

CAIRNGORMS NATIONAL PARK AUTHORITY

FOR DECISION

Title: 2020/21 BUDGET AND OPERATIONAL PLAN

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Purpose

This paper sets out the Authority's financial position for the 2020/21 financial year. The paper presents the proposed financial allocations for 2020/21 for core income and expenditure, together with intended operational plan investment. The paper seeks Board endorsement of the budget and Operational Plan for 2020/21 as an appropriate deployment of resources to work towards delivery of the Authority's adopted Corporate Plan objectives.

Recommendations

The Board is requested to:

- a) Review the proposed budget and resource allocations for 2020/21;**
 - b) Consider whether the proposed deployment of resources poses any perceived risks to the achievement of the Corporate Plan objectives by 2022 and agree any risks posed for subsequent action by the Chief Executive and Management Team;**
 - c) Subject to actions that may be required to address any identified risks, endorse the budget and operational plan proposals for 2020/21; and**
 - d) Agree that the Management Team shall keep the budget and resource allocations under review in light of Covid-19 impacts on both the organisation and the Cairngorms National Park, and report to Finance & Delivery Committee and Board to seek approvals for any significant changes required to budget allocations and delivery profile.**
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2020/21 BUDGET AND OPERATIONAL PLAN – FOR DECISION

Strategic Context

1. The Authority, as a Non-Departmental Public Body (NDPB) operates within the context of a Management Statement established by Scottish Government. The Management Statement sets out the respective responsibilities of Scottish Ministers, the Scottish Government Portfolio Accountable Officer, the Scottish Government Sponsor Team, the Convener and Depute Convener of the Board, the Board as a whole and the Chief Executive as Accountable Officer as they relate to the strategic direction, operation and financial accountability of the Authority.
2. The Board is responsible within the terms of the Management Statement for establishing the overall strategic direction of the NDPB within the policy, planning and resources framework determined by the Scottish Ministers. The Board achieves this aim through determining the direction and content of the National Park Partnership Plan (NPPP) and thereafter the Authority's own Corporate Plan which sets out the CNPA's direct contributions to delivery of NPPP objectives. The Authority's current Corporate Plan was approved by the Board and Scottish Ministers in March 2018: <https://cairngorms.co.uk/authority/corporate-plans/corporate-plan/>
3. Delivery against the Corporate Plan objectives is reported on twice each year, highlighting achievements and exceptions, performance against targets and key performance indicators and wider strategic risk management. The third such delivery report on the current 2018 to 2022 Corporate Plan was presented to the Board at its meeting in December 2019: <https://cairngorms.co.uk/resource/docs/boardpapers/06122019/191206CNPABdPaper5AACorporatePlanUpdateCover%20V.2.pdf>
4. In terms of annual budgeting, the Management Statement sets out the role for the Board as having corporate responsibility for promoting the efficient and effective use of staff and other resources by the NDPB, and ensuring that any statutory or administrative requirements for the funds falling within the stewardship of the NDPB are complied with.
5. The Chief Executive, as Accountable Officer, is personally responsible for establishing the Authority's Corporate and Operational Plans in the light of Scottish Minister's wider strategic aims. The Chief Executive is also responsible under the terms of the Management Statement for establishing a robust performance management framework which supports the achievement of the NDPB's aims and objectives as set out in the corporate and operational plans; and which enables full performance reporting to the

Board, the sponsor Directorate and the wider public. This latter responsibility is given effect by the twice yearly Corporate Performance report referred to above, complemented by reports on NPPP delivery and regular updates on delivery matters to the Board.

6. Overall, the budget developed must of course be capable of having proposed expenditure financed by available income in the year with a balanced year-end outturn targeted.
7. As such, the exercise of annual budget and operational plan establishment in the Authority as an NDPB is one of:
 - a) The Chief Executive, supported by the Management Team and wider staff group, establishing the most appropriate deployment of resources to support delivery over the course of the year toward achieving the strategic objectives set by the Board in the Corporate Plan;
 - b) Review by the Board to ensure that the proposed deployment of resources appears appropriate as a means of achieving strategic objectives.

