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## CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE & DELIVERY COMMITTEE

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### FOR DISCUSSION

**Title: FINANCE MONITORING: 6 MONTHS TO 30  
SEPTEMBER 2015**

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### **Purpose**

To present a summary review of income and expenditure, including a summary of Operational Plan expenditure, for the 6 months to 30 September 2015, together with the revised outturn forecast to 31 March 2016.

### **Recommendations**

**The Finance & Delivery Committee is requested to:**

- a) Note the results of the 6 months period to 30 September 2015;**
- b) Note the analysis of the Operational Plan net expenditure by programme for the 6 months period to 30 September 2016;**
- c) Note the projected outturn for the remaining 6 months.**

### **Executive Summary**

1. Annex I, which is based on the information prepared monthly for Management Team summarises the financial results for the Park Authority on a monthly and cumulative year to date position. It summarises both the September outturn and the half year to 30 September 2015.
2. Financial information is prepared for CORE and Operational Plan activities, LEADER and the Tomintoul & Glenlivet Landscape Partnership. CNPA is the accountable body for LEADER and the lead partner for Landscape Partnership. All components are reported on separately and on a consolidated basis, which will be reported in the accounts and 2015/16 financial statements
3. At 30 September, there is a net income position which reflects the budgeted spend being less than originally forecast. The actual net underspend to September was £541,500 against a projected net underspend spend of £110,100, which did not include the profiling of the Landscape Partnership. The underspend is made up as follows:

CORE and Operational Plan expenditure	-£489,300
LEADER	+£26,500
Tomintoul & Glenlivet LP	- £78,700

## CORE

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

	<b>Month</b>	<b>6 month</b>
<b>Board and staff salary costs</b>	<b>-10,000</b>	<b>-31,200</b>
staff salaries	-8,300	-27,200
staff social security costs	-500	-1,100
Staff pension costs	-1,100	-3,000
<b>Other board and staff costs</b>	<b>+100</b>	<b>-14,400</b>
training and other HR	+1,600	-2,300
board meeting and other costs	-500	-5,100
travel and subsistence	+100	-4,200
pool cars	-300	-1,600
<b>Office running expenses</b>	<b>+2,300</b>	<b>+7,800</b>
other property costs	-100	-3,700
utilities	-1,100	-4,600
maintenance	+100	+9,200
telephone	-1,100	+100
office equipment	-400	+1,900
other supplies	+5,600	+7,400
<b>IT and professional support</b>	<b>-9,900</b>	<b>-18,400</b>
computer support	-4,500	-24,900
corporate governance	-1,000	-700
legal fees	+100	+2,500
other professional support	-4,500	+4,700

This pattern of underspend to half year is consistent with prior years.

5. All grant-in-aid has been drawn down as profiled.
6. Other income is ahead of plan due to either unplanned income, income recognised ahead of plan, anticipated income from the Tomintoul & Glenlivet Landscape Partnership, or income originally booked in 14/15 but reallocated to 15/16. As a result the budgeted income for the year has been increased by £506,000 to £756, 000.
7. CORE expenditure is overall under budget. Other board cost and IT and professional support costs are behind plan and represents differences in the phasing of planned spend. Office running costs are ahead of budget due unplanned maintenance and health and safety costs: replacement Velux window £3,900, additional fire extinguishers and servicing £2,400, lighting replacements £1,100, bio-mass boiler

repairs £700, electrical repairs £900. In the next 6 months any identified spending reductions will be used to offset costs pressure among these cost headings.

8. To month 6 £33,300 has been saved on staff costs, including project staff. This crystallised saving will be used to increase the budgets to meet anticipated requirements for training and staff relocation in the second half of the year. Based on the current head count, and planned new starts, the total saving for staff costs for the year is estimated at £98,100. Future staff cost savings will be used to cover CORE budget pressure and allow and enhanced Operational Plan spend in the second half of the financial year.

## OPERATIONAL PLAN

9. Expenditure is in general behind plan due to the slippage in timing of profiled payments. The variations, and largest components in each programme are as follows:

### **Service 1 Conservation and Land management**

expenditure: -£17,400 behind plan. Payments will pick up from October onwards.

income: +£14,681 ahead of plan due largely to phasing of recovery against the Peatland officer post.

### **Service 2 Visitor Services**

Expenditure: -£91,900 behind plan, due to delayed spend on the Scenic Routes, Corgarff, project. Spending will now increase due to additional funding being obtained from Sustrans and Spirit of 2012 (referred to below).

income: +£185,700 higher than plan but this includes £131,000 income from Sustrans/sportScotland originally allocated to 2014/15. Therefore this service should return a £131,000 year-end surplus.

