

**CAIRNGORMS NATIONAL PARK AUTHORITY
FINANCE & DELIVERY COMMITTEE**

FOR DISCUSSION

**Title: FINANCE MONITORING: 5 MONTHS TO 31
AUGUST 2019**

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Purpose

To present a summary review of income and expenditure for the 5 months to 31 August, 2019.

Recommendations

The Finance & Delivery Committee is requested to:

- a) Note the outturn for the 5 months to 31 August 2019**

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. Annex 2 is the analysis of the Operational Plan by Theme, showing both expenditure (actual and committed) and any attributable income.
3. 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.
4. Positive variances in future reports will be reported as + £x,xxx and negative as - £x,xxx.

Overview

Other Income

5. Other income of £44,400.40 recognised to August includes:
 - a) Recovery of legal fees £11,219.10
 - b) Planning fees £31,614.80
 - c) NPP sourced income £168.40
 - d) Shared costs recovered £207.00
 - e) Other recoveries £191.12

6. Operational Plan income of £197,839.01 includes:
 - a) Conservation - Forrest holidays £5,000.00
 - b) Visitor Access – Writer in residence £16,573.25
LCTT recoveries £3,484.08
Hightrans £10,099.20
 - c) Rural Development – RTIP £143,393.00 (Dinnet & Glenmore)
Sustrans Glenmore £15,000

It should be recognised that all the Operational Plan income received to date is either recoveries against expenditure incurred in the period or income to be spent on projects in the year. The net impact to the budget for the year is nil.

7. Staff costs recovered of £207,779.40 includes contributions and funding from third parties, Heritage Lottery Fund (against staff directly employed by the Authority on HF projects), recoveries against specific staff roles (East Cairngorms Moorland officer, Peatland officers, Access officer [now ceased]) and staff “purchasing” additional annual leave.

CORE Activities

Board and Staff Costs

8. Board fees are ahead of budget after the 5 months and this is expected to fall throughout the remainder of the year and for costs to be within budget.
9. Core and project staff costs, and recoveries are broadly in line with projections for the period.
10. 2019/20 is the first year that staff costs recovered have been reported separately and therefore future year’s budgets other income and expected staff costs recoveries will be reported separately for greater clarity.

Other Board and Staff Costs

11. Other board and staff costs are broadly in line with expectations given the normal phasing of expenditure.

Facilities Costs / IT and Professional Costs

12. In addition to points a – d which were reported in the last monitoring paper, points e onwards should be noted for the 5 months:
- a) **Rates** have been paid in full for the whole year in April. Full provision for the additional rates for the new build was taken into the 18/19 as an accrual;
 - b) **Rent** for the new build is now coming through as expected and at anticipated levels;
 - c) **Motor vehicle** insurance has been recognised for the full year;
 - d) **Prepayments** recognised in 18/19 for 19/20 were released in full over all accounts in April this includes rent, the motor vehicle fleet and IT maintenance and services plans. Other than this there are no adverse variances to report;
 - e) Savings are expected over the year, and until the end of the current contract, on the novation of 2 mobile phone contracts into 1. Anticipated savings are £8,000. Further savings are also possible on VOIP and BT and cannot be quantified at this stage;
 - f) Office cleaning costs likely to be up to £5,000 higher than budget for year due to contractor passing on increases re Scottish Minimum wage;
 - g) Staff recruitment is showing an overspend of £10,313 due to the higher than expected levels of staff turnover and delayed recruitment;
 - h) Service improvement costs are £14,756.38 due to unbudgeted costs relating to a new approach to cultural change and development within the Authority which is a key tool in delivering ODS3.

Operational Plan

13. Annex 2 shows the amounts paid and committed compared to the agreed budget for the year.
14. Committed spend and actual spend at 31 August is approximately 65% of the adjusted Operational Plan for the year.
15. With the exception of Planning and Communications & Engagement, committed spend and actual spend is ahead of expectations for this time of year reflecting largely budgets being committed early in the financial year.
16. Communications & Engagement typically commits later in year.
17. Within the Planning budget the biggest single commitment yet to be made is against the Development, Planning Environment Appeals (DPEA) initial costs. The Local Development plan was submitted on 20th September, and we have requested an estimate of fees, which will confirm whether the budget will be adequate or whether there is potential to vire an underspend. Also, the legal fees budget is treated as committed and this may be subject to vire later in the year.