Strategic Policy Considerations

8. The 2020/21 budget is set within wider public sector financial policy in Scotland, which continues to establish a financial environment in which public finances are relatively restricted. As such, there are clear directions to the Authority to maintain expenditure within available resource levels and deliver a balanced out-turn position.
9. The Authority also continues to adopt the Scottish Government's "No Compulsory Redundancy Policy" which is an element of the wider Public Sector Pay Policy for NDPBs. While the Authority would not wish to use redundancies as a budget management tool, and has positively taken forward the No Compulsory Redundancy (NCR) Policy, this does mean that a long term view must be taken around staff employment levels. The potential impact of recruitment must be considered not only in the year of recruitment, but also over subsequent years' financial commitment levels and in the context of budget and staff deployment flexibilities.
10. Staff are of course a key element in our resource mix. Almost all staff and projects operate across the three areas of our Corporate Plan: Conservation, Visitor Experience and Rural Development. Staff in turn work across each of the Park aims. This is also the case for all corporate and communications staff, who support delivery and achievement of corporate priorities across the breadth of our Corporate Plan objectives. Therefore, while we categorise our project activities against on one of the top level priority areas of our Corporate Plan for planning, accounting and project

management purposes, almost all such project activities have multiple impacts across multiple or all of our strategic objectives.

11. Significant increases to the rates of employers' contributions to the Civil Service Pension Scheme (CSPS) for 2019/20 exacerbated the financial impact of recruitment of staff as opposed to other means of delivering strategic objectives. These additional costs of employment have been addressed in part over the course of 2019/20 by Scottish Government through additional grant allocation to cover a proportion of pension cost increases, with an added award to the Authority as part of the 2020/21 settlement to further cover the cost increase. There are no added pension costs increases in 2020/21 CSPS pension contribution rates.
12. The Authority has sought over recent years to maximise the impact of our available resources through investing funds to secure leverage of external funding into the Cairngorms National Park. Particularly successes have been secured with EU LEADER finance and National Lottery Heritage Funds for The Mountains and The People Project, the Tomintoul and Glenlivet Landscape Partnership, Badenoch Great Place Scheme and more recently the Cairngorms Capercaillie Project. Our analysis in July 2018, and presented with budget papers to the Board in March 2019, indicated that investment of just over £1 million in Cairngorms NPA funding had secured almost £12 million of inward investment to the Cairngorms National Park. The priority to ensure ongoing flexibility in resource deployment to allow financial investment to leverage significant additional inward investment remains a key element of the Management Team's budget and resource planning strategy.

Strategic Risk Management

13. The Board considered the most recently published version of the strategic risk register at its meeting in December 2019.
<https://cairngorms.co.uk/resource/docs/boardpapers/06122019/191206CNPABdPaper5Annex3Corporate%20Plan%20UpdateRisk%20Register%20v3.2.pdf>
There are a number of strategic risks linked to the development of the budget for the forthcoming year. The primary risks of relevance are considered briefly here.
14. Risk A1 - Resources: public sector finances constrain capacity to allocate sufficient resources to deliver corporate plan is again seen to be mitigated over 2020/21 on the basis of the proposals set out in this paper.
15. Risk A1.2 highlights the potential resource requirement established by the legacy of large scale funded projects after they complete their delivery phases. For example, there is a specific legacy phase within the terms of the Tomintoul and Glenlivet Landscape Partnership project which will need resourced by the Authority as lead

applicant; the close of the LEADER Programme in November / December 2020 will require ongoing administration to close the programme and remain exposed to external audit for several years; and the end of the capital build phase of the Mountains and the People project will move these paths, like other infrastructure investment, into consideration of cover for ongoing maintenance. This risk therefore begins to potentially impact the Authority's resource deployment, although impacts are minimal for the 2020/21 financial year itself.

