

**CAIRNGORMS NATIONAL PARK AUTHORITY
FINANCE COMMITTEE**

FOR DISCUSSION

**Title: OUTTURN FOR THE SEVEN MONTHS
 TO OCTOBER 2007 including BUDGET UPDATE**

Prepared by: Denby Pettitt, Finance Manager

Purpose

To provide Members with an update and information on the outturn for the seven months to October 31, 2007 together with an update on the results of the Q2 Operational Plan review performed in September and any proposed changes to the budget for the second half of the year.

Recommendations

That the Committee:

- a) note the draft outturn for the seven months to October 31, 2007.
- b) note the outcome of the Q2 Operational Plan review and consider any remedial action that needs to be taken; and
- c) approve the latest forecast shown in Annex 1.

Executive Summary

- a) Annex 1 shows the Income and Expenditure account for the seven months to the end of October. A commentary on each line is also included.
 - b) At the end of October we were underspent by £557,000 against budget. Of this £471,000 related to the Operational Plan (49% under budget) and £86,000 to Core and non-cash costs (5% under budget)
 - c) The Q2 Operational Plan review has been performed. The review indicated that, in line with previous years, spend is at present behind budget but we believe year end spend will be in line with budget.
 - d) The budgets have been amended to reflect both the Operational Plan changes (para. 9) and changes to the Core budget (para. 12).
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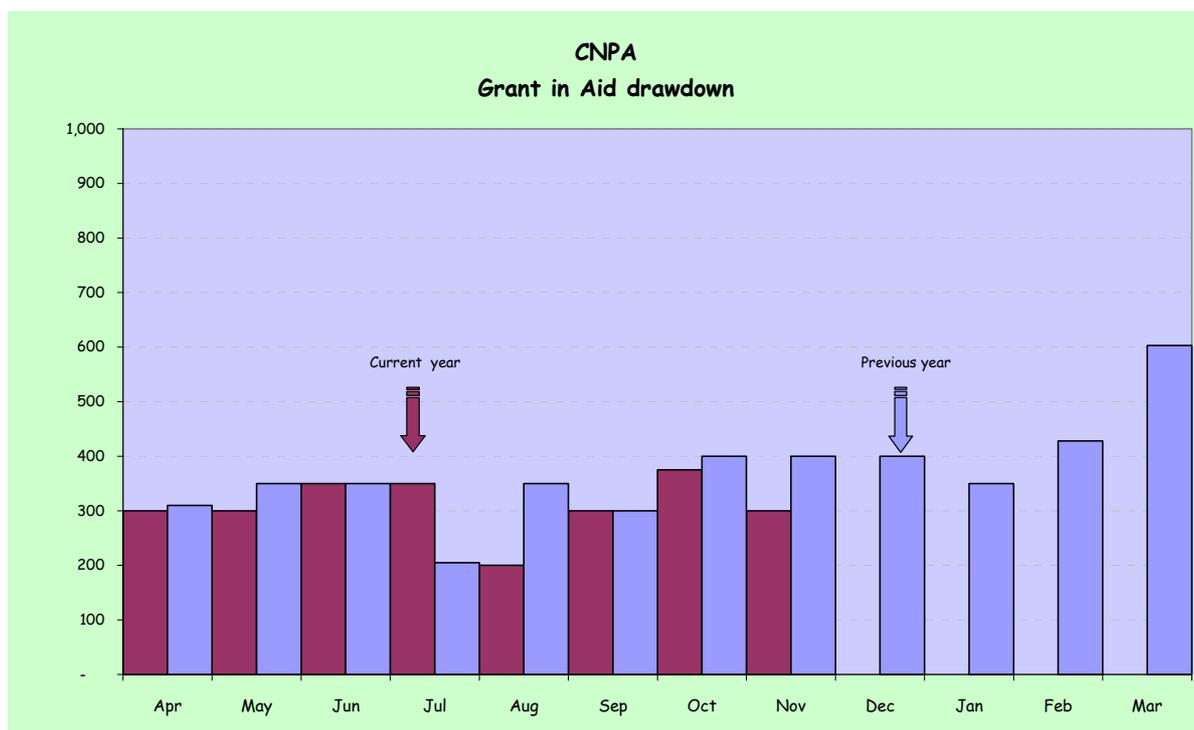
OUTTURN FOR THE FIVE MONTHS TO AUGUST 2007 INCLUDING BUDGET UPDATE FOR DISCUSSION

Overview

1. Annex 1 includes the latest Income and Expenditure account together with commentary on each line which focuses on actual income or expenditure against budget.
2. Annex 2 shows how the Authority is performing against agreed financial targets which are reported to the Board quarterly in the Balanced Scorecard Summary.