Non-Cash

18. Non-cash budget provision from Scottish Government provides for depreciation of assets and other accounting provisions made necessary by the Authority's operations. The budget allocated for 2019/20 is £150,000, compared to £116,000 included in the Budget.
19. Current projections for 2019/20, based in assets in use at the beginning of the financial year, proposed capital spend, with no abnormal charges or write downs for diminution in value, indicates that current year's non-cash budget will be underspent by approximately £5,000.

Grant-in-Aid

20. **Resource (R DEL):** resource grant-in-aid has been drawn down in line with the planned drawdown (£1,945,000 to date of £4,565,000). The intention is to draw down as profiled.
21. **Capital (C DEL):** £60,000 capital grant-in-aid has been drawn down in line with the planned drawdown (budget of £240,000). The C Del allocation is to cover assets bought to be used in the Park Authority's operations or to be spent as capital contributions/grants.

Capital Spend

22. Capital spend to the end of August includes:
- | | |
|---------------------------------------|---------|
| a) Digital infrastructure and devices | £10,483 |
| b) Software | £1,745 |
| c) Operational assets | £9,372 |

Projects

Tomintoul & Glenlivet Landscape Partnership

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

Quarter ended	£	Received
31 March (claim 8)	64,034	24/06
30 June (claim 9)	238,965	21/08
30 September (claim 10) estimate	115,000	

24. The final contribution to the Project from Highland and Islands Enterprise (HIE) (£50,000) has been claimed.
25. Activity is accelerating on the major projects Blairfindy, Scaln and Access (largely complete), and material with material payments from May. As the project is now 13 months from completion there remains substantial work to complete, especially on

Scalan, Blairfindy and the water environment projects. This will put pressure on cash flow in the 3rd and 4th quarters of 2019/20.

LEADER

- 26. All claims for project advances and administration costs continue to be made on the “LARCS” system.
- 27. £128,129.60 was received in September April, of which £15,907.95 related a claim outstanding at 31 March 2019. £468 remains to be paid against one claim outstanding at 31 March. The “RAG” status on LARCS remains at “amber” and we are hoping this will be changed to “green” shortly.

28.

	Admin costs claimed	Project advances claimed	Suspense	Claims still to be made	Total
	£	£	£	£	£
As at 01.04.19	-	114,085.33	(277.67)	30,431.85	144,239.51
Transfer	-	15,907.95	(0.44)	(15,907.95)	(0.44)
Advances made	-	186,434.74	-	29,369.40	215,804.14
Admin claims	48,154.44	-	-	12,076.65	60,231.09
Received	-	(151,103.03)	-	-	(151,103.03)
As at 30.04.19	48,154.44	165,324.99	(278.11)	55,969.95	269,171.27
Received September	-	(128,139.60)	-	-	(128,139.60)
	48,154.44	37,185.39	(278.11)	55,969.95	141,031.67

- 29. The August administration claim (£12,076.65) was made in September. The remaining £43,893.30 of claims still to be made (4) are dependent on software changes being applied to the LARCS system in Edinburgh.
- 30. All the project advances and administration claims made by the end of August are flagged as “due to the LAG”.
- 31. Administration claims are now being made monthly.

Great Place Badenoch

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

Quarter ended	£	Received
30 June (claim 5)	26,186	24 July
30 September (claim 6 estimate)	20,000	

Capercaillie Framework

34. The Development Phase of the HLF project to conserve the remaining Capercaillie population in the Cairngorms was given the permission to start by HLF on 28th June and all directly employed staff are now in post. HLF will contribute funding at a rate of 62.5%.
35. Amounts due from the Heritage Lottery Fund (HLF) since last paper to Committee:

Quarter ended	£	Received
31 March (claim 4)	25,733	18/06
30 June (claim 5)	22,133	19/08
30 September (claim 6 estimate)	37,000	

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. The RAG status of current projected cash flow, until 31 December 2019, with the cash position of each component's RAG status shown. (**Red**, warning; **amber**, neutral; **green** positive) is as follows:

Quarter ended...	Sept	Dec	Mar
CORE activities			
LEADER			
T&GLP			
GPB			
CF			

Outturn Position 2019/20

38. All budget lines continue to be monitored on a weekly basis, while working closely with Heads of Service to identify pressure points or slack as early as possible
39. The 19/20 budget presented to the Board in March showed a planned deficit of £33,000. While we are now almost half way through the year the projected outturn will be fore breakeven or very close as possible to break even on resource and capital spend without impact the delivery of the Operational Plan objectives..

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