16. Risk A19 that “*failure to effectively manage staffing numbers in the long term will reduce the capacity for the Authority to deploy adequate financial investment toward priority projects in the National Park*” has been managed through the course of 2019/20 in line with the approved Workforce Management Strategy. The Staffing and Recruitment Committee considered an update on the position at its meeting in March 2020 highlighting a low risk of impacts arising from management of fixed term contracts. Figures set out in this budget paper also highlight that staff numbers and the associated proportion of resource required to cover staffing investment remains relatively constant, indicating that the risk is under effective management.
17. The Management Team will review the risk register in light of Covid-19 and will report to the Audit & Risk Committee in due course. The risk of the responses to the Covid-19 outbreak requiring significant review of the current budget proposals and allocations through the year is recognised and a recommendation made highlighting the Management Team's ongoing review of the situation and reporting arrangements to Finance and Delivery Committee and Board for any changes that may be required.

Implications

18. The core budget and Operational Plan proposals set out in this paper present a broadly balanced budget delivering across all three areas of the Corporate Plan, and addressing all strategic priorities. The budget presents a broadly balanced position of planned expenditure covered in full by available resources from Scottish Government grant in aid and other income, in line with our financial target of achieving a financial break-even position at the end of each financial year.
19. There are no exceptions to highlight – there are no risks anticipated by Management Team that the resource deployment proposed will give rise to shortcomings in achievement of Corporate Plan targets.
20. The budget position is in line with the anticipated resource deployment set out in the Authority's Corporate Plan 2018 -2022 (page 12), with planned investment through

our annual operational plan somewhat higher than the original projections established in the Corporate Plan. This budget establishes the financial position at the start of the third year of the current four year Corporate Plan.

Delivery of Outcomes

21. The Authority for corporate planning and operational planning reasons divides its work into Conservation, Visitor Experience and Rural Development. This allows us to have a system to manage both staff and resources and give people a clear indication of what the organisation does.
22. However, it is also clear that people sometimes misinterpret this to further certain points of view. Almost all staff and projects operate across these three areas and in turn deliver against all of the Park aims. This also goes for all corporate and communications staff who support across all three.
23. To illustrate this there are 4 examples below linked to lines in the operational plan that show the complexity and delivery across all the outcomes by the work of the CNPA.
 - a) **Tomintoul and Glenlivet Landscape Partnership** – The staff and the funding for this is under Conservation. However, this includes funding and staff time on the upgrade of the Speyside Way extension. That is a visitor experience area of work that also translates into tourism and economic development. The dark skies work is conservation (reducing light pollution), visitor experience (being done mainly by volunteers) and rural development (attracting more people to spend more time in the area with local businesses while broadening community capacity to deliver locally against priorities identified by the local community).
 - b) **Forest Management** – Woodland expansion is a priority for the CNPA and we have a target of 5000ha over 5 years. This is obviously a significant conservation area of work for CNPA staff being flagged up in Cairngorms Nature. However, a 200ha native woodland in our target area would mean the landowner would receive £720,000 in grant payments and other grants are available for deer fencing etc. Woodland, as well as delivering our conservation outcomes, is also delivering visitor experience (amenity and recreation) and rural development (wood products, timber etc.).
 - c) **Local Development Plan** - The LDP is our main tool for rural development in the National Park. This guides where development goes and sets our housing land supply targets etc. It is also a tool to protect and enhance natural and cultural heritage with policies covering all these areas. The presumption against

hilltracks in open moorland is a way to protect landscapes and wild land which are both conservation priorities. Again, therefore, a project activity allocated sizeable financial and staff resource and “identified” within Rural Development is supporting across all aspects of conservation and visitor experience, and requires staff input from across all areas of the organisation in order to effectively achieve the intended results.