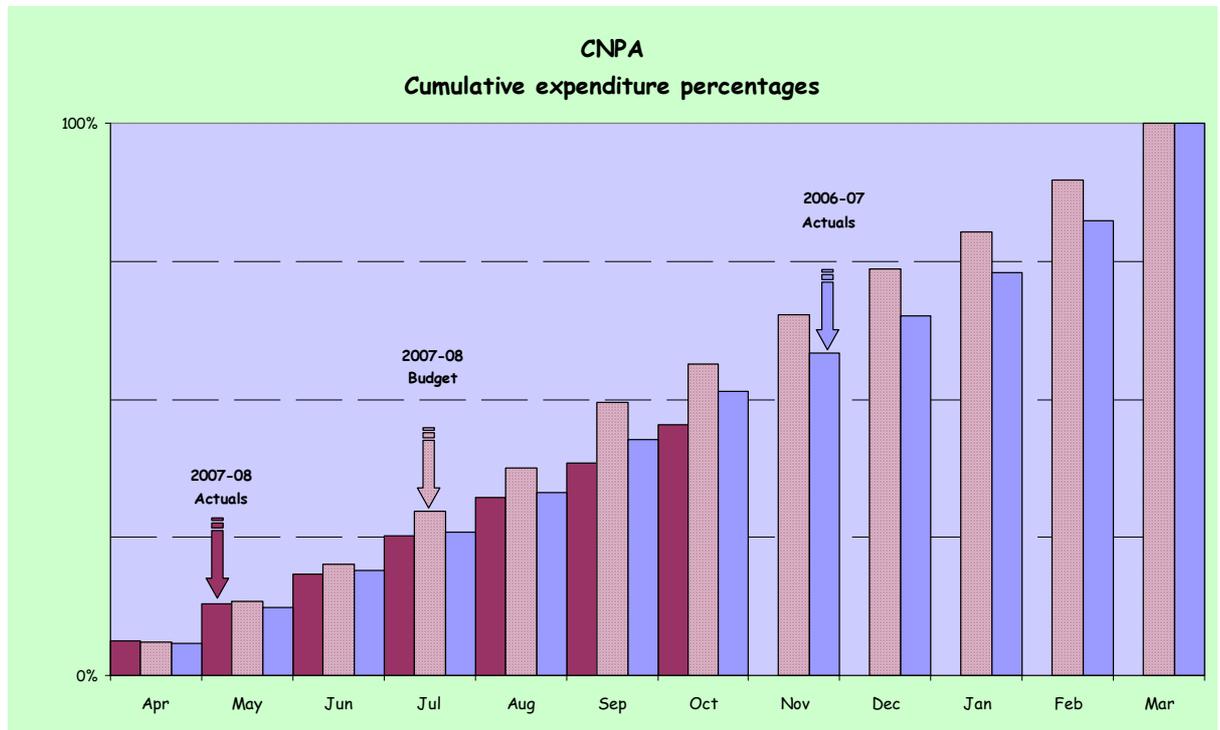
Grant in Aid drawdown and expenditure patterns

3. The chart below summarises the monthly GIA drawdowns for the last two financial years, with 2007-08 on the left and 2006-07 grant on the right of each month's columns. This provides a broad overview of the Authority's expenditure pattern over the course of these two years.



4. The above chart shows that the profile of monthly grant drawdowns was previously in line with the previous year but has slipped in November and we need to monitor this closely to ensure that we maximise use of our resource allocation.

5. The chart below shows the cumulative expenditure over the course of the year compared with budget and last year's expenditure profile.



6. As well as expenditure continuing to fall behind budget due to the slowness of Operational Plan spend the current rate of expenditure has also slipped further behind that achieved last year, i.e. to the end of October we have spend 45% of our yearly spend compared with 56% for the same period last year.
7. The Q2 Operational Plan review (see below) will focus on action necessary to bring spend back into line with budget.

Operational Plan review (Q2 2007)

8. We have held the second series of quarterly reviews between individual Heads of Group and Corporate Services. The purpose of this review is to critically analyse individual expenditure lines to receive early indications as to whether individual actions or group tasks identified in the Operational Plan are on track or whether corrective action is needed.

9. The Q2 review has been discussed by the full Management Team and the outcome is summarised below:

	No.	£'000
Operational Plan (at start of year)		1,682
New spend opportunities	7	25
Existing opportunities - increased spend	15	133
- reduced spend	11	(100)
Revised planned expenditure total after Q2 review		1,740
Potential Operational Plan overspend		(58)

10. It is the nature of Operational Plan spend that expenditure can be delayed, therefore projecting an overspend £58,000 does not give cause for concern at this time in the financial year especially since we are forecasting a reduction in Core spend (see para. 12).

