
CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE & DELIVERY COMMITTEE

FOR DISCUSSION

Title: FINANCE MONITORING: 10 MONTHS TO 31 JANUARY 2019

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Purpose

To present a summary review of income and expenditure for the 10 months to 31 January, 2019, following on from the last monitoring report which covered the 6 months to 30 September, 2018, to the Finance & Delivery Committee.

Recommendations

The Finance & Delivery Committee is requested to:

- a) **Note the results of the 6 months to 31 January 2019; and**
- b) **Note the position on projects in same period.**

Executive Summary

1. The main report to the Committee is contained in Annex 1. This report covers the 5 main components of the Authority's operations - Core and Operational Plan and projects: LEADER, the Tomintoul & Glenlivet Landscape Partnership (T&GLP), Great Place Badenoch (GPB) and the Caper Framework (CF).
2. The consolidated position can be derived at any time, not solely at month ends, and is compared with the budget forecast for the year to assess progress towards the planned outturn for the financial year. This presentation can be expanded to cover any other significant externally funded programmes which need to be accounted for separately to the Authority's income and expenditure.
3. Annex 2 is the analysis of the Operational Plan by Theme, showing both expenditure (actual and committed) and any attributable income.
4. Any adverse variances year to date are highlighted under CORE activities. Variances on CORE expenditure and Operational Plan are monitored on an ongoing basis and variances of greater than 15% or £5,000 from budget, whichever is the higher, will be brought to the Committee's attention. Most of the reported variances will self-correct during the financial year due to the timing of spend and recognition of prepayments or accruals.

5. Positive variances will be reported as + £x,xxx and negative as - £x,xxx.

Overview

Other Income

6. Other income to 31 January was £107,600 and includes the following:
- | | | |
|----|------------------|---------|
| a) | Grants- Sustrans | £40,000 |
| b) | Ex NPP LLP | £1,400 |
| c) | Planning fees | £65,400 |
| d) | RBS CC rebate | £800 |
7. The share of planning fees due from the local Authorities within the National Park boundaries for the 6 months to 31 December was £34,500. The fees for the month 31 January was £1,723 (recognised in February) and will be invoiced at the end of June. Fees for February and March are expected to be modest.

CORE Activities

Board and staff costs

8. Board fees and staff costs are broadly in line with expectation for the 10 months, with additional savings on managing absences/leavers.

Other Board and staff costs

9. Other board and staff costs are in line with expectations for the 10 months and there are no material variances to report.

Facilities Costs

10. The following variances are reported at 31 January:
- | | |
|----|--|
| a) | Rent and rates for the new build: while the new rent for the offices has been accrued billing is in arrears. Similarly, while the Highland and Islands Valuation Office has now begun to assess the rateable value of the new building, provision has been made for any further rates to be raised in the year. |
| b) | Interior repairs + £9,000: repair schedule running behind as emphasis has been on snagging in the new build, with repair work in “old” buildings currently underway. |

IT and Professional Costs

11. The following variances are reported at 31 January:
- | | |
|----|---|
| a) | GIS - £12,300: GIS activity and work anticipated to be placed with an external contractor has been less than expected. |
|----|---|

- b) **Internal audit fees + £5,000:** due to profile of work carried out in year to date.

Operational Plan

12. Conservation and Land Management are now reported internally as separate services but will reported on as one service for statutory reporting as they continue to work closely in delivering priorities.
13. Actual expenditure incurred to 31 January follows normal expectations and practice compared to prior years' spend profiles. Operational Plan spend is historically higher in the second half of the financial year and noticeably higher in the last 3 months of the year.
14. Specific reference has to be brought to the apparent overspend on Corporate services. The successful Europarc 2018 conference has yet to be fully reconciled with financial information to be provided by the events management company which was not available at the time of preparation of this report. Full provision has been made for the likely costs of direct Board elections which are due to take place at the end of March 2019.
15. Income attributable to the Operational Plan is £239,400:

Leader recovery - The Big Weekend	£10,100
Leader recovery - Volunteer Cairngorms	£16,800
Leader recovery - Youth Manifesto	£20,700
Raptor Tracker contribution from SNH	£18,200
Contribution to reprinting of leaflets	£1,000
EuroParc Conference income	£89,300
Developer Contributions	£83,300

Non-Cash

16. Non-cash budget provision from Scottish Government provides for depreciation of assets and other accounting provisions made necessary by the Authority's operations. A preliminary allocation of office extension costs, treated as an asset in the course of construction, has been carried out and this is subject to a further review when the final costs to complete are agreed with the Reidhaven Estate. Current indications are that the noncash allocation will be exceeded and the review will consider whether any cost capitalised, on all tangible and intangible assets, can be justified being expensed in year. The policy of capitalising expenditure in excess of £500 will also be reviewed for 19/20 and the threshold possible increased.

Grant-in-Aid

17. **Resource (R DEL):** resource grant in aid has been drawn down in line with the planned drawdown (£3,835,000 to date from total annual budget of £4,565,000). The full allocation will be drawn down in full as profiled.

18. **Capital (C DEL):** capital grant in aid has been drawn down in full as originally profiled (£200,000).

Capital Spend

19. This was previously flagged as a red RAG and as noted in Non-cash above the allocation between capital grants and capital spend will be reviewed without effecting operations.

