
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 end of the third quarter of the current 2021/22 financial year, as at 31 December 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 implemented 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.**

Overview

1. Scottish Government has implemented the 2% in year reduction to resource grant made available to the Cairngorms NPA as advised to the previous meeting of the Committee: this equates to £125,000 including 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.
2. Capital funding available for 2021/22 from Scottish Government is not impacted.
3. The level of staff costs falling against grant in aid has been lower than budgeted. We have secured a higher level of other income in support of staff costs, while management of vacancies has exceeded target levels.
4. Management has implemented an action plan to cover the resource grant in aid reduction along with managing other budget impacts – notably reallocating staff budget

into increased operational plan investments. We continue to target a financial break even outturn position to make full use of available resources.

5. There are no unanticipated impacts from programme and project delivery on the Authority's budget position. All programme and project expenditure has been recovered from planned funding sources, including Cairngorms NPA budgeted financial contributions where applicable.
6. Operational Plan investment, as is common in the Authority's expenditure profile, is heavily weighted toward completion of planned investment in the final quarter of the financial year. The current expenditure level is significantly under budget when profiled on a straight-line basis at the end of the current monitoring period. This does carry heightened risk of financial objectives not being met by the end of the financial year. Finance staff will now be undertaking regular, at least fortnightly, reviews of the budget and commitment position with budget holders in the period to the end of March.

Analysis of Budget Position

7. A summary of the Authority's budget management position and management accounts at the half year point is set out at Annexes One and Two to this paper. Annex One summarises the overall position of externally funded programme activity within the financial monitoring position. Annex Two provides detail on the financial position of each externally funded programme.
8. There are no unanticipated financial impacts of programme activity on the Authority's financial and budget position to report. The net financial cost of £150,000 identified represents the planned cash contribution to the Heritage Horizons: Cairngorms 2030 Programme.

Staffing and Running Costs

9. A total of £320,000 has been removed from the projected outturn budget for staffing investment. Management of vacancies and recruitment, combined with a higher than initially budgeted level of staff recoveries from other sources, has allowed for this adjustment.
10. This revised staffing position has provided cover for the resource grant adjustment in the year, with remaining resource freed by this action being reallocated into operational plan investment in progressing delivery of existing strategic corporate plan priorities.
11. The position at the end of the third quarter following the budget outturn adjustment indicates an underspend of just under £61,000 compared with revised budget, equivalent to 2.1% of budget. With most of our recruitment now in place and seasonal ranger staff to commence in March 22, we expect this gap to narrow by the end of the financial year.

Operational Plan Delivery

12. As plans have become clarified in support of the organisation's adaptation to operations facilitating new working practices, we have also been able to release £100,000 from budget provisions made to support investment in preparing IT infrastructure and office equipment to other operational plan activity.
13. Overall operational plan delivery remains well behind straight line budget profile at the end of the third quarter. This is a typical position at this stage in the year, albeit with the level of investment to be committed prior to the end of the year at a slightly higher level than in recent years. Significant commitments are now in place for contracts to implement our cloud based IT network solutions, while monitoring meetings confirm that the majority of strategic visitor infrastructure investment programme awards are near completion and expected to be released in early February. These collectively account for around £400,000 of the current underspend indicated in Annex One.
14. The Peatland Programme represents almost 45% of the total operational plan underspend reported at this time. A number of projects are now live and claims expected to come forward over the coming months to redress the current position.
15. We have informed Scottish Government that the original 2021/22 capital allocation will not be deployed in full in the year as we continue to work to develop the contractor supply capacity to meet the delivery requirements in the Cairngorms. The works commissioned in the current year have also tended to be more straightforward, less expensive projects to help bring new contractors into the sector. Annex One incorporates the reduced capital funding for the year. We are in negotiations on the potential to carry forward the unclaimed capital grant into future years of the programme, at which stages the more complex and more expensive works will be undertaken.
16. Operational Plan budget lines set out in Annex One now reflect the adjustments to reallocate investment plans mentioned in this paper and provide the updated forecast outturn position. Adjustments from staff and corporate investment plans into other strands of operational plan investment has enabled increased provisions of £10k to Rural Development; £50k to Communications; and £260k to visitor management and improvements in visitor infrastructure.

Cash Management

17. There are no current cash management issues to highlight.

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