



For discussion

Title: Budget monitoring

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Purpose

This paper sets out an overview of the Park Authority's budget management position at the end of the first quarter of the 2023/24 financial year - 30 June 2023.

Recommendations

The Resources Committee is asked to:

- a) Consider the budget management position for 2023/24.

Overview

1. Appendix 1 provides a summary of expenditure against the profiled budget for the first quarter of the year. Overall, expenditure is well within budget: 12% lower than anticipated against the phased budget for this first quarter of the year.

Budget changes

2. Since the budget was formally approved, there have been changes to the availability of funding:
 - a) we were able to pay forward on our 2023/24 commitment to Cairngorms 2030 (C2030),
 - b) we have been made aware that our expectations for both capital and resource funding to support peatland restoration may not be met, and
 - c) the anticipated pay award for 2023/24, may exceed our budget provision. These changes are set out in appendix 2.
3. In March 2023, we paid £150k from the 2022/23 budget to support our commitment to C2030 for 2023/24 by providing cash flow cover for the Development Phase activities. This provided extra headroom in the 2023/24 budget. We have applied this to cover some areas of the budget that we felt, from further examination of the detail of the likely costs, were under-resourced, such as the cost of our shared-services agreement with Loch Lomond and the Trossachs National Park Authority.



4. £3.5k has been allocated to cover a short extension to the contract of the Green Health Link Worker currently engaged on the nature prescriptions project within the C2030 programme. This will allow continuity of staffing, on what is a well-regarded project, for a short time after the end of the C2030 development phase (17 August 2023).
5. Anticipated resource funding for peatland restoration was £614k, and this included an allocation to cover elements of support costs such as transport, office costs, and finance and IT support. We now have available funding of £510k. This leaves the peatland team with around £100k less budget for non-staff costs than had been anticipated. In addition, the capital budget made available has been reduced by £507k to £3,636k. There is some confidence that these shortfalls will be secured from Scottish Government as part of their ongoing budget revisions process. For the time being, it is suggested appropriate that we take a prudent financial management perspective and recognise the position including the current shortfall.
6. Modelling of the impact of the potential pay award indicates that our original budget estimate, made before the direction on the 2023/24 award had been determined, is likely to require a further £85k of resources.
7. Further space has been found within the 2023/24 budget. This arises from a change in the accounting treatment we are required to apply to leases for property and vehicles. In the past these costs have been accounted for as resource expenditure. We are now required to treat leased assets as capital items known as 'Right of Use' (RoU) assets. The initial recognition of these RoU assets happened in the 2022/23 accounts, using capital budget (CDEL) specifically provided to accommodate the new accounting treatment. The change releases a little over £140k from the resource grant budget. New lease arrangements undertaken during the year will result in capital expenditure. At present there is uncertainty around whether these costs will be met by additional budget from Scottish Government. To fulfil our current plans without additional budget we will need to allocate £160k from our direct capital budget (£1,100k) to cover new vehicle leases and the renewal of the Ballater office lease. We will monitor progress on this budget position over the coming months.
8. The adjusted position is a small surplus of £3k.



Staff and Board

9. The cost of staff and board remuneration (including employers' national insurance and pension contributions) is within budget for the quarter. Allowance has been made for the 2023/24 pay awards not yet having been implemented. As discussed above, the outturn forecast has been increased by the budget adjustment of £85k.

Programme management

10. All programme management costs have been recovered from external funds as expected. The allocation of a further £3.5k to the C2030 programme is discussed above. There are no other budget exceptions to report.

Running costs

11. Overall, running costs are in line with budget expectations.
12. There is a small overspend against the phased budget for 'Other staff and board costs'. This budget has been profiled in an even spread across the year. However, expenditure in the first quarter includes early costs for Organisational Development, including training and recruitment advertising. Presently, there are no concerns about the potential for overspend towards the year end.
13. Other running costs (facilities and IT/ professional costs) are running below the phased budget, so that the overall position is £1.5k under budget. Projections for the full year remain in line with budget.

Operational plan

14. The profile for investment on the operational plan is shown in appendix 3.
15. As anticipated, the spend in the first quarter has been light – 3% of the operational plan budget.
16. The forecast for quarter two shows a step increase, so that by the half year mark we're anticipating a spend of just under a quarter of the total operational plan budget. Quarters three and four then apply the remaining budget in equal measure.



17. At the end of June, we had committed £1,621k towards the operational plan – actual spend of £181k together with legal commitments of £1,440k. This represents 24% of planned investment. Regular monitoring of the committed position will continue.
18. The most significant budget within the operational plan is that for peatland restoration. To date, there has been very little expenditure against this budget, but the award of grant contracts is underway, with capital commitments of £635k at the end of June.

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