CAIRNGORMS NATIONAL PARK AUTHORITY
FINANCE AND DELIVERY COMMITTEE

FOR DISCUSSION

Title: **FINANCE MONITORING: 9 MONTHS TO 31 DECEMBER 2015**

Prepared by: **Daniel Ralph, Finance Manager**
David Cameron, Director of Corporate Services

Purpose

To present a summary review of income and expenditure, including a summary of Operational Plan expenditure, for the 9 months to 31 December 2015, together with the revised outturn forecast to 31 March 2016.

Recommendations

The Finance and Delivery Committee is requested to:

a) **Note the results of the 9 months period to 31 December 2015;**
b) **Note the variances on Operational Plan and Core expenditure for the 9 months period to 31 December 2015;**
c) **Note the projected outturn for the remaining 3 months.**

Executive Summary

1. Annex 1 is based on the format returned to Scottish Government (SG) monthly, and may be a more appropriate way to report both the financial position for the 9 months to 31 December and the projected outturn for 2015/16 as the emphasis changes from monitoring to projecting and managing the anticipated outturn at the end of the last quarter. The 9 months position is based on the information prepared monthly for Management Team which summarises the financial results for the Park Authority on a monthly and cumulative year to date position for the 9 months to 31 December 2015.

2. The financial information includes CORE and Operational Plan activities, LEADER and the Tomintoul & Glenlivet Landscape Partnership (T&GLP). CNPA is the accountable body for LEADER and the lead body partner for Landscape Partnership. All components are reported on separately for internal management accounts, and on a consolidated basis which will be reported in the accounts and 2015/16 financial statements.

3. Reporting in 2016/17 will be modified to report on the SG format monitoring actual to date and projected outturn, which broadly should be the set budget. This means that there will be a consistency in reporting for Sponsoring Department, Management Team and the Finance and Delivery Committee. Key variances will continue to be

identified to allow the early identification of slippage in planned spend or in changing operational priorities but greater emphasis will be placed on the projected outturn for the year to ensure that the agreed financial objectives are achieved. Further information on this change will be provided at the Committee training day in February.

4. At 31 December the projected net outturn position is for the financial year to 31 March 2016 is a surplus of £181,000 which will be added to Taxpayer's funds. This represents £131,000 income to be accounted for in 2015/16 with regard to the Speyside Way extension project and £50,000 of grant in aid received which, at the request of Scottish Government, is not to be applied in the current financial year as part of the Government's wider financial management activities in the current financial year.

5. Appendix 1 to this paper notes the cumulative to date excess of income over expenditure and the projected surplus at 31 March 2016.

Grant in Aid

6. All Grant in Aid has been received as originally profiled. We expect funds for two further Scenic Routes projects will be received from SG in February as grant in aid but are recognised in this report as other income. This is £193,000.

Other Income

7. Other income received to 31 December is higher than originally forecast due to the reclassification of £131,000 Sustrans/sportscotland income from 2014/15.

8. Points to note on the income received to 31 December are:
    a) Conservation: income represents the funding from SNH of the Peatland Officers post. A final receipt will be made in March against the post of approximately £21,000;
    b) Visitor experience: in addition to the Sustrans/sportscotland income noted above £35,000 has now been received from Spirit of 2012. A further £35,000 will be received in 2015/16. Funding yet to be received includes the Scenic Routes grant referred to above and £20,000 against survey work on the Speyside Way extension;
    c) Planning: income received includes £38,000 received against legal fees recovered and £23,000 of planning fees for the 6 months to 31 December. Income forecast includes a contribution to survey work at An Camas Mor and recognition of planning income to the 3 months to 31 March;
    d) T&GLP: a grant claim was made to the Heritage Lottery Fund for the quarter to 31 December 2015 for £35,000. By 31 March the partner contribution from HIE will be recognised in addition to another quarterly claim to HLF;
    e) LEADER: no further claim has been made for administration costs due to the delay in formalising claim procedures post signing of the Service Level Agreement in August. A claim will be drawn together at the end of March and submitted and recognised as a debtor if not paid.

