
CAIRNGORMS NATIONAL PARK AUTHORITY RESOURCES COMMITTEE

FOR DISCUSSION

Title: 2021/22 BUDGET MONITORING

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Purpose

This paper presents an overview of the Cairngorms NPA's budget management position at the half year point of the current 2021/22 financial year, as at 30 September 2021.

The paper seeks the Committee's views on the budget management position and any strategic risks or implications of the financial position.

Recommendations

The Resources Committee is asked to:

- a) Consider the budget management position for 2021/22 ;**
- b) Identify any strategic risks or implications posed for the Board's delivery of its strategic objectives which may require additional management action;**
- c) Note the expected reduction in the Authority's resource grant funding of 2% and that management have plans in place to accommodate this action within a continued break-even financial target.**

Strategic Background

1. Scottish Government has indicated to the Authority's management that it will seek a 2% in year reduction to resource grant made available to the Cairngorms NPA: this equates to £125,000 including some recovery of expected resource funding for the Cairngorms Peatland programme. This reduction is being made across all budgets in the portfolio within which the Cairngorms NPA's resources are managed by Scottish Government, and is not a reduction focused only on the Authority. Capital funding is not impacted.
2. Management has developed an action plan to cover any resource reduction with the minimum of impact on planned delivery over the financial year. We will look to defer payments where we are able to minimise impacts on delivery of planned corporate objectives, with the phasing of our financial contributions to the Heritage Horizons programme a key area of flexibility. There is also a potential to place reliance on additional income secured since the budget was adopted to finance some of the reduction in resource grant available from Scottish Government.

3. Budget figures presented with this paper reflect the expected reduction of £125,000 on resource funding levels advised when the Board approved the original budget for 2021/22 in March 2021.

Analysis of Budget Position

4. A summary of the Authority's budget management position and management accounts at the half year point is set out at Annex One to this paper.

Staffing and Running Costs

5. Key budget area of staffing investment is underspending at the half way stage of the year: our staff costs falling against core resource funding is some £225,000 below expected budget levels. A significant contributory factor in this regard is the Authority's recovery of a greater than expected level of staff costs from externally funded projects. We have continued recruitment into posts and there is some expectation that this position will stabilise rather than continue to accumulate at this level for the second half of the year. There is a reasonable expectation that some of this current underspend position may be reallocated to offset other expenditure pressures and / or support delivery of operational plan and established corporate priorities.
6. There is some offset to this budget saving on staffing as a consequence of the Authority investing in Information and Communications Technology (ICT) infrastructure improvements. Management are beginning the process to implement ICT revisions to facilitate remote and "hybrid" working on a more permanent basis.
7. The mid-year point shows a small underspend against most running cost budget areas. We expect this position to erode over the second half of the year as activity levels escalate with easing of COVID19 lockdown measures, and as cost pressures around energy and other cost increases also mounts.

Operational Plan Delivery

8. As is typically the case at the mid-year point, the great majority of operational plan delivery activities have incurred less than 50% of budget allocation. Expenditure typically lags in these areas toward the final third of the financial year.
9. The level of lag of operational plan commitments in financial year for 2021/22 is exacerbated by the Authority having to develop plans to bring the organisation out of COVID related remote working and resume office working. The staff consultation on approach to that new operational mode of working is now complete and final planning and costing of investment requirement may now be finalised.
10. Green Recovery Grant commitments over the first half of the year have contributed to the small overspend against mid-year budget position shown against the Rural Development budget line.

11. Work is ongoing to finalise the infrastructure grant awards held in the Visitor Services budget line. As some of these grant were not yet fully committed at 30 September, they contribute to the significant level of underspend against budget on this line.
12. Heritage Horizons programme start date has now been confirmed as 1 October and expenditure will begin to flow from October onwards. The Authority's direct financial contribution to the programme remains at £150,000 which is currently budgeted against the 'project management' line in the management accounts summary at Annex I.
13. The Peatland Programme has a reasonable level of commitment shown as at 30 September despite some difficulties in procuring contractors. There are also a good number of pipeline projects with grants due to be awarded over the course of October. A degree of weather dependency remains to achieve target delivery by the end of the year.
14. The Senior Management Team continues to manage budget allocations toward a year end break even.

Cash Management

15. From a cash flow perspective, the final payment of the Tomintoul and Glenlivet Landscape Partnership programme has been approved and paid by the National Lottery Heritage Fund (NLHF). The Authority has also received the great majority of over £200,000 LEADER grant payments made on behalf of the Cairngorms Local Action Group from Scottish Government. Therefore, there are no current cash management issues to highlight. A preliminary cash flow forecast for the Heritage Horizons Programme has been prepared and agreed with NLHF. This will be adapted as programme delivery intentions evolve. For the meantime, the cash flow forecast does not cause any concerns for the Authority's cash management levels.

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