- d) **Volunteer Rangers** – The Volunteer Rangers programme is part of the visitor experience team. Volunteer rangers deliver conservation projects, access projects, provide great opportunities for people to upskill and help deliver across communities in the Park.
23. The above examples could be provided for all the lines in the operational plan. Some projects we lead, some we support and some are partnerships: looking simply at the figures and comparing spend and staff allocation between Conservation, Visitor Experience & Rural Development does not give the full picture of what is being delivered for conservation, visitor experience and rural development by Park staff and funding. The breadth and depth of what we do can be found in our corporate plan reporting, the CEO Report and the annual NPPP review.

Success Measures

24. The success of 2020/21 budget and Operational Plan proposals in delivering against strategic Corporate Plan objectives will continue to be reported through the twice-yearly Corporate Performance reports to the Board, which include analyses of achievement against Key Performance Indicators.
25. Monitoring against the delivery of the 2020/21 budget itself will be undertaken on a regular basis by the Board’s Finance and Delivery Committee and also on an ongoing basis by the Management Team.

David Cameron, 9 March 2020

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Supporting Information

Background

1. The forthcoming year, 2020/21 represents the third year of the Authority's Corporate Plan for 2018 to 2022. Consequently, there is a degree of continuation of resource allocation and investment across activities in the Operational Plan as we continue to progress existing strategic objectives established by the Corporate Plan.
2. We also continue to work with other organisations to establish alignment of our resource investment against the Scottish Government's wider portfolio outcomes.
3. At the time of writing this paper, we have received a clear indication on grant-in-aid allocation for the coming year from our Sponsor Team at Scottish Government. All grant figures are therefore based on figures included in the budget submitted to Scottish Parliament. We remain aware that there may be impacts on the Scottish Government's budget from the UK Budget once that has been approved in March and impacts will be monitored in conjunction with our sponsor team at Scottish Government.
4. The following sections of the paper go on to discuss the specific issues around income, "core" running costs and Operational Plan investment allocations. The high level budget estimates have previously been considered by the Finance and Delivery Committee at its meeting on 6 March 2020. Aspects of the budget provisions as they relate to staff pay and potential awards within the Scottish Government Public Sector Pay Policy for 2020/21 have been considered by the Staffing and Recruitment Committee meeting on 6 March 2020. Underpinning strands of delivery work being undertaken by the Authority and continuing into the coming financial year have been set out in both the Chief Executive's updates to each Board meeting and also in the Corporate and National Park Plan Update reports presented to Board.

2020/21 Budget: Income

5. The Authority's expected cash-based income for 2020/21 comprises primarily a revenue grant of £4.779m (prior year £4.565m) and capital grant of £0.240m (prior year £0.240m), giving a total resource allocation totalling £5.019m from Scottish Government (prior year £4.805m).
6. We are also budgeting for a further £0.125 million income from other sources including planning fees, project contributions and other generated income (prior year £0.175m).

7. Total budgeted, cash-based income for the coming year, 2020/21, is therefore £5.144m (prior year £4.980m). This represents funding available to the Authority to support its on-going activities and Operational Plan spending plans. Of this total, £0.090 million (prior year £0.060 million) of capital grant has been allocated to support finance of capital asset replacement and renewal for ICT equipment and works to the offices, with the remaining capital grants available to support operational plan investments of a capital nature.
8. Many of the activities led by the Authority generate financial contributions from a wide range of partners. Therefore, the Authority's total income and turnover by the end of the coming year is likely to be higher than this estimate. As these financial contributions are typically tied to specific projects, the Park Authority's discretionary income for budget allocation to core and operational plan activities in 2020/21, remains as £5.054m after allocation of capital for asset replacement and renewal.

