



## 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 April - month one of the 2025/26 financial year.

### Recommendations

The Resources Committee is asked to:

- a) Consider the budget management position for 2025/26.

### Overview

1. As the Committee is aware from previous years' Month one reports, the first month of the year is too early to consider trends in expenditure. This report sets out budget changes and explores spend against the payroll budget, our biggest single item of expenditure, as an indicator of budget sufficiency.

### Budget changes

2. Funding from Scottish Government was confirmed in mid-May as shown below:

	£'000
Resource	7,866
Capital	1,750
Total Grant in Aid	9,966

3. The final figure for Resource funding is £50,000 lower than the initial indication from Scottish Government.
4. Funding for peatland restoration is still to be confirmed:

	£'000
Resource	3,000
Capital	630
Total Grant in Aid	3,630



5. We await notification of potential funding through the Nature Restoration Fund (NRF) and for Community Led Local Development (CLLD).
6. Changes to CLLD funding will have little impact on the Park Authority, as distribution of grants to the community will match the level of funding received.
7. The availability and amount of NRF funding is likely to require a review of the budget, either to re-establish spending priorities or to extend our potential delivery. This review will also consider how to accommodate the £50,000 reduction in grant funding.

## **Staff and Board**

8. The budgeted investment in staff over the year is a key element of the budget, at £5.991 million equivalent to 45% of the total expenditure budget resourced by Scottish Government funding. The position against this budget figure of the first month's payroll therefore represents a key test of the robustness of this significant budget figure.
9. This year, pay awards were implemented from 01 April. Actual value of payroll and associated costs for April is £478k. An even split of the full year's payroll budget across 12 months would give expectation of a monthly cost of £499k. We are therefore showing a favourable variance of £21k against budget (4.2% under budget).
10. There are a number of factors that affect the distribution of cost across the year. These include vacancy savings and pension options chosen by new staff.
11. A reconciliation of budget to actual costs is set out below:

	Gross payroll costs	Anticipated vacancy savings	Budget
	6,141	(150)	5,991
Even distribution by 12 months	512	(13)	499
Adjust for front loading of ranger costs	11		11
Anticipated cost in April	523	(13)	510
Additional vacancy savings (actual)			(8)
			503
Estimated pension savings (Rangers)			(5)
Adjusted April projection			498
Actual cost			478
Favourable variance			20



12. An even split of the budget across 12 months has been adjusted for Ranger salaries, which are spent over the first eight months of the year. The Ranger team tend not to join our government pension scheme, as when membership of this scheme lasts fewer than two years, contributions made are returned to the member, with no pension accruing. This means that the Rangers tend to join our auto-enrolment scheme, which is less costly to the Park Authority. However, the Rangers do have a right to join the government scheme, and for this reason we always budget for the cost of this more expensive option. The lower cost of Ranger pensions has been included in the reconciliation, as has additional vacancy savings arising for posts included as a full-year appointment in the budget, but which have not yet been filled. The resulting variance is favourable, with £20,000 less spent on payroll than might have been expected.
13. On the basis of April projections from our payroll modelling, it appears that the payroll budget will be sufficient to see us across the year. As is always the case, the finance team and Senior Management Team will play close attention to this budget position over the early months of the year to determine whether any budget reallocations are needed.

### **Programme management**

14. Cairngorms 2030 (C2030) project costs for the month have been £145,000 including £97,000 in recharged salaries. We have had no problems with our claims over the past five quarters and at this stage, we do not anticipate that there will be any impacts from programme claims on the central budget for the Park Authority.
15. As discussed at the last meeting of the Committee in January, the risk within the C2030 programme is largely with the Active Communities 'transport' projects. We await notification of funding for these projects from Transport Scotland. We are also mindful of financial risks around the likely cost of design for these projects; advance funding made to C2030 in March 2025 is intended to mitigate these risks.

### **Overheads and operational plan**

16. At the time of writing, cash spend, with no accounting adjustments (accruals / prepayments) in April was a little under £80,000. Expenditure in the first month of the prior year was £90,000, and so we are seeing a similar profile of expenditure for Month one across the two years.



## **Summary**

17. The key points arising from the review of the financial position at the end of April 2025 are:
- a) Confirmed grant-in-aid funding for resource costs is £50,000 lower than initially indicated when the budget was agreed by the Board.
  - b) We await notification of additional funding streams, including those for Peatland Restoration, Nature Restoration and Community Led Local Development.
  - c) Initial indications are that the payroll budget provided for the year will be sufficient.
  - d) Expenditure on the second year of the Cairngorms 2030 programme has commenced. To date, there have been no issues with claims.
  - e) Running costs and operational plan expenditure in Month one are consistent with those incurred in the prior year.

**Louise Allen**

**01 May 2025**

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