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## CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE & DELIVERY COMMITTEE

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### FOR DISCUSSION

**Title: FINANCE MONITORING: 10 MONTHS TO 31  
JANUARY, 2021**

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SERVICES**

#### **Purpose**

This paper presents a summary review of income and expenditure for the 10 months to 31 January, 2021.

#### **Recommendations**

**The Finance & Delivery Committee is requested to:**

- a) **Note the outturn for the 10 months to 31 January, 2021;**
- b) **Note the projected outturn for the 12 months to 31 March 2021**

#### **Executive Summary**

1. The analysis of financial position over the 10 months to 31 January is contained in Annex I. This is a simplified management accounting report and follows the format in which the results for the year will be reported in the financial accounts.
2. Annex I shows the actual position as at 31 January 2021, compared to a projected position based on a straight line allocation of the revised budget for the year over the 10 months. Annex I also contains the current variance of actual invoice and expenditure at the end of January 2021 in comparison with the budget expectation for the same period.
3. Actual and expected income received from projects offsets the project costs incurred to date with the exception of LEADER administration costs which are to be reviewed by the year end due to the extension of the LEADER programme to 31 December 2021. The current small net cost of LEADER administration is in line with budget as we estimated for some LEADER administration costs to be incurred by the Authority in 2020/21.
4. There are no other exceptions to report to Committee in terms of potential additional financial consequences arising from the Authority's financial stewardship of externally funded projects at this time.

5. Salaries and Board fees are broadly on budget, with an overspend of £48k against the budget for the 10 months period of £2.9m. This position excludes any recoveries. Projections to the end of the year on the same basis show an expected outturn underspend of £97k due to additional vacancy savings from the end of December which will exceed budgeted levels by the end of the year, and additional funding, now confirmed, rather late in the financial year for Peatland Restoration staff costs. While we had some expectation of this funding being secured for peatland staff, the costs had continued to be budgeted for in full as an element of prudent financial management pending confirmation of the funding position.
6. Core and Operational Plan expenditure remains behind budget, not unexpected due to the continued impact of COVID-19 on day to day operations impacting core expenditure, and that Operational Expenditure is traditionally skewed to the last quarter of the financial year. Initial adjustments to budget to reallocate funds were approved by the Board in June 2020 and these adjustments are reflected in Annex I, together with the late settlement from Scottish Government for Peatland Recovery costs for the year.
7. Annex I also sets out the specific additional and unbudgeted costs of COVID-19 related actions taken by the Authority, which total £42,647 at the end of January.
8. The final, right hand column of Annex I sets out a projected outturn for the year. Current financial projections to the end of the year estimate a small excess of income over expenditure of £22,000 (equivalent to 0.32% of total income under management shown in Annex I of £6.833m). The achievement of this outturn position remains fluid, and is supported with work continuing on committing budgets. As with previous years, the working assumption is that we will manage the financial position as close to a break even position as possible while recognising the additional working challenges posed in the current financial year by the COVID-19 pandemic.

### **Other Finance Matters**

9. The accounts for the year to 31 March 2021 were laid before Scottish Parliament in December. The final accounts laid were as drafted and presented for audit and as approved by the Audit and Risk Committee at its meeting in September 2020.
10. The audit for the year to 31 March 2021 is scheduled for late June, with an initial planning “visit” scheduled for late April. The audit will again be carried out remotely by Grant Thornton. This is the fifth year Grant Thornton have acted as the Authority’s auditor and the term has been extended by a further year due to the COVID 19 pandemic. The Audit and Risk Committee continues to have oversight of the external audit process.

## Finance Monitoring for 10 Months to 31 January

### Other Resource Income

11. The movements from 31 October are:

	<b>31 October</b>	<b>31 January</b>	<b>Movement</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Other income	28,470	33,450	+4,980
Operational plan	43,034	179,725	+136,691
Project activity costs			
LEADER	66,617	90,829	+24,212
T&G LP	320,788	505,473	+184,685
Capercaillie (Development phase)	19,256	19,256	-
Capercaillie (Delivery phase)	36,707	73,017	+36,310
Great Place Badenoch	25,188	43,928	+18,740
Staff costs recovered	190,089	219,295	+29,206
	<b>730,149</b>	<b>1,164,973</b>	<b>+434,824</b>

### Board and Staff Costs

12. With the exception of the LEADER, all project staff costs, have either been recovered or will be recovered in full for the 10 months. Staff costs relating to seasonal rangers are not reported in the staff costs line but as a seasonal ranger cost within the operational plan line for Visitor Services for management accounting purposes and covered by that budget. These staff costs will be reclassified in the financial accounts purposes at the year-end.

13. **Movement on running costs:**

	<b>31 October</b>	<b>31 January</b>	<b>movement</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Other board and staff costs	57,936	79,391	+21,455
Facilities costs	204,957	306,234	+101,277
Covid costs	35,631	42,647	+7,016
IT & professional	60,622	108,003	+47,381
	<b>359,146</b>	<b>536,275</b>	<b>+177,129</b>

### Other Board and Staff Costs

14. Costs related to Board and staff costs continue to be lower than budget due to continued home working. Costs continue to be incurred on the leased car fleet, and motor vehicle insurance, and ongoing HR and training.

