

CAIRNGORMS NATIONAL PARK AUTHORITY RESOURCES COMMITTEE

FOR DISCUSSION

Title: 2022/23 BUDGET MONITORING

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Purpose

This paper presents an overview of the Cairngorms NPA's budget management position at as at 31 October 2022, the end of the seventh month of the current financial year.

Recommendations

The Resources Committee is asked to:

- a) Consider the budget management position for 2022/23;**
- b) Consider any risks around achieving an outturn within target parameters arising from the current budget monitoring position on which the Committee wishes to see specific management action.**

Overview

1. Scottish Government has announced that the previously advised 2% reduction in original grant in aid allocations will not now be removed from environment bodies allocations for 2022/23. This returns £129,000 into the forecast resource position available for the Cairngorms NPA in the current financial year.
2. Previous key elements of the in-year financial position are sustained into the current monitoring position. The underspend against the original profile of investment in staff remains, and has been utilised in part through the agreed supplementary pay award to staff in year to reflect the impact of the cost of living crisis and linked economic conditions such as increasing interest rates. Levels of operational plan commitment against expectations also remains low in some areas of activity, as has been common in many years of the park authority's operations.
3. The financial position continues to support projection of a break-even outturn position as targeted in the Authority's approved budget for 2022/23.
4. The detail of the financial monitoring position is set out in Annex One to this paper.

Staff and Board

5. After implementation and back-dating of the initial 2022/23 pay award, and allowance for the phased implementation of the supplementary award which will not be implemented through payroll until 28 November 2022, our actual expenditure against salaries budget remains in a favourable position. An underspend of £65,800 remains at the end of the monitoring period: equivalent to 2.66% of the £2.473m budget for the period in question. While there is expectation that this level of underspend will continue to reduce as more planned recruitment is completed over the course of the year, there is a reasonable expectation that up to £120,000 of this budget may be available for reallocation to support operational plan investment.

Programme Management

6. All expected programme management costs have been recovered from external funds as expected. There are no budget exceptions to report, and no unanticipated impacts of programme budget management on the central budget for the Park Authority.

Running Costs

7. Overall, running costs are broadly in line with budget expectations. At the end of the current reporting period, there are relatively small underspends on other staff and board costs and facilities costs. This is offset by an overspend on phased budgets at the end of the period on IT and Professional Services costs, bringing the overall position for running costs into line with budget phasing.

Operational Plan

8. The operational plan position on budget against actual investment shows a variable position across the park authority's areas of activity, with investment in projects supporting People, Place and Communications in line with or ahead of budget profile and other areas under budget. Overall, excluding peatland restoration works which is underpinned by a separate ring-fenced budget, the position at the end of the monitoring period is some £85,000 under a profiled budget expenditure of £962,000.
9. While still underspent against overall budget, the position is relatively strong in terms of expenditure position against budget compared with equivalent point of previous years. This is a strong achievement by the staff group at a time when there is also a significant resource deployment in terms of staff time into the Heritage Horizons Cairngorms 2030 Programme.
10. The finance team are aware that contracts and requisitions continue to be raised, giving some assurance that work continues at a pace which will bring overall budget positions toward the outturn expectation by the end of the financial year.

Peatland Programme

11. While the position against the peatland programme remains particularly low for actual cash expenditure in comparison with full year budget, we are aware that a significant number of grant contracts have now been issued and agreed for the year, with capital

commitments now at around £2m. There is clearly a significant lag in grant claims or grant payments which will be investigated with the team.

12. The Peatland and Finance Teams have undertaken a mid-year review of the position of the peatland programme. It is expected that at least £700,000 of the allocated capital resource for 2022/23 will not be required in the current year as the overall mix of work complexities have delivered contract values lower than originally forecast when submitting the projections for the peatland programme in 2021. We will engage with the Scottish Government team managing this area of work and budget on this matter to consider potential rephasing of budget into future years should the Cairngorms Peatland Action team believe that is necessary.
13. The programme review has confirmed that target area for restoration in the financial year will be achieved or exceeded despite the lower than forecast expenditure.

Other Budget Considerations Impacts

14. There are no programme or project management impacts on the Park Authority's core budget identified. There are no unanticipated calls on financial resources created by the Park Authority's leadership or accountable body roles for these programmes and projects.
15. With the grant-in-aid position confirmed again at the original allocation level, the only impact on income levels is from other, non-grant income from planning fees, other recharged costs and contributions received toward core expenditure. This income position is £15,600 below budget in the reporting period, with some risk that the full budget level will not be realised by the end of the financial year. Overall this risk can be mitigated in management of the wider budget position and does not pose a significant risk to the financial management position for the year.

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