

CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE AND DELIVERY COMMITTEE

FOR DISCUSSION

Title: 2016/17 BUDGET AND OPERATIONAL PLAN

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Purpose

This paper is presented to support discussion on the Authority's financial position for the 2016/17 financial year. The paper presents the current position on budget development proposals for 2016/17 and seeks any views or comments on those proposals from Committee members prior to finalisation of proposals for presentation to the Board meeting in March.

Recommendations

The Finance Committee is requested to:

- a) Consider the budget proposals for 2016/17 presented in this paper;
- b) Provide any comments, views or suggested amendments to feed into ongoing work on budget development prior to presentation of proposals to Board at the meeting on 11 March.

Executive Summary

This paper updates Committee on work undertaken to date on the development of the proposed budget for 2016/17, following Scottish Government's publication of its own budget for the coming year in mid-December 2015.

The Authority's resources available at the commencement of the coming year are estimated to be broadly equivalent to the 2015/16 start point, at £4.565 million.

Detailed work is still underway on the core staff salaries and other running expenditure. However, we hope to maintain these areas of expenditure in total at similar levels to 2015/16 levels, hence retaining also a similar level of investment through the Operational Plan at £0.963 million.

2016/17 BUDGET AND OPERATIONAL PLAN - FOR DISCUSSION

Background

1. The forthcoming year, 2016/17 represents the second covered by the 2015 to 2018 Corporate Plan. Development of the budget for 2016/17 has therefore continued to follow the structure of that Corporate Plan agreed by the Board in March 2015 and by Scottish Ministers.
2. At the time of writing this paper, the Scottish Parliament has still to approve final budget figures for 2016/17 and provide final confirmation of recurrent grant to the Authority for the year ahead. All grant figures are therefore based on the draft budget published in December 2015.

2016/17 Income

3. The Authority's expected cash-based income for 2016/17 comprises primarily a revenue and capital resource allocation of £4.315m from Scottish Government. We are also budgeting for and estimated £0.25m in other income, from a range of sources including planning fees, project contributions and other generated income.
4. Total budgeted, cash-based income for the coming year, 2016/17, is therefore £4.565m. This represents funding available to the Authority to support its on-going activities and Operational Plan spending plans.
5. Many of the activities led by the Authority generate financial contributions from a wide range of partners. Therefore, the Authority's total income by the end of the financial year is likely to be higher than this estimate. As these financial contributions are tied to specific projects, the Park Authority's discretionary income for allocation to core and operational plan activities remains as £4.565m.
6. The resource allocation from Scottish Government represents a reduction of £0.143m compared with funding levels for the current year, 2015/16. However, as the 2015/16 resource allocation includes additional funding to the Authority added after the budget proposals were first published, the start point for 2016/17 budget of £4.315m is very close to the original level of £4.30m used in development of the 2015/16 initial budget.
7. There are no additional capital allocations made available to the Authority for 2015/16 at this point. The Authority has made a bid in the current financial year, 2014/15, for some additional funding to support Information and Communication Technology investment plans to support implementation of aspects of the Organisational Development Strategy. We have also made a bid to support the fit out costs of the proposed office extension, with the expectation that these costs are likely to materialise toward the end of 2015/16 and into 2016/17. However, until the outcome of these bids is known the budget remains based on an income figure of £4.565m.

2015/16 Expenditure Budget: Core Budgets

8. At this point in the budget development process, we are still finalising estimates for core expenditure. As in previous years, we will seek to contain core expenditure for 2016/17 at or below current 2015/16 values where possible. This requires cost increases from inflationary impacts and pay awards to be absorbed on the whole within existing provisions and/or from finding efficiency savings. Containing our core areas of expenditure allows planned Operational Plan investment to be maintained as far as possible in the context of declining resources.
9. A summary of core budget estimates for the 2016/17 financial year is set out in Table One.

