

National Park Authority Board Meeting

Agenda Item 12

2016/17 Budget Update



Paper for decision

1. Purpose

To present an updated version of the 2016/17 Budget which takes into account changes arising from the finalisation of the 2015/16 year end as a result of slippage in the Gateway Centre project.

2. Recommendation

It is recommended that members note the information contained within this report and **Appendix 1** with a view to approval of the changes to the 2016/17 budget.

3. 2016/17 Budget Summary

The Budget approved by the Board in March showed a total programmed overspend of £56k: revenue overspend of £49k; and a capital overspend of £7k.

The updated Budget presented at Appendix 1 shows a total programmed overspend of £43k: capital overspend of £7k; and revenue overspend of £36k.

There is no change to the **capital** overspend as we have been able to allocate £149k to the Gateway Centre (not included in the original 2016/17 Budget at all) as a result of £149k of capital items that we were able to fund in 2015/16. The options around the Gateway Centre budget will be considered by Members within the Vacant Assets agenda item.

The £13k reduction in **revenue** expenditure reflects:

- an increase in operational costs of £33k in relation to the Gateway Centre Service Charge, Rates and Water charges. The original budget included 6 months of operational costs because at that point we expected the tenant to be in place by end of September at the latest. It is now clear that we need to budget for the full year at a total cost of £64k
- operational cost savings of £19k achieved by funding some planned 2016/17 expenditure in 2015/16 and making cost savings across a variety of categories
- net project cost savings of £27k achieved by funding some planned 2016/17 expenditure in 2015/16 and accounting for cost increases required from the delay in the reporters fees on the Local Development Plan and a delay in the Callander Landscape Programme.

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4. Management of Revenue Budget Overspend

Our plans to manage the revenue overspend of £36k will include further investigation of the following options:

- Maximising the potential for staff salary savings: we set a savings target of £120k as part of the original budget and to date we estimate that there are already plans in place to achieve 50% of this target, therefore it seems possible to increase this by a further £25k.
- There is scope to target further savings in non-salary staff costs potentially up to a maximum of £15k. This would reduce staff training to the bare minimum and restrict recruitment and other occupational health and health & safety costs to the absolute minimum.
- Property repairs and development could be targeted for further savings, potentially to a maximum of £10k which would increase even further the cost targets already set in this area.
- Revenue project costs total ~£300k (excluding Your Park expenditure). A 5% reduction across these areas would achieve £15k of savings.
- All managers would be asked to review their budgets to identify any further savings.

5. Capital Budget Risk

The capital overspend of £7k has not changed from the original budget submission and we are confident that this can be managed in year. However it is important to highlight that there is risk within the capital budget in relation to the delivery of both the Your Park and the Gateway Centre project, if completed.

Therefore it is considered prudent for some capital contingency to be accumulated in order to cover any additional capital costs that may be required during the year. This would require some challenging decisions to be made because most of the capital budget is already allocated to Your Park and the Gateway Centre. The following options are proposed with the intention that Officers will further investigate, continue to identify other savings and seek out additional/alternative funding sources:

- Capital Grant Schemes of £70k (reduce by 50%)
- West Highland Way upgrades of £30k (reduce by 50%)
- Signage (non Your Park) £7.5k (reduce to £2.5k)
- Capital improvements to existing sites to assist with maintenance and attracting new tenants of £32.5k (reduce by 50%)
- Reduce the amount of staff time capitalised on projects of £200k (would have an equal and opposite impact on the revenue budget, which may be possible if we set even more of a savings target on salaries for the year.)

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Financial reports to the Board will provide updates on whether it has been necessary to draw on these contingencies.

There is a small possibility, which we could not rely upon, that year end capital funds might become available. (2015/16 was the first year that there was not an opportunity to seek additional funding.)

If the budget is approved by Members these options will be explored in more detail with the relevant managers.

6. Summary

We have completed a further detailed review of the 2016/17 budget and the figures presented above reflect the position before we take the necessary action to balance the revenue budget and to manage the risk in the capital budget.

The options listed in section 4 provide comfort that the revenue budget is achievable.

Section 5 highlights the need for a capital contingency to be created to reduce the potential overspend risk.

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