Operational Plan

9. Expenditure is generally behind plan due to the slippage in timing of profiled payments but all payments are expected to be paid out by the year end with Heads of Service aiming to have spend confirmed and authorised for payment by mid-February. The variations, and largest components in each programme are as follows:
    a) **Conservation and Land management**: £10,700 behind plan.
    b) **Visitor Services**: expenditure: £62,000 behind plan at year end, due in particular to payment yet to be made on the Scenic Routes, Corgarff, project (£56,000). Material payments to be made in final quarter include Scenic Routes 2 (£193,000); Ranger grants (£98,000); Spirit of 2012 (and school projects (£14,000);
    c) **Planning**: on track with underspend anticipated on legal fees;
    d) **Rural development**: on track;
    e) **Corporate services:** payments largely profiled for last quarterly, especially on costs such as shared services;
    f) **Communications**: on track.

10. For reporting purposes LEADER and the Landscape Partnership are including within Operational Plan:
    a) **LEADER**: a provision was made in 14/15 for identified irregularities £15,249 in the last programme. £4,450 remains to be invoiced by Scottish Government as the Managing Authority, and no further provision is considered necessary.
    b) The Office of Scottish Charities Regulator (OSCR) has received and has completed an initial review of the application for establishment of a Charitable Trust by the Local Action Group, and undertaken an initial review of the governing document. The full review is anticipated to be completed by 31 March 2016.
    c) **Tomintoul & Glenlivet Landscape Partnership**: a separate paper on the Landscape Partnership has been presented as Paper 4 which includes a stand-alone "dashboard" summarising the financial transactions.

Core Variances

11. Material variances (+/- £500) within CORE expenditure is as follows (- less than plan / + greater than plan). (see Annex 2):

	Month	**9 month**
Board and staff salary costs	**-15,300**	**-75,300**
staff salaries	-12,300	-68,100
staff social security costs	-1,000	-2,800
Staff pension costs	-2,000	-4,400
Other board and staff costs	**+6,000**	**-4,000**
training and other HR	+2,600	+3,900
board meeting and other costs	+500	-5,500
travel and subsistence	-	-4,800
pool cars	+2,800	+2,400

Office running expenses	**+2,600**	**+15,500**
other property costs	-100	-500
utilities	+1,000	-2,200
maintenance	+600	+9,300
telephone	-1,000	+1,100
office equipment	-2,100	+4,600
other supplies	+400	+8,500
IT and professional support	**-10,900**	**-35,000**
computer support	-7,100	-36,800
corporate governance	-1,000	-600
legal fees	+100	+2,700
other professional support	-1,300	+1,200

Look through for the remaining 3 months

12. Discussions have commenced with Heads of Service as part of the monitoring and review process to identify slippages etc., with the aim of making payment on all major projects/planned expenditure by mid-February. This will tie in with the monitoring report due to be presented to the Committee on 11 March. The monitoring paper will cover the 11 months to February with a verbal update on the latest position on the day.

13. It is the intention to finish the year as close as possible to the anticipated surplus indicated to SG. To achieve this outcome all aspects of income and expenditure will continue to be closely monitored on a monthly basis to ensure that the breakeven position is achieved.

Other

14. The committee should note that there are provisions in the draft Finance Bill, published in December 2015, for "named" NDPBs to be included in a "section 41 Direction" which would allow the Authority to claim back VAT on a range of costs, including shared services. While it appears beneficial to be able to claim back input VAT and reduce some costs by 20% this does not mean additional funds will be available as the proposed legislation is designed to be fiscally neutral. This means that any VAT recovered from Customs and Excise would be deducted from grant in aid. The committee will be updated at a later date when the legislation has been passed and there are indications that the Park Authority will be included in a Direction.

Daniel Ralph
David Cameron
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danielralph@cairngorms.co.uk
davidcameron@cairngorms.co.uk