

National Park Authority Board Meeting

Agenda Item 7

Proposed Budget for 2014/15

(incorporating comparisons with 2013/14 Full Year Forecast)



Paper for Approval

1. Purpose

Following the Strategy Group meeting of 19 February 2014, the proposed 2014/15 budget is presented to Members for approval.

2. Introduction

The budget is presented as the: -

- Operational budget; income and expenditure that enables us to operate as a NPA
- Projects budget; income/expenditure that advances specific/defined projects. (In previous years the projects budget would be referred to as "Business Plan".)

The budget has, as is standard practice, been over-programmed. For 2014/15 we are budgeting to outturn at a £101k deficit.

3. Budget Summary

	2013/14 Forecast	2014/15 Proposed Budget	Variance
TOTAL OPERATING INCOME	9,443,738	8,415,630	(1,028,108)
OPERATING EXPENDITURE			
TOTAL SALARY COSTS	4,429,349	4,791,700	362,351
OTHER OPERATING COSTS			
Board members fees	152,962	154,490	1,528
Other Board & Staff Costs	162,227	183,370	21,143
Total Property Costs	696,883	857,880	160,997
Total IT, Telecoms & GIS	258,930	309,060	50,130
Total Transport Costs	145,486	148,200	2,714
Total Administration	223,943	274,190	50,247
TOTAL OTHER OPERATING COSTS	1,640,431	1,927,190	286,759
Projects Budget	3,379,396	1,797,330	(1,582,066)
TOTAL EXPENDITURE	9,449,176	8,516,220	(932,956)
NET CASH SURPLUS (DEFICIT)	(5,438)	(100,590)	(95,152)

National Park Authority Board Meeting

Agenda Item 7

Proposed Budget for 2014/15

(incorporating comparisons with 2013/14 Full Year Forecast)

4. Notes in Support of the Budget

The following notes are in support of the proposed budget for 2014/15, which includes more detail at Appendix 1.

4.1 Operating Income - £1.0 million less than 2013/14

Operating income for 2014/15 is budgeted at £8.4 million which is £1.0 million less than in 2013/14 (£9.4 million).

The reasons for this variance of £1.0 million are:

- £100k less operational grant in aid from Scottish Government, as intimated at the December 2013 Board meeting.

	2013 Spending Review				
	2011-12 Budget £m	2012-13 Draft Budget £m	2013-14 Plans £m	2014-15 Draft Budget £m	2015-16 Plans £m
Resource	6.768	6.648	6.498	6.398	6.398
Capital	0.067	0.967	0.967	1.167	1.000
Depreciation	0.774	0.774	0.774	0.774	0.500
Total	7.609	8.389	8.239	8.339	7.898

- £585k less capital. Our capital grant in aid is actually £200k more than in 2013/14, but in addition to our expected capital grant in aid in 2013/14 we also received £785k of shovel ready/year-end money and an allocation for the scenic routes projects. We have not budgeted for this in 2014/15 but do have projects ready for authorisation should any additional funding become available in 2014/15.
- £99k less planning fee income than in 2013/14 because we are expecting fewer larger developments and hydro schemes in 2014/15.
- £211k less from other income which relates to large project VAT recovery (primarily Loch Lubnaig) and we are not able to plan for this income.
- £33k reduction in project income. The specific projects that we can attract other funding for change each year and therefore there is no real logical comparison between these figures.

4.2 Salary Costs - £0.4 million higher than 2013/14

Salary costs are budgeted at £4.8 million, which is an increase of £362k from 2013/14 costs (£4.4 million).

There are several reasons for this:

National Park Authority Board Meeting

Agenda Item 7

Proposed Budget for 2014/15

(incorporating comparisons with 2013/14 Full Year Forecast)

- £95k increase as a result of the annual pay award. We have submitted our 2014/15 and 2015/16 proposal which complies with Scottish Government's public sector pay policy.
- £15k increase resulting from new legislation in relation to auto-enrolment of staff (mainly seasonal rangers) into the pension scheme.
- £27k is an additional cost for replacement cover for staff on maternity/adoption leave.
- The full year impact of posts recruited within 2013/14 and vacancies resulting from staff turnover within 2013/14, that are now filled, has been budgeted for within 2014/15; the majority of which are fixed term. As well as enhancing project management/support, governance and records management there is an allowance to progress with the commercialisation strategy. This accounts for £225k of the difference between 2013/14 forecast outturn and 2014/15 budget.

4.3 Other Staff Costs - £0.02 million higher than 2013/14

There is a planned reduction of £19k in the use of agency staff and an increase in training and staff development costs of £23k. One of our key Corporate Plan objectives is to develop an OD strategy, deliver a management development programme and introduce a revised performance appraisal system. The feedback from the Best Companies staff survey supports the need for management and performance management training.

4.4 Property Costs - increase of £0.16 million compared with 2013/14

Although there is an increase shown in the operational budget, in reality we are forecasting to spend £164k on grounds maintenance in 2013/14, which was previously categorised under the "Business Plan" budget. As these costs are incurred every year in the on-going maintenance of the National Park it was decided that they should sit within our operational costs rather than project costs.

4.5 IT, Telecoms & GIS - increase of £0.05 million compared with 2013/14

Similar to property costs, there were various expenditure items that have been accounted for as "Business Plan" expenditure and we have decided that these sit better within the operational costs budget. There are costs of £21k in relation to IT software and £24k in relation to the promotion of the National Park that have been moved into operational costs. These costs are in line with the forecast for the 2013/14.

4.6 Administration Costs - increase of £0.05 million compared with 2013/14

Similar to property and IT costs, there are £61k of professional fees and £14k of published materials that have been moved out of "Business Plan" in the budget for 2014/15 into operational costs as they are annual items of expenditure. Included within the £61k of professional fees are Legal Fees of £25k for development management (planning), £25k of Archaeological Services and £16k of Communications costs. These are all in line with our forecast for 2013/14.

National Park Authority Board Meeting

Agenda Item 7

Proposed Budget for 2014/15

(incorporating comparisons with 2013/14 Full Year Forecast)

4.7 Operating Costs Total - £0.29 million higher than prior year

There are approximately £300k of operating costs in total which have been transferred to the operating cost budget for 2014/15. Previously these costs were incurred in the project cost budget. Therefore the underlying operational cost budget is actually slightly lower than our forecast for 2013/14.

4.8 Project Expenditure – decrease of £1.6 million compared with 2013/14

We aim for a balanced budget and any extra income or cost savings we are able to generate are invested in projects to improve and sustain the National Park. The reasons we are projected to spend less than 2013/14 on project expenditure are summarised below:

Decreases from 2013/14

Costs previously included in projects, now shown in operational costs	300k
Shovel Ready / Year End money received in 2013/14, not in budget for 2014/15	785k
Operational Grant in Aid reduced from 2013/14	100k
Other income lower (VAT/Planning Fees/Project Income)	340k
Staff costs increase	360k

Total Reductions **1,885k**

Increases from 2013/14

Capital Grant in Aid increased from 2013/14	200k
Project expenditure over-programmed for budgeting purposes	95k

Total Increases **295k**

Net Decrease **1,590k**

4.9 Net Cash Surplus / Deficit

We are aiming for a balanced budget but have over-programmed our project delivery by £101k.

5. Recommendation

It is recommended that members:

- Approve the 2014/15 budget
- Note the approved budget and any subsequent proposed variations will be monitored by the Delivery Group on behalf of the Board throughout the year.

Author: Catriona Morton
Executive Sponsor: Jaki Carnegie