All monies due from Sustrans/sportScotland carried over from 2014/15 have now been received.

The service has been successful in attracting further funding from Sustrans (£53,534 against the 7 Bridges Path and SWE survey; from Scottish Government for £20,000 Nordic Walking Projects in Secondary schools and developing a CPD programme for teachers in Park; lastly £69,825 was awarded from Spirit of 2012, against the ongoing costs of developing the Walking to Health Program. The funding from Spirit of 2012 will run until October 2016 and it is anticipated further funding will be received in 15/16 and 16/17.

### **Service 3 Priority 1 Planning**

expenditure: -£21,000 behind plan.

income: £4,700 higher than plan due to a contribution from the plaintiff in the legal action against the National Park Plan which offsets lower than expected planning fees than originally profiled.

**Service 3 Priorities 2 - 4 Rural Development:**

expenditure: -£6,500 due to changes in phasing of expenditure. £25,000 was paid to Dalwinnie Community Council out of funds made available by SSE on the Beaully Denny powerline.

income: +£25,000 not originally profiled.

**Service 4 Corporate Services**

expenditure: -£13,300 behind plan due largely to anticipated billings from extension project

**Service 5 Communications:**

Expenditure: -£3,700 behind plan. The underspend is due to the phasing of costs which partly compensate additional costs incurred in the developing of the new corporate website.

**LEADER**

10. The Service Level agreement has now been signed and claims for administration costs defrayed have been made from 1 April to 13 August.
11. In the financial statements for 14/15 provision was made for identified irregularities £15,249. Scottish Government has claimed £10,889 to date. The remaining irregularities are expected to be claimed by the end of the financial year and no further provision is considered necessary.
12. Budgeted administration recoveries are now estimated at £90,000.
13. An additional £20,000 has been reserved for a Small Grants Scheme to be administered on behalf of the Cairngorm Trust.
14. While the 2014-2020 Cairngorm LEADER program is now active it is not expected that Scottish Government processes will be in place in time to allow any EU LEADER awards to be made in this financial year.
15. The application to the Office of Scottish Charities Regulator (OSCR) for the establishment of the Cairngorms Trust is underway.

## **TOMINTOUL & GLENLIVET LANDSCAPE PARTNERSHIP**

16. CNPA is the lead partner in the Landscape Partnership and is coordinating the regeneration project and undertaking the accounting and financing. The other partners are Crown Estate, Tomintoul & Glenlivet Development Trust, RSPB, Cairngorms Learning Partnership, HIE, and the main contributor, the Heritage Lottery Fund.
17. The revised budget for the year now includes the most recent projects revised spend and is currently less than the initial bid.
18. CNPA's revised budget has been made on the assumption that, neither gain nor loss will be borne by CNPA. CNPA's only cost will be therefore its own financial contribution of £50,000 to the Development Phase.
19. Periodic financial reports are prepared for the Project Board which summaries the costs incurred to date with a dashboard presentation of partner funds received, projects costs committed, project spend to projected spend and profile spend to projected spend.
20. The Development phase is due to be completed by the end of the current financial year.
21. Grant claims to HLF to 30 September are £23,720. (£5,471 received for quarter to 30 June. Claim to 30 September not received at time of drafting of paper.)

## **OTHER**

22. The depreciation charge to date is lower than budgeted due to the capital spend falling behind plan. The full year charge will also be less than budgeted.

## **LOOK THROUGH FOR REMAINING 6 MONTHS**

23. Annex 2 shows a revised budget to 31 March 2016 September with 1 change to recognise increased Grant-in-aid from Scottish Government for the year.
24. Discussions have commenced with Heads of Service as part of the monitoring and review process to identify slippages or alterations to allow for virement in budgets to the end of the year.
25. The original projections to 31 March 2016 indicated a planned overspend of £35,000. This forecast did not take account of income reallocated to the financial year 15/16 and revised budgets for the remainder of the year will be sensitised to ignore the impact of what is a timing difference. The revised budget, including budgeted depreciation, is for an overspend of £400.
26. While there has been considerable success in attracting additional funding for the year, the expenditure attributable to this income has already been committed and the impact on the year end accounts will be neutral.

27. It is still the intention to finish the year as close as possible to break even and this gives continuing challenges for the remaining 6 months. While there has been success to date in attracting third party funding further recoveries or savings are required to ensure that breakeven is achieved. Identified savings to date are being used to cover existing pressure points and it is anticipated that the planned overspend will be covered.
  
28. As has previously indicated to the committee, all aspects of income and expenditure will continue to be closely monitored on a monthly basis to ensure that the breakeven position is achieved.

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**19 October 2015**

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