

## CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE COMMITTEE

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### FOR INFORMATION

**Title: 2010/11 BUDGET FLEXIBILITY**

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#### **Purpose**

The purpose of this paper is to give an overview of CNPA's approach to any uncertainty regarding future levels of grant in aid funding, which may be effected by current pressures on public finance. It aims to demonstrate that CNPA is aware of the need to be flexible in its financial budgeting and commitments for the foreseeable future.

#### **Recommendations**

The Finance Committee is requested to note that the Park Authority is reviewing its approach to budgeting and commitments in response to any uncertainty regarding future funding settlements and building a system that allows activity to proceed at differing levels of priority in recognition of this. This system will prioritise 2010/11 activity in the first instance.

#### **Executive Summary**

Available levels of future public funding are likely to change as a result of the current economic climate. This may lead to a change in the level of Government grant in aid allocated to CNPA.

CNPA recognises the need to be flexible in its future financial planning and is prioritising future activity to ensure adaptability in line with a range of possible funding levels.

At present, activity is being allocated across a range of priority tiers in the Operational Plan. There are currently 5 tiers.

This paper builds on the general information paper submitted to the full Board for its 30th October 2009 meeting.

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### Overview of Tier System

1. Tier 1 represents activity that is a contractual or statutory commitment. This receives the highest priority as it is deemed to be unavoidable for planning purposes.
2. Tier 2 represents activity that has been approved by the Board of CNPA but where no contractual commitment yet exists. This receives the second highest priority, as it should represent activity deemed most important to the organisation.
3. Tier 3 represents activity deemed most important to Operational Plan programmes. Tier 3 will be constrained by the amount of budget deemed to be probable for planning purposes less the budgetary requirements of Tiers 1 & 2.
4. Tiers 1-3 represent the base operational plan for 2010/11. Approval will be sought from Finance Committee to allow Programme Managers to proceed with this level of activity if there is any extended delay in the confirmation of future Grant in aid levels.
5. Tiers 4-5 represent a division of remaining possible funding for 2010/11 up to the level of funding indicated in the 2008-2011 Corporate Plan. The intention here is for Programme Managers to further prioritise remaining planned activity in order for Management Team to allocate remaining budget in a suitably ranked order.

### Illustration of Tier System Budget Planning

<b>CNPA 2010/11 (£000s)</b>	<b>100%</b>	<b>(-7.5%)</b>	<b>Example 92.5%</b>
<b>Possible Grant in Aid settlement</b>	<u>4,955</u>		<u>4,583</u>
<b>Operational Plan allocation</b>	<u>1,923</u>		<u>1,551</u>
<b>Tier 1 (Contract)</b>	329		329
<b>Tier 2 (Board priority)</b>	429		429
<b>Tier 3 (Programme priority)</b>	<u>1,165</u>		<u>793</u>
<b>Base Operational Plan</b>	<u>1,923</u>		<u>1,551</u>
<b>Tier 4 (Funding dependent)</b>	-		186
<b>Tier 5 (Funding dependent)</b>	-		186
<b>Full Operational Plan</b>	<u>1,923</u>		<u>1,923</u>

6. In the illustration, any reduction in full Operational Plan funding impacts on Tier 3 and planned activity is pushed back into Tier 4 or 5. In effect, Tier 4 & 5 activity is placed on hold until further funding is available or some activity in Tiers 1-3 drops

out of the current year. Management Team will then decide what activity from Tiers 4 or 5 can be brought forward.

7. To ensure as much flexibility as possible in budget planning, contractual commitments for 2010/11 onwards are currently being minimised until levels of funding for next year and beyond are confirmed.
8. The example in the above illustration reflects the current base level budget planning at CNPA. Programme Managers are indicating that short-term uncertainty over up to 7.5% of indicative funding would not be critical to planning the delivery of the base 2010/11 Operational Plan.
9. As a result of anticipated budget restrictions and increasingly firm expenditure intentions, the operational plan is not being over-programmed. The identification of activities and associated financing in lower priority tiers of the operational plan effectively provides a "bank" of activity which can be brought into delivery at short notice and therefore replaces a more general over-programmed element as a means of dealing with slippage in expenditure plans.
10. Management intention is to bring a full Operational Plan for approval to the Finance Committee and Board in January 2010.

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