Wider Funding Context within Cairngorms National Park

9. As we reported to Board in presenting previous years' budget proposals, the work of staff and organisational support from the Authority over the course of the last years has resulted in some significant successes for the Authority and its partners in securing sizeable levels of third party investment into the National Park. The year ahead brings the completion phase for many of these significant inward investment programmes to the Cairngorms National Park.
10. The coming year will involve the Authority in the completion of the delivery phase and planning for legacy management of the Tomintoul and Glenlivet Landscape Partnership Project. The Mountains and the People Project (Outdoor Access Trust for Scotland (OATS) as lead delivery organisation) is also now near the completion of its delivery phase. Cairngorms LEADER (Cairngorms Trust as lead delivery organisation) has completed its funding decisions, fully allocated the programme allocation, secured an additional £0.08 million in added funding from unallocated central resources and is now focused on completing all active projects and making final claims by December 2020. Collectively, across key projects, we have estimated that these partnership initiatives will secure total investment in the Cairngorms National Park from these programmes of activity of £12 million over the 5 years from 2015/16 from an investment of £1 million of the Authority's resources.
11. The Management Team also remains focused on delivery of efficiency savings on expenditure, in line with Scottish Government's budget targets of 3% annual savings. Our 2019/20 budget monitoring presented in March 2020 to the Finance and Delivery Committee highlights that the Management Team's approach to staff and vacancy

management over the year to date has secured £0.146 million in savings against the staff budget – in addition to the planned vacancy savings and offset of staff costs against external income (4.9% saving against final year budget of £2.965 million). We are also in position to secure small savings against running costs budgets for offices and other contracted services, although further efficiencies in these areas are likely to be small and difficult to achieve after a number of years of implementing efficiency savings in these areas of operation.

2020/21 Expenditure Budget: Core Budget Summary

12. A summary of core budget estimates for the 2020/21 financial year is set out in Table One. This table also presents the proportion of income available to support activities accounted for by each aspect of our core expenditure.

Table One: 2020/21 Core Budget Summary

	2020/21 Budget		2019/20 Budget		Change £000
	Proposals £000		Proposals £000		
Board Fees	173	3.4%	158	3.2%	15
Staff Salaries	2,978	58.9%	2,965	59.5%	13
Other Board and Staff Costs	175	3.5%	175	3.5%	0
Office Running Costs	361	7.1%	354	7.1%	7
IT and Professional Support	156	3.1%	153	3.1%	3
Total “cash” based expenditure	3,843	76.0%	3,805	76.4%	38
Depreciation of fixed assets	320		110		
Total expenditure	4,063		3,915		

020/21 Budget and Operational Plan - Staffing

13. The Authority's staffing levels represents one of the key financial management tasks in balancing financial investment between core areas of expenditure, and project investment through the Operational Plan.

Workforce Management Strategy

14. Management Team has continued to maintain scrutiny of staffing levels over the course of the last year, and particularly over vacancy management and any proposed recruitment. As noted in paragraph 11, our current financial monitoring position presented to Finance and Delivery Committee in March 2020 indicates that the final outturn position for 2019/20 will be around £146,000 lower on staffing than budgeted as a result of vacancy management in the year. This represents a fourth consecutive year in which a managed reduction in core staffing pay bill against budget over the course of the year has been achieved.
15. The staff budget figure included in Table One includes an estimate of vacancy savings to be achieved again in 2020/21. Organisational structures continue to be reviewed whenever vacancies arise to determine whether there are opportunities to recruit to lower graded posts than previously. The Management Team is also conscious that there may be impacts on staff and budgets as externally funded programmes of activity come to a conclusion and as we then establish appropriate approaches for staff deployed on these programmes of activity. Over the course of 2019/20, the Board's Staffing and Recruitment has considered our Workforce Management Strategy and received updates on the staff management position against that Strategy to give assurance over our management awareness of staff contract management and establishing appropriate long term approaches to staff contracts and organisational structure. Recognising the potential added pressures created by the end of a number of funded programmes over 2020/21, the estimated vacancy savings allowed for in the budget at this stage has been reduced to £0.078 million (prior year £0.099 million).
16. Table One illustrates that management of staff levels over the course of the year has resulted in a small decrease in the proportion of resource covered by staff commitments of 0.6% of available income for 2020/21 compared with the same point at the previous year.

