex I to this paper.
21. The budget figures will continue to be developed in consultation with the executive management team. We will also develop the budget in light of discussions at the Committee meeting prior to submission of proposals to the Board at its meeting on 12 March.

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16 February 2021

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Annex I

	2020/21 Base (£)		2021/22 Estimates (£)	Change (£)
Staff salaries	3,415,800		4,563,627	1,147,827
Board fees	172,844		182,279	9,435
Staff costs recovered	-320,000		-234,513	85,847
Total Salaries against budget	3,268,644		4,511,393	1,242,749
LEADER Salary recoveries	-53,648		-55,794	-2,146
Vacancy Savings	-78,000		-171,626	-93,626
Net salaries against budget	3,136,996		4,283,973	1,146,977
Other Board and staff costs	175,000		177,000	2,000
Facilities costs	361,080		377,318	16,238
IT & Professional	156,060		156,060	0
Heritage Horizons	0		150,000	150,000
Conservation & Land Management	303,000		2,377,500	2,074,500
Visitor Services	456,500		835,500	379,000
Rural Development & planning	290,000		560,000	270,000
COVID Responses: community and organisational	0		220,000	220,000
Corporate services	102,000		159,520	57,520
Communications	61,000		101,000	40,000
Total expenditure	5,041,636		9,397,871	4,356,235
Financed By:				
Resource Grant	4,779,000		6,330,000	1,551,000
Capital Grant	150,000 ¹		600,000	450,000
Other Income	125,000		2,459,000	2,334,000
Total Financing	5,054,000		9,389,000	4,335,000
Surplus of finance (+ve) / net expenditure (-ve)	12,364		-8,871	

¹ £90,000 capital in 2020/21 budgeted separately for IT and capital investment and therefore not reflected in the 2020/21 baseline figures. Figure in table for capital therefore at £90k variance from Table One in main paper.