

Item:
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Report to Partnership Meeting of 4th February 2011

FINANCE

REVENUE BUDGET PROPOSAL 2011 - 2012

1. Annex 1 shows the budget that is being recommended for approval for the next financial year covering the Partnership's running costs and research and strategy development programme costs, and the income from Partner Councils and the Scottish Government to cover these costs.

Income

2. **Councils** – The funding formula for Council contributions was agreed by the Partnership in July 2006. This is based 50% on voting weight and 50% on population share. The percentage share of income to be contributed by each Council is:

Council	Voting Share	Population share	Total
Argyll and Bute	6.25%	8.1%	14.35%
CnES	6.25%	3.2%	9.45%
Highland	18.75%	25.65%	44.4%
Moray	12.5%	10.7%	23.2%
Orkney	6.25%	2.35%	8.6%
	50%	50%	100%

3. The Scottish Government has at officer level indicated that the RTP budget line in their proposed Scottish Budget for 2011/12 will reduce by 15%. If applied to RTPs on the basis of previous distribution practice, Government would continue to provide support funding towards the Partnership's Revenue costs in 2011/12 to a total value of £552,750, which is a reduction of £92,250 (15%) on that received in the financial years 2008/09 to 2010/11. As Scottish Government core grant (£200,000) has remained the same, the proposal is not to increase Constituent Authorities contributions. This will allow the Partnership to continue to achieve the Government's annual efficiency target, for 2011/12 proposed as 3%.

Expenditure

4. The commitments on the 2011/12 budget are:

- **Employees** – The salaries, pension contributions and employers national insurance contributions for the Partnership Director, 2 Programme Managers and 2 Office Managers totalling £280,500 are included under running costs of the Partnership. This is comparable to the 2010/11 budget due to the inclusion of an allowance of 3% for a 2010/11 pay settlement. The final agreed settlement was an increase of 0.65%. The sum attributable to the difference of 2.35% has allowed the Partnership to meet increased contributions and legislative requirements to meet the employers pension contributions, and increases in the Employers National Insurance contributions for all employees. Currently there is a pay freeze imposed for 2011/12 and 2012/13.
- **Property, Administration and Publicity Costs** budgets have been reduced to assist the Partnership in achieving the 15% reduction in Scottish Government funding. The budgets have been reviewed taking account of the 2010/11 current spending patterns.
- **Research and Strategy Development** budget has been reduced to £328,750 as a result of the reduction in grant funding from the Scottish Government. This equates to a reduction of 11.4% on the 2010/11 position (£371,000), before deducting the 2009/10 overspend of £18,434.
- **All other Budget Headings** have been set at 2010/11 levels, and are achievable given the spending patterns currently prevailing for the 2010/11 financial year.

Commitments comprise £752,750

5. Board Members are asked to note the above information as well as the following Annex.

Report by: Mike Mitchell
Designation: Partnership Treasurer
Date: 27th January 2011

Annex 1

Budget Heading	Budget 2010/11	Budget 2011/12 Recommendation
Income		
Argyll and Bute	£28,700	£28,700
CnES	£18,900	£18,900
Highland	£88,800	£88,800
Moray	£46,400	£46,400
Orkney	£17,200	£17,200
Scottish Government - Core	£200,000	£200,000
Scottish Government – Non-core	£415,000	£352,750
Total Income	£815,000	£752,750
Running Costs		
Director	£101,500	£100,000
Programme Managers	£124,500	£124,000
Office Managers	£55,500	£56,500
Staff Travelling and Subsistence	£25,000	£25,000
Members/Advisors Travel/Subsistence	£10,000	£10,000
Partnership/Consultation Meetings	£20,000	£20,000
Office Costs - Property	£20,000	£15,000
Office Costs - Administration	£21,500	£20,000
	£378,000	£370,500
Programme Costs		
Publicity	£25,000	£12,500
Research and Strategy Development	£352,566	£328,750
2009/10 Deficit	£18,434	£0
	£396,000	£341,250
Finance/HR/Legal/Admin		
CnEs	£8,000	£8,000
Highland	£22,500	£22,500
External Audit	£10,500	£10,500
	£41,000	£41,000
Total Costs	£815,000	£752,750