Scottish Government's Public Sector Pay Policy 2020/21

17. The budget estimates provide for the impact of potential pay awards under the parameters of the Scottish Government's Public Sector Pay Policy 2020/21. The Board's Staffing and Recruitment Committee considered the Management Team's

proposed pay proposals for the coming year at its meeting in March 2020. Pay proposals seek to implement Scottish Government's public sector pay policy in full, of a 3% increase for all staff earning less than £80,000 (i.e. all staff within the main staff group employed by the Authority). Additionally, a 3% progression award for the approximately half of staff still progressing through their pay bands is provided for. The progression value for staff moving through pay bands also seeks to continue the Authority's commitment to achieve target journey times to the top of pay bands for staff, after a number of years of pay awards to 2018/19 financial year where progression rates have been restricted and achievement of journey times put at some risk.

18. The Authority also plans to extend its No Compulsory Redundancy (NCR) policy for a further year through 2020/21, again in line with Scottish Government guidance.
19. The Human Resources and Organisational Development team continues to consider policy development supporting effective organisational operations while affording enhanced work / life balance opportunities for our staff group. The Authority being selected as a finalist in the "Scotland Family Friendly Working" for the second consecutive year, together with generally positive feedback in the recent staff survey on salary, terms and conditions, evidences our success in developing the non-pay elements of our staff employment terms and conditions. Our management of the staff resource, in the context of the NCR Policy, does create a complex structure of permanent and fixed term contracts, with some permanent staff seconded into other roles and temporary staff back-filling their permanent roles.
20. The significant increase in employers' contributions to the Civil Service Pension Scheme for the 2019/20 financial year has been covered through the award of additional grant in aid in 2019/20, plus further increase in grant in aid with the explicit recognition of the expected increase in staff costs from this pensions change and pay policy.
21. Our staff group continues to provide a significant resource investment into delivery of both Corporate and National Park Partnership Plan (NPPP) priorities. The Operational Plan set out in Annex 1 to this paper and considered in more detail in a subsequent section of this paper highlights the amount of staff resource invested in each aspect of our planned activities for 2020/21.
22. The Authority also continues to deliver a key support and facilitation role in major projects, through its willingness to take on the role of lead employer for staff delivering major projects. Hence we act as the employer and Accountable Body for LEADER staff undertaking support to the Cairngorms LAG; we have employed externally funded Peatlands Project Officer posts; and act as the employer for a

number of posts engaged in the delivery of the Tomintoul and Glenlivet Landscape Partnership Project. The breadth of our support for NPPP delivery and range of our interactions through direct staff employment, hosting staff on behalf of project partnerships and supporting deployment of resource through third parties is illustrated in Table Two.

Table Two: Range of Delivery Support at March 2020

CNPA Corporate Plan area	No of core CNPA staff (FTE)	No of CNPA project staff	Posts supported by Op Plan
Conservation and Land Management	17.5	TG&LP - 2.8 FTE Capercaillie – 1.0 FTE Peatland - 1.7 FTE East Cairngorms Moorland Project - 0.6 FTE Wader Project – 0.6 FTE	Catchment Partnerships Cairngorms Nature Projects
Visitor Experience	10.2	Seasonal Ranger – 0.7 FTE	Rangers
Rural Development	17.0	LEADER - 3.2 FTE	Community Development Officers; LEADER Programme Roles Established (20.2 FTE)
Communications	5.2		
Corporate Services	15.0		

23. It should be noted with regard to workforce management that the operation of the Authority’s (and Scottish Government’s) no compulsory redundancy policy creates limitations on management of staff numbers, and a dependency on natural turnover to create opportunities to review staff investment. The positive aspects of this policy are of course around enhancements to staff morale through job security over a period of difficult economic circumstances.

Other Core Costs

24. As illustrated in Table One, other core costs have been held at close to 2019/20 levels in the coming year’s budget. Inflationary cost provisions of around 2% have been applied to office running costs and costs of IT and other professional support as we

believe efficiency savings generated in these areas over prior years have now brought budget levels at close to fixed cost minimums with no room to absorb cost increases. Other Board and staff costs include more discretionary elements such as training and travel and have therefore been held at 2019/20 levels with any cost increases to be absorbed through operational management.