Latest forecast

11. Normally, six months through the Financial Year is a time to review the overall budget and Annex 1 shows our latest estimate in the right-hand column.
12. The following table summarises changes to the budget:

	£'000
Initial budget deficit	(52)
Reduced Core expenditure	22
Increased Operational Plan expenditure	(58)
Revised budget deficit	(88)

13. Forecast reductions in Core expenditure reflect underspend to date and known changes in the second half of the year. These are reduction in salary costs £25,000 and reduced non-cash income (£3,000).
14. The forecast for Operational Plan spend reflects the outcome of the Q2 Operational Plan review.

Denby Pettitt
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denbypettitt@ Cairngorms.co.uk

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CNPA								
Income & Expenditure account (October 2007)								
		Year to date			Full year			Full year
	Notes	Actual £'000s	Initial budget £'000s	Variance £'000s	Initial budget £'000s	Latest budget £'000s	Activity to date %	Latest forecast £'000s
Income								(see below)
Grant in aid from SE	(a)	2,175	2,335	(160)	4,546	4,546	48%	4,546
Other income	(b)	8	6	2	55	55	15%	55
Non-cash transactions	(c)	56	49	7	87	87	64%	84
Total income	-	2,239	2,390	(151)	4,688	4,688	48%	4,685
Core Expenditure								
Board costs	(d)	149	151	2	259	259	58%	259
Staff salaries	(e)	1,154	1,196	42	2,043	2,043	56%	2,018
Staff (other costs)	(f)	101	115	14	212	212	48%	212
Office costs	(g)	233	256	23	427	427	55%	427
Capital expenditure	(h)	7	19	12	33	33	21%	33
	-	1,644	1,737	93	2,974	2,974	55%	2,949
Programme Expenditure								
Projects - managed by CNP	-	-	-	-	-	-	-	-
Park objectives	-	-	-	-	-	-	-	-
	(i)	463	934	471	1,682	1,682	28%	1,740
Cash Expenditure	-	2,107	2,671	564	4,656	4,656	45%	4,689
Depreciation	(j)	53	46	(7)	78	78	68%	78
Notional costs	(j)	3	3	-	6	6	50%	6
Total Expenditure	-	2,163	2,720	557	4,740	4,740	46%	4,773
Surplus/(Deficit)	Even activity through year leads to following proportion						58%	(88)
Notes:								
Initial budget	This was presented to the Finance Committee at their meeting on June 15.							
Latest forecast	Finance Committee is asked to approve the changes and, if approved, this will then become the latest budget against which future activity will be monitored and variances reported.							

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	Commentary					
(a)	The Grant in Aid income is slightly behind budget reflecting lower than expected expenditure (see below).					
(b)	Nothing to report.					
(c)	Non-cash transactions are slightly ahead of budget as a standard monthly depreciation charge has been made for each month to date. On assets held at the end of October the depreciation charge for the year will be £72,000 but budget left unaltered to allow for capital purchases in rest of year. Forecast budget comprises £78,000 depreciation and £6,000 notional cost.					
(d)	Nothing to report.					
(e)	Costs under budget due to delays in replacing leavers/new posts. Obviously, given the impact of salary costs, a fuller update will be given at the November meeting.					
(f)	The latest forecast has been reduced to reflect under budget spending to date.					
(g)	The latest forecast has been reduced to reflect under budget spending to date.					
(h)	Nothing to report.					
(i)	As usual at this stage in the financial year, Operational Plan spend is behind budget but the Q2 Operational Plan review gives us confidence that, as in previous years, year end spend will be in line with budget. The latest forecast has been increased to reflect the outcome of the review.					
(j)	see point (c) above.					

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CNPA								
Balanced Scorecard Performance Measures - Finance								
		Status				Performance tolerance		
Performance measure		Oct-07	Sep-07	Jun-07	Mar-07	Green	Amber	
Current year	Income in line with budget	(a)	Red	Red	Red	Green	± 1%	± 2%
	Core expr. in line with budget	(b)	Red	Red	Amber	Red	within +1% and -2%	within +2% and -3%
	Operational Plan expr. in line with budget	(c)	Red	Red	Red	Red	within +1% and -2%	within +2% and -3%
Next year	Income in line or above forecast		Green	N/A	N/A	Green	over 100%	over 97%
	Operational Plan commitments in line with agreed control level		Green	Green	Green	Green	≤ 30% current year's budget	≤ 31% current year's budget
Notes								
(a)		Income £2.17; budget £2.33m (93%)						
(b)		Expenditure £1.64m; budget £1.74m (95%)						
(c)		Expenditure £463k; budget £934k (50%)						