

**CAIRNGORMS NATIONAL PARK AUTHORITY  
FINANCE COMMITTEE**

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**Title:                   OUTTURN 4 months (APRIL to JULY 2004)**

**Prepared by:       DENBY PETTITT, FINANCE MANAGER**

**Purpose**

To provide Members with an update and information on the outturn for the four month period April to July 2004.

**Recommendations**

- That the Committee note the outturn for the 4 months to July 2004.
- That the Committee consider whether there is any change in the presentation/content that they would like to receive at future meetings.

**Executive Summary**

The year to date (YTD) deficit is £(138,000) which is primarily caused by expenditure exceeding budget by £116,000. The main constituent of this overrun is £90,000 on other staff costs (i.e. excluding salaries but covering cost such as recruitment and relocation).

We will be presenting a revised forecast to next month's Senior Management Team meeting and the next Finance Committee to cover both the deficit to date and the financial requirements of the final operational plan as expenditure is forecast to rise from the initial estimate of £1.25m to £1.33m

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## OUTTURN 4 months (APRIL to JULY 2004)

### Outturn 4 months (April to July 2004)

#### Discussion

1. The Park Authority's 2004/05 budget is £3.55m which is met by grant in aid drawdowns from the Scottish Executive. At the end of July 2004 the Authority had a deficit of £(138,000) against budget which comprised the following main items:

	£'000 +ve/(-ve)
Income shortfall	(22)
Other staff costs	(90)
Project contributions	(19)
Capital expenditure	(14)
Other minor variances	7
	<b>(138)</b>

In the short term an excess of expenditure over income is possible without being in deficit at the bank since not all costs expensed in any one month need to be paid during the same month. By the end of the year however expenditure must be brought in line with income as the Authority's income from the Scottish Executive is fixed at £3.55m for the financial year.

2. **Income** is under budget slightly since grant in aid is drawn down against actual cash expenditure rather than when the expense is incurred i.e. the HQ rates bill has been received and expensed in the accounts although the cash payment does not need to be made until September.
3. **Staff salaries** are £18,000 better than budget since Core staff numbers at the end of July were 36 compared with budgeted numbers of 40. The unfilled posts were Human Resources Manager, Park Plan Officer, Strategic Policy Officer and GIS Technician.
4. **Other staff costs** - of the increase in staff costs £74,000 was spent on staff recruitment against an annual budget of £50,000, the first tranche of which (£20,000) was not due to be spent until August. The increase is due to higher than anticipated recruitment costs.  
In addition, relocation costs of £32,000 have exceeded the YTD budgeted amount. So far there have been 9 claims for relocation averaging £3,500 each.
5. **Office costs** include the expense of the annual rates bill (£14,000) that is included in the budget for August and November.

6. **Capital expenditure** includes:

	£
4 Dell laptops	4,300
GIS Publisher for Ballater	2,950
Voicemail system	2,850
Ballater PA system inc. loop hearing	2,150
Office furniture	5,200

7. **Notional costs** represent a 3% charge based on the Authority's capital employed i.e. fixed assets plus working capital. At present actual spend is assumed to be the same as budget for both notional costs and depreciation. These will be corrected to actual once the fixed asset reconciliation and last year's accounts have been audited.

8. **Operational Plan** This was approved in July by the Senior Management Team (SMT) and we are currently working with Heads of Group to allocate the approved expenditure by month in order that this information can be compared with actual expenditure and reported to the SMT each month, starting in September

Operational Plan expenditure s focused to meet targets under one of six themes:

- Park for All
- Enjoyment, understanding and appreciation
- Strategies for the stewardship of natural resources
- Balanced, thriving and sustainable communities
- Integration and the National Park Plan
- An enabling organisation that is trusted and respected

In finalising the Operational Plan total expenditure rose 7% from the initial budget of £1.245m to £1.332m. Despite this increase, overall funding from the Scottish Executive remains unchanged which means that savings will have to be found from other expenditure lines. These will be reflected in the revised forecast issued in September.

Alternatively, funds can be released due to slippage in objectives but careful control needs to be exercised to avoid this adversely impacting the Park's aims. As well as slippage some calls may be made on our resources later in the year that were not initially budgeted for.

Operational plan expenditure internally is split between:

- Project expenditure; and
- Programme expenditure

Project expenditure covers spend on activities that are managed by the CNPA and tend to be complex with multi-lined budgets and the involvement of third party funding.

9. **Project expenditure** is summarised in Appendix 2 together with comments on those projects with an unusual income or expenditure pattern.

10. Appendix 3 shows the monthly history of our grant in aid drawdowns compared to the annual budget we receive from Scottish Executive split evenly over 12 months. As well as monitoring the monthly spend to avoid exceeding our overall funding limit it is equally important to ensure that all our grant allocation is used within the financial year since. Although we can apply to have 75% of any underspend carried forward to the next financial year this is not guaranteed as other government agencies may be competing to add our shortfall to their budget.
  
11. We've held discussions with the local bank manager and are looking to sign up to electronic banking in order to streamline the accounts payable process. In addition, the bank have agreed to pay us 0.5% below Base Rate on our bank balances, at present this amounts to an interest rate of 4.25% compared to the 1.75% we were receiving when our account was classified as a Treasurer's account by the bank.

**DENBY PETTITT**  
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**denbypettitt@ Cairngorms.co.uk**