2020/21 Expenditure Budget: Operational Plan

25. The Operational Plan for 2020/21 sets out the Authority's anticipated contributions to a range of activities over the course of the year. The Operational Plan also details the major lines of activity that are planned for the year which will require investment of staff resources alone. Proposed areas of investment of both financial and staff resources are set out in Annex I to this paper.
26. Total financial investment in Operational Plan activities currently covers £1.235m in investment proposals (prior year £1.213m at this point in the year). This value of investment is well above the planned level of investment set out in the Corporate Plan for 2020/21 of £1.032m as a result of effective cost control and an increase in Scottish Government investment in the work of the Authority through high grant in aid.
27. Updates on delivery intentions and on the results of activities will continue to be presented to the Board in various policy papers and updates.
28. A summary of the Operational Plan total investment proposals across service areas is set out in Table Three.

Table Three: Operational Plan Allocations 2016/17 to 2020/21 against Corporate Plan

Operational Plan	20/21 £000	19/20 £000	18/19 £000	17/18 £000
Conservation and Land Management	325	203	210	160
Visitor Experience	457	549	548	400
Rural Development	290	298	314	301
Corporate Services	102	102	105	70
Communications	61	61	66	63
Total Operational Plan Provisions	1,235	1,213	1,243	994
(Over) under Programme Level	(24)	(32)	(15)	(4)
See Table Four below				

Operational Plan Commitments and Significant Variations

29. As set out in the introduction to this paper, the budget and operational plan follows on from many strands of activity initiated over the last years.
30. Consequently, the level of Operational Plan commitments currently stands at a relatively high proportion of the total planned investment, at £0.718m, equivalent to 59.2% of the Operational Plan total (prior year, £0.604 million or 49.8% of total). The lines of activity as associated investment committed through previous Board and management action are highlighted in Annex 1.
31. As part of the Authority's standard year-end financial management processes to maximise utilisation of available financial resources, we may make some payments against project commitments in the current rather than the coming financial year. Such payments are only made when warranted by existing contractual arrangements and / or in support of voluntary or charitable bodies, when the receipt of finances due from the Authority provide them with crucial working capital in addition to supporting delivery of outcomes. The practice ensures we fully utilise our available resources in each financial year, and can result in flexibilities being created in future year's financial positions. Where such flexibilities arise, management team will review budgets for the year and report appropriately to the Finance and Delivery Committee on proposed budget amendments. Budget impacts can only be finally confirmed following the completion of the annual external audit: recognising the potential variation in treatment between payments in 'cash' terms and the required treatment of expenditure on an 'accruals' basis as required treatment of income and expenditure in our financial accounts. While cash payments may be made prior to the end of the financial year, there is a requirement to ensure that they are accounted for appropriately in the correct financial year. In line with our standard budget practices, the 2020/21 figures presented retain provision for all planned expenditure.
32. As noted in the section dealing with the wider context of the 2020/21 budget (see paragraphs 9 to 11), the year ahead brings the cessation of a number of significant annual contributions to long term activity programmes. The Mountains and The People project (£0.055m annual contribution) and Tomintoul and Glenlivet Landscape Partnership (£0.050m annual contribution) have each come to the conclusion of their period of funding from the Authority. Our management of LEADER finances also allows the Authority to cover all anticipated administration costs to December 2020 from within the LEADER grant allocation, whereas elements of these costs were funded from our own resources in prior years.
33. Equally, the year ahead requires some new areas of expenditure as the Authority prepares for the next cycle of strategic planning in development of the information

base supporting the National Park Partnership Plan for 2022 to 2027 and our complementary Corporate Plan for the period. To this end, we have incorporate expenditure proposals in the Operational Plan for commissioning of a ‘State of Nature’ report and a deer count survey which will provide key information for our development of these strategic plans.