### Facilities Costs/IT and Professional Costs

15. Many of the facilities costs are considered “fixed”: rent, rates, and utilities costs. Redecoration and wider facilities work required under conditions of lease is now planned to be carried out before the end of the financial year.

16. Covid related costs continue to increase: costs which would not have otherwise been incurred but for covid, such as additional IT kit to support dispersed working - telephony headsets, cordless keyboards and mice sets, port replicators for designated hot desk (all to minimise the risks of cross contamination); PPE (masks and sanitiser) and also moveable solar powered signs for use round the park which account for £21,240 of the costs incurred and were taken out of use in late October. Downturn in other budget lines have provided resource cover for these additional COVID-19 related costs.

## Operational Plan

17. Operational plan spend is usually skewed to the last quarter of the financial year with this year being no exception and further exacerbated by delays in many project delivery and investment plans as a consequence of COVID-19. Heads of Service have reviewed budgeted spend for the year and the emphasis is now on turning planned spend into actual spend.

## Non-Cash

18. Non-cash budget provision from Scottish Government provides for depreciation of assets and other accounting provisions made necessary by the Authority's operations. The budget allocated for 2020/21 by Scottish Government is £320,000. This includes the "depreciation" of leased assets covered by IFRS 16, the adoption of which has been postponed for another financial year, until 2021/22. No reduction to the allocation has been made and it is expected be reduced before the end of the financial year.
19. Current projections for 2020/21, based on assets in use at the beginning of the financial year, proposed capital spend, with no abnormal charges or write downs for diminution in value, are for a full year depreciation charge of £147,000.
20. Scottish Government have awarded an additional £10,000 as non-cash to cover the movement on the holiday pay accrual. This accrual places a value on flexi/TOIL and untaken holiday at the year end.

## Grant-in-Aid

21. Grant-in-aid has been drawn down as originally profiled and £5,015,000 has been drawn down to 31 January. £4,528,000 has been allocated as "Resource" funding with the remaining £487,000 as "Capital" funding which is used for the purchase of assets or as capital grants. £40,000 of the capital funding has now been allocated to spend on assets which will be capitalised in the financial statements.

## Projects

### Tomintoul & Glenlivet Landscape Partnership

22. Amounts received/due from the National Lottery Heritage Fund (NLHF) in the current year are:

Quarter ended	£	Received
30 June (claim 14)	158,023	16/10/2020
30 September (claim 15)	79,276	08/12/2020
31 December (claim 16)	130,710	o/s *

- \* *Not all the amount claimed will be paid out immediately due to NLHF retaining the final 10% of the grant award until the project has been closed. A final claim will be made before the close of the project, which is now 31 May because of both COVID 19 and weather conditions which has delayed to planting of woodland. The 10% balance of funding will be released following review and confirmation of the final claim and final report for the programme. Regular update meetings have been held with NLHF and there is a good level of understanding between the Authority and this major funder of the programme*

23. Costs will continue to be incurred for at least another 6 weeks as the remaining final projects complete,

## LEADER

24. The LEADER Programme has now been extended until 31 December 2021. Claims have remained at a low level and with many claims now being set to be processed into the next financial year. At the 31 of January only 1 claim remains due from Scottish Government of £12,722 which will remove previously significant debtor balances from our year-end balance sheet and hence resolve a prior audit risk highlighted by external auditors.
25. The extension of the project to 31 December has led to a reappraisal of the administration claims which had previously been recognised as recoverable in the year, though no formal claim had been made to Government. Claims for administration are capped at 25% of project funding. Delays to the commitment of some projects results in the requirement to delay some admin claims until adequate project delivery expenditure is confirmed and the admin costs can consequently fall within this 25% cap. The status of administration claims will be kept under review until the year end, with no overall adverse impact on the Authority's underlying financial position expected, other than a slightly extend impact to cash flow.

### Great Place Badenoch

26. Activity remains at a low level and will pick up later in the year as the project nears completion.
27. Amounts due from the NLHF since last monitoring paper are:

Quarter ended	£	Received
30 September (claim 10)	10,475	02 12 2020
31 December (claim 11)	17,063	11 02 2021

### Capercaillie Framework

28. The first claims for the Delivery phase have now been made and received as follows:

Quarter ended	£	Received
30 September (claim 1)	33,771	25 01 2021
31 December (claim 2)	44,019	02 02 2021

### Outturn Position 2020/21

29. As noted above the emphasis in the last 6 weeks of the financial year is to turn planned expenditure into actual expenditure. The projected outturn for the year, currently an underspend of £22,000, is based on requisitions lodged with finance and other planned spend.
30. To achieve an acceptable outturn in a very difficult year all budget lines continue to be monitored on a daily basis, in conjunction with close working with Heads of Service and other key staff, to ensure that the planned objectives for the year are met. It remains the intention to return an outturn as close as is possible to break even in what has been, and will continue to be, a challenging year.

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16 February, 2021