



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 second quarter of the 2023/24 financial year - 30 September 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: 29% lower than anticipated against the phased budget for this first half of the year.

Budget changes

2. A log of budget changes is shown in Appendix 2.

Staff and Board

3. Staff costs for the first half of the year were £2.54m. The full year budget (after budget adjustments) is £4.94m and includes a 5.5% pay award. The annual award was agreed in October, and backpay of £100k has been included in the costs to 30 September, so that the value of £2.54m is a true representation of the costs of employment for the first 6 months of 2023/24.
4. Factors contributing to the reported overspend (£77k) include:
 - a) lower than anticipated vacancy savings - the original payroll budget included an estimated saving of 5% as a consequence of delays between posts becoming vacant and subsequently being filled. In fact, the saving achieved has been around 2% to date.
 - b) staff costs recharged to projects – recharges have been lower than those included in the budget calculation: recharges to Cairngorms 2030 development phase



project stopped in August; recharges to the Community Led Local Development fund are available to us at a lower rate than was anticipated.

5. There is a clear indication of pressure on the budget for staff costs. Further discussion of the full year forecast for remuneration is included in agenda items 8 and 9.
6. Board fees to date are under budget by £13k. This is a consequence of the Board not having been at full complement across the reporting period.

Programme management

7. All programme management costs have been recovered from external funds as expected.

Overheads

8. The budget for overheads has been phased evenly across the year. Currently, costs are running ahead of the budget.
9. Contributors to this variance include repairs and maintenance (particularly to the fire detection and alarm system), legal costs, power, and mileage. These costs will be kept under review during the third quarter and expenditure plans managed accordingly.

Operational plan

10. Overall, expenditure on operational plan activities to the end of September is under 10% of the total budget for the year.
11. More than half of the operational plan budget is allocated to peatland restoration (£3.79m). Work on peatland projects has been slow to begin and consequently, the expenditure in the first half of 2023/24 (£190k) represents just 5% of the annual budget. Projects are getting underway, and commitments have been made to all but three of the intended projects. Tenders for these three remaining projects are in progress, however, the delay in letting them, means that there is a risk the full budget allocation for the year will not be spent; this is reflected in the variance of £400k shown in Appendix 1.



12. Expenditure on 'Nature and Climate' activities is increasing gradually, with the anticipation that the full budget will be used by the end of the year. An additional award of £50k has been received from the Nature Challenge fund, and plans for application of this additional budget are in development.
13. Operational plan activities towards our 'Place' aims include the development and improvement of pathways. Grants have been committed for all but £20k of this £350k budget for paths, but expenditure remains low, while we await claims against these awards.
14. Most of the underspend on Communications (£73k) relates to the planned development of the new website. When the budget was set, the expectation was that spend on this project would start in the first quarter of the year. However, the length of the procurement process has pushed expenditure into the second half of the year.
15. At this half-way point in the year, the expectation is that, except for peatland restoration projects, the budget for operational plan activities will be spent in full.

Summary of the half year position

16. The key points arising from the review of the financial position at the end of September 2023 are:
 - a) There is a clear indication of pressure on the budget for staff costs.
 - b) There are no concerns over the recovery of project costs.
 - c) There is a risk that the budget for peatland restoration projects will be underspent at the year-end; the current estimate of this variance is £400k.
 - d) Other expenditure on operational plan activities is expected to be in line with budget.

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