34. The Management Team has also developed plans for the recruitment of an additional fixed term Rural Development Officer to further enhance our work around the implementation of the Economic Action Plan over the period to September 2021. Should recruitment progress, this timetable gives a small overlap with the potential for staff to return to ‘mainstream’ activities from externally funded project delivery during 2020 and 2021 and may create a small increase in total CNPA staffing in this period.
35. Management team are also considering the recruitment of a Project Coordinator to support work on development of major funding bids underway over the course of 2020/21, with particular focus on the Heritage Horizons bid.
36. Significant variations in resource deployment are set out in Annex I and reflected in the summary allocation figures presented in Table Three.

2020/21 Budget Summary

37. The summary budget position for 2020/21 is set out in Table Four.

Table Four: 2020/21 Budget Summary

	2020/21 Budget Forecast (£m)	2019/20 Budget Forecast (£m)
Total Income	5.144	4.980
Less capital allocations for facilities and IT	0.090	0.060
Net Income	5.054	4.920
Expenditure		
Core Budgets	3.843	3.805
Operational Plan	1.235	1.213
Total Expenditure	5.078	5.018
Less forward phasing	-	0.065
Expenditure falling against income in year	5.078	4.953

Net Expenditure (negative) / Income (positive)	-0.024	-0.033
Note:		
Sensitivity Analysis - Movement by 1% in:	£000	£000
- Pay awards	34	35
- Inflationary price increases	20	20
- Grant in aid movements	50	47

38. As Operational Plan investment proposals become increasingly certain and require less lead time in reaching agreement with partners, there is less slippage in proposals and financial commitment. We have established a balanced budget at the outset of the coming year, reflecting the increase in commitment levels at the start of the year and associated heightened certainty around delivery plans in the third of a four year Corporate Plan phase.
39. With some delay in the budget timetable for 2020/21 compared with prior years, we have not sought to account for specific forward phasing of delivery plans: i.e. the potential to resource 2020/21 commitments from available 2019/20 resources where the circumstances of the activity being funded supports such an approach. We continue to look for such opportunities to both maximise use of available resources in the current year and also introduce potential for additional flexibility in investment plans for 2020/21. Updates on the final 2019/20 year-end position and any consequences for amendments to the 2020/21 budget provisions will be brought in due course to the Finance and Delivery Committee and covered as appropriate in our Corporate Plan updates to the Board over the course of the coming year.
40. Our financial target remains as agreed in previous years – to work toward maximising use of resources available in the year and to deliver a break-even outturn. We have established a target range of the outturn position falling within the range of +1% to -2% of total income (i.e. 1% over-spend to 2% under-spend) as being a reasonable target range for annual outturn results.

Next Steps

41. The Finance and Delivery Committee will continue to be presented with regular budget monitoring updates over the course of 2020/21 to highlight any movements in budget position and to agree any significant in-year revisions to budget targets.

42. We will also continue to update the Staffing and Recruitment Committee on our workforce management activities, while coordinating year-end accounting and external audit through the Audit and Risk Committee for 2019/20 final accounts.

43. The Authority's role as lead or accountable body for the Cairngorms LEADER programme and Tomintoul and Glenlivet Landscape Partnership will continue to pose significant pressures on our cash flow management, with both programmes of work requiring the Authority to lead in making payments on behalf of the collective partnerships and subsequently reclaiming these funds. This position may be exacerbated over 2020/21 as we arrive at the point of final claims and potential delays pending review of final reports and completion of any audit requirements. Our treasury management activity over the course of the year will therefore have added focus.

44. The Finance Manager has worked 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. These profiles will be adapted for any changes made in the current budget proposals following on from consideration of the position by the Committee, management and Board. Budget profiles developed for final approved budget allocations will be used to present future monitoring reports to Finance and Delivery Committee and to monitor patterns of financial commitment by the Authority.

David Cameron

19 March 2020

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