Projects

Tomintoul & Glenlivet Landscape Partnership

20. Amounts due from the Heritage Lottery Fund (HLF) since last paper to Committee:

Quarter ended	£	Received
30 June	68,170	11 08 18
30 September	77,249	05 12 18
31 December	93,315	o/s

21. Contributions from the 3 main partners have been received, £50,000 each from CNPA, Crown Estate Scotland and The Moray Council.
22. Funding for 18/19 of £50,000 from HIE will be in April.
23. Activity so far has been slower than expected so far and will now accelerate as work commences on the Blairfindy, Scalton and Access projects. This will put pressure on cash flow in the 2nd and 3rd quarter of 2019/20.
24. The projected spend for the projects is to be reprofiled in October to take account of project slippage and revised phasing and scope of individual projects.

LEADER

25. All claims for project advances and administration costs are now made on the “LARCS” system. Progress continues to be made on claim reviews and payments from Scottish Government with the period between loading a claim and reviewing shortening.
26. At 31 January the “RAG” position on the LARCS system remains at “amber”. A great deal of progress has been made in the last 4 months, as shown in the table below, in terms of claims reviewed by the LEADER team in Edinburgh and in subsequent payments. At 31 January, claims noted as due to CLAG are £14,927.56 (1 historic admin part claim and 3 project claims). The following table summarising the progress of all LARCS claims made in the financial year to date:

27.

	Admin costs claimed £	Project advances claimed £	Suspense £	Claims still to be made £	Total £
As at 01.04.18	26,93.07	234,216.59	6,041.89	170,985.93	438,037.08
Transfer	-	170,985.93	-	(170,985.93)	-
Claimed	60,903.21	880,016.95	(6,319.64)	-	934,600.52
Still to claim	-	-	-	30,431.85	30,341.85
Received	(86,855.21)	(1,230,915.88)	-	-	(1,317,771.09)
As at 31.01.19	841.07	54,303.59	(277.75)	30,341.85	85,298.76

28. This table is now embedded in LEADER reporting and will form part of the audit evidence made available to the external auditors. Further, it has now been possible to reconcile payments made from the LEADER allocation between the financial records maintained by the Authority and LARCS. The difference identified was due to a “back capture” exercise carried out centrally which incorrectly included claims pre SLA and omitted claims after the SLA. These differences have now been discussed with the Edinburgh Leader team.

29. The £841.07 is now flagged as due to LAG.

30. There are 2 claims (£30,431.85) still to be loaded due to a LARCS. The £54,303.59 represents 8 claims of which 4 (£14,927.56) are flagged as due to LAG at the time preparation of this report.

Great Place Badenoch

31. This is a 3 year (to end by 3 March 2021) HLF project to conserve and development the cultural heritage of Badenoch. The permission to start was granted in March 2018 and a project manager was in post in April. (The project manager is employed by Voluntary Action Badenoch & Strathspey)

32. Amounts due from the Heritage Lottery Fund (HLF) since last paper to Committee:

Quarter ended	£	Received
30 September	20,865	8 11 19
31 December	13,147	7 02 19

Capercaillie Framework

33. The Development Phase of the HLF project to conserve the remaining Capercaillie population in the Cairngorms was given the permission to stat by HLF on 28th June and all directly employed staff are now in post. HLF will contribute funding at a rate of 62.5%.

34. Amounts due from the Heritage Lottery Fund (HLF) since last paper to Committee:

Quarter ended	£	Received
30 September	5,415	29 11 18
31 December	27,800	07 02 19

35. The first claim to HLF covers the period to 30 September and was revised to £5,415.

CASH FLOW AND CASH MANAGEMENT

36. Although CNPA has been successful in attractive funding for high value projects the cash management falls on CNPA to ensure that adequate funding is available to meet project liabilities as they arise, in addition to CNPA's own funding requirements and to stay within guidelines set by the sponsoring Department and Scottish Government.
37. A number of tools are being developed to help manage and balance cash needs to identify stress points. This monitoring will be developed further and cash flow models will be used for each component of the Authority's activities.
38. The graph below sets out the current projected cash flow until 31 March 2019 with the cash position of each component's RAG status shown. (**Red**, warning; **amber**, neutral; **green** positive.)

Quarter ended...	March	June	Sept
CORE activities	●	●	●
LEADER	●	●	●
T&GLP	●	●	●
GPB	●	●	●
CF	●	●	●

The current projected cash balances at the year-end are in line with those reported at 31 March 2018.

Outturn Position 2017/18

39. The variance between the 17/18 budget and outturn for income and expenditure is as follows:

	Budget	Outturn	variance
	£	£	£
Other income	(200)	(308)	+108
Board and staff costs	2,740	2,726	-14
Operational Plan	994	1,358	+364
Other Board and staff costs	206	216	-10
Facilities costs	296	272	-24
IT and professional	178	116	-62
Non-cash*	55	75	+20

- Outturn excludes all project costs and recoveries
- Non-cash: £55,000 recognised in budget approved by Board and £ allowed by sponsoring department.

Outturn Position 2018/19

40. The intention is still to finish the financial year at. All budget lines continue to be monitored on a weekly basis, with close working with Heads of Service with cost recoveries identified, and vires between budget lines incorporated into Management information as early as possible.

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