



## For discussion

**Title: Budget monitoring**

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### Purpose

1. This paper sets out an overview of the Park Authority's budget management position at the end of August - month 5 of the 2024 / 25 financial year.

### Recommendations

2. The Resources Committee is asked to:
  - a) Consider the budget management position for 2024 / 25.

### Overview

3. Annex 1 provides a summary of expenditure against the profiled budget.
4. Total expenditure at the end of the August is 27% of the annual budget. In addition, our expenditure profile is ahead of the pattern seen in prior years.
5. The forecast outturn for the operational plan indicates an outturn forecast of full expenditure being achieved and supported by available resources, with the exception of the peatland budget where we currently forecast a level of surplus which is itself significantly reduced compared with the previous reporting period. There is potential that remaining peatland resources will be required to offset cost increases in committed, contracted projects and therefore for the current reported position to narrow further as the year progresses.
6. Overall, the position including budget adjustments in place and planned continues to project a balanced outturn for the financial year.

### Budget changes

7. The Committee is aware of the constraints on public sector finance, and the loss of anticipated resources (£300,000) from the Nature Restoration Fund. Budget adaptations have been identified to cover this £300,000 gap and these are recorded



in the budget change log provided at Annex 2. They are also reflected in the summary budget position presented in Annex 1.

## **Staff and Board**

8. The payroll budget continues to be underspent. The profile of the budget takes into account the fact that the annual award has not yet been made. The adjustment of £94,000 made to the budget has been recognised in full in the phased budget to 31 August 2024, thereby crystallising the vacancy savings made to date. The remaining variance of £74,000 provides some flexibility for the remaining seven months of the year. Plans have been identified by management team to reallocate this budget to support other areas of activity where expected income has reduced, in community led development and sustainable transport activities.
9. The budget allows for pay progression through salary bands, and for implementation in the year of staff pay increases for 2024 / 25 which seek to mirror as far as possible pay changes taken forward in the Scottish Government Main Group and other benchmarked organisations. This has been discussed previously with the Committee and outlined to the board at its budget setting meeting in March 2024. Providing the final award remains at levels previously discussed, the budget would appear to be realistic and able to accommodate increases once implemented.

## **Programme management**

10. Two thirds of the expenditure on projects to date covered by third party income is payroll cost (£431,000). A further £320,000 has been committed by requisition to date, demonstrating progress towards delivery.
11. Recovery of costs through grant claims has been straightforward, with no expenditure turned back by National Lottery Heritage Fund (NLHF).
12. Payment against the final claim on the Capercaillie project has been received: grant income received has covered project expenditure in full.

## **Overheads**

13. Overall, running costs are just under the phased budget for the period (£8,000). This variance is made up of compensating factors: small advance spends on other staff and board costs, and delayed spending on repairs and maintenance.



## Operational plan

14. Operational plan expenditure shows an underspend of £51,000 against the phased budget. Low cash expenditure against the peatland restoration budget is a significant contributor to this reported underspend.
15. There has been very little cash-based expenditure to date against the 2024 / 25 peatland restoration budget. However, expenditure of £880,000 has been recorded to date against accruals of £1.08 million made at the year-end towards the finalisation of projects contracted in 2023 / 24. In addition, increased contractual commitments on peatland restoration projects now leaves only £238,000 of the annual budget unallocated at present, with expected pressures from cost increases in contracted projects to be met from these remaining funds.
16. Significant expenditure on delivery of the operational plan and contributing to expenditure in advance of the phased budget includes:
  - a) Nature-friendly farming £29,000 – purchase of wildflower seed £16,500
  - b) Freshwater restoration £37,000 – support for Dee River Restoration Officer £30,000
  - c) Raptor project £20,000 – surveys and tagging
  - d) Volunteer recruitment and co-ordination £30,000
17. Annex 3 provides a view of the projected outturn on the Operational Plan budget.

## Grant-in-aid

18. Draw down of grant-in-aid has been made according to the plan submitted to Scottish Government at the start of the year. It provides cash flow to meet organisational need for both core activities and the Cairngorms 2030 (C2030) programme.

## Summary

19. The report provides information on
  - a) expenditure on core activities to the end of August (period 5)
  - b) a forecast of the outturn operational plan expenditure to the year-end.



20. The projected outturn is within budget, with risks identified around

- a) Payroll expenditure, which is dependent on the final agreed pay award for the year, and
- b) Peatland restoration, where £200,000 of the 2024 / 25 budget is currently unallocated while subject to potential cost increases in contracted projects.

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**24 September 2024**

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