Table One: 2016/17 Core Budget Summary

	2015/16 Budget Proposals £000		2016/17 Budget Proposals £000	Change £000
Board Salaries	163		165	+2
Staff Salaries	2,861		2,811	-50
Other Board and Staff Costs	215		218	+3
Office Running Costs	214		244	+30
IT and Professional Support	179		165	-14
Total “cash” based expenditure	3,632		3,603	-29
Depreciation of fixed assets	33		55	22
Total expenditure	3,665		3,658	-7

10. Key points to note with regard to forward provisions for core expenditure in 2016/17 are:
- a) We are currently modelling the potential pay award impacts for 2016/17 based on Scottish Government’s public sector pay policies.
 - b) Other upward pressures on staff salaries are an increase in 2016/17 on employers’ National Insurance contribution rates.
 - c) These upward pressures are offset by a number of vacant posts not being replaced over the course of the last 12 months.
 - d) The Management Team will continue to review all vacancies arising to determine whether further reductions in staff resources can be achieved.

- e) Board members' fees are expected to increase by 1% in line with issued Scottish Government guidance on increases for Board members and senior staff.
- f) Other core cost estimates at present have been based on projected 2015/16 outturn levels, reported on separately to the Committee, with some adjustments to remove one-off rather than ongoing expenditure pressures.

2016/17 Expenditure Budget: Operational Plan

- 11. The Operational Plan for 2016/17 sets out the Authority's anticipated contributions to a range of activities over the course of the year toward delivery of our agreed Corporate Plan priorities.
- 12. Total investment in Operational Plan activities currently covers £0.963m in investment proposals. Management Team has continued our policy of reducing the levels to which we allow an over-programming of initial Operational Plan budgets compared with available resources, to recognise the increasing degree of certainty associated with expenditure plans and reducing likelihood of slippage and underspends. Whereas the 2015/16 financial year commenced with an over-programmed level of £0.034m, our proposals for 2016/17 are set at a break-even position.
- 13. Table Two presents an analysis of the proposed Operational Plan allocations for 2016/17 compared with equivalent initial allocations for the current year, 2015/16, and on the basis of proposed Corporate Plan themes and supporting services.

Table Two: Operational Plan Allocations 2015/16 and 2016/17

Operational Plan	£000	£000
Conservation	147	142
Visitor Experience	388	384
Planning	104	111
Rural Development	187	198
Corporate Services	63	65
Communications	64	63
Total Operational Plan Provisions	953	963
(Over) under Programme Level	(34)	(1)

- 14. These Operational Plan provisions focus on the financial investments to be made by the Authority. A significant impact on delivery of NPPP priorities will continue to come from the investment of our staff time, skills and experience. Our Operational Plan presentation to the Board in March will again highlight the total allocation of resource to be made across these areas, including the financial equivalent of this staff investment.

2016/17 Budget Summary

15. The summary budget position for 2016/17 is set out in Table Three.

Table Three: 2016/17 Budget Summary

	2015/16 Budget forecast (£m)	2016/17 Budget forecast (£m)
Total Income	4.55	4.565
Expenditure		
Core Budgets	3.63	3.603
Operational Plan	0.95	0.963
Total Expenditure	4.58	4.566
Net Expenditure	-0.03	-0.001

Next Steps

16. Work on budget development is still ongoing at this point in time. The Committee's discussion of the forward financial position at this time allows views to be taken into account prior to finalisation of proposals for consideration by the Board in March 2016.
17. The Finance Manager is also working with colleagues to establish draft 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 Committee and to monitor patterns of financial commitment by the Authority.
18. We also expect to lead on the delivery of both the Cairngorms LEADER Programme and Tomintoul and Glenlivet Landscape Partnership Project although the delivery of the LEADER Programme in particular remains subject to a range of delays in management of the programme centrally within the Managing Authority. Both aspects of delivery will require separate records to be maintained for these activities to both account for these activities and also appropriately monitor the overall total financial position of the Authority.

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