



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 month 8 of the 2023/24 financial year - 30 November 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. Overall, cash expenditure is well within budget at 47% of the annual budget, and 83% of the phased budget for this 8-month period.
2. Expenditure on operational plan activities, either committed or spent, was 60% of the annual budget. While this is a reasonable position 2/3rds of the way through the financial year, there remains £2.5m to be committed in the final quarter of the year, and £4.7m of expenditure to be converted to cash. In terms of reference to commitment, this refers to delivery plans where formal paperwork is in place within the finance system. Teams will have commitments in place with partners which they have yet to convert to a "full" commitment within our financial system:

	To be committed	To be converted to cash
Peatland restoration	£1.337m	£2.332m
Other operational aims	£1.132m	£2.337m
Total operational plan	£2.469m	£4.669m



Budget changes

3. A log of budget changes is shown in Appendix 3.

Staff and Board

4. Staff costs for the 8 months were £3.45m. The phased budget of £3.44m has been weighted to account for staff whose payroll costs will become recoverable from National Lottery Heritage Fund through the Cairngorms 2030 project (C2030). Colleagues whose payroll costs are currently accounted for as core expenditure, will be working on the project in quarter 4, and their payroll costs are included in the project cost plan. Recovery of these costs through the project will reduce the cost of core payroll in the final quarter of the year.
5. There remains pressure on the budget for staff costs. The organisation is currently undertaking recruitment for C2030, and the final outturn for staff costs will be affected by the timing of appointments, and whether posts are filled internally or externally. There is some potential for recruitment delays to ease this year's pressures.

Programme management

6. All programme management costs have been recovered from external funds as expected. We have received confirmation from National Lottery Heritage Fund that the Heritage Horizons Development Phase has been fully completed and authorised within their system.

Overheads

7. The budget for overheads has been phased evenly across the year. Currently, costs are running ahead of the budget.
8. 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 final quarter and expenditure plans managed accordingly.



Operational plan

9. Overall, expenditure on operational plan activities to the end of November is a little over 26% the total budget for the year.
10. The committee is aware of the delays experienced by the Peatland Team in letting contracts and commencing projects. Work has moved on since the last report in September, and just under £2m was either committed or spent at the end of November. Formal notice has been given to Scottish Government that we will be unable to use £500k of our £3.79m allocation. In addition, there are projects that will be started before the nesting season but will need to be halted and consequently, will not be completed until after the financial year end. These committed amounts will be accrued into the 2023/24 figures, allowing work on these projects to continue into early 2024/25.
11. Expenditure on 'Nature and Climate' activities continues to increase, with the anticipation that the full budget will be used by the end of the year. Actual and committed expenditure was 69% of the annual budget at the end of November.
12. The budget towards our 'People' aims is committed to the extent of 84% of the annual budget. Annual grants for skills and training (Cairngorms Business Partnership, Growbiz, Countryside Learning Scotland) have been committed; resources for the youth action team and junior ranger activities have been spent.
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. Nevertheless, actual and committed expenditure was close to 64% at the end of November.
14. Commitment of the Corporate budget has been slow. We await planning permission for a new e-bike shed. Plans for a drying room for staff are in place. Expectations are that these projects will be completed before the year end.
15. Most of the underspend on Communications (£98k) relates to the development of the new website. The length of the procurement process has pushed expenditure to the end of the year.



16. At this point in the year, the expectation remains that, except for peatland restoration projects, the budget for operational plan activities will be spent in full.

Summary of the position after 8 months

17. The key points arising from the review of the financial position at the end of November 2023 are:
- a) Pressure on the budget for staff costs remains but may be ameliorated by natural recruitment delays.
 - b) Overhead costs are running ahead of the phased budget but will be managed within the context of the overall annual budget.
 - c) There are no concerns over the recovery of project costs.
 - d) £500k of the budget allocation towards peatland restoration will not be drawn down.
 - e) Expenditure on operational plan activities is expected to be in line with budget.
 - f) A peak of expenditure will occur in the final quarter of the year, in line with the trend in previous years.

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17 January 2024



Appendix 1

Summary of expenditure against the profiled budget

CAIRNGORMS NATIONAL PARK AUTHORITY							
Resources Committee: Paper 1, Annex 1. 26th January 2024							
YEAR ENDING 31 MARCH 2024							
ACTUAL v BUDGET 30 NOVEMBER 2023							
	Annual budget	Budget adjustments	Outturn forecast	Phased budget to 30 November 23	Actual at 30 November 23	(Under)/ over phased budget	% of Outturn forecast
	£	£	£	£	£	£	£
Staff costs	4,841,000	198,650	5,039,650	3,440,767	3,448,980	8,213	68%
Board fees	192,000		192,000	128,000	111,871	(16,129)	58%
	5,033,000	198,650	5,231,650	3,568,767	3,560,851	(7,916)	68%
Project costs							
Project costs	1,141,000		1,141,000				0%
Project costs recovered	(1,141,000)		(1,141,000)				0%
	0	0	0	0	0	0	
Overheads							
Other staff and board costs	164,000		164,000	133,833	188,594	54,761	115%
Facilities costs	520,000	(143,230)	376,770	251,180	247,187	(3,993)	66%
IT and professional costs	261,000		261,000	174,000	173,082	(918)	66%
	945,000	(143,230)	801,770	559,013	608,863	49,850	76%
Operational plan (net)							
Peatland restoration	4,328,000	(1,036,000)	3,292,000	1,478,000	959,970	(518,030)	29%
Nature & climate	818,000	50,000	868,000	419,420	177,038	(242,382)	20%
People	277,000		277,000	178,750	115,308	(63,442)	42%
Place	865,000	51,000	916,000	529,333	273,373	(255,960)	30%
Corporate	441,500	62,000	503,500	96,120	51,216	(44,904)	10%
Communications	354,500	(9,650)	344,850	192,200	93,885	(98,315)	27%
Contribution to Cairngorms 2030	285,000	(146,500)	138,500	0	0	0	0%
	7,369,000	(1,029,150)	6,339,850	2,893,823	1,670,790	(1,223,033)	26%
Total expenditure	13,347,000	(973,730)	12,373,270	7,021,603	5,840,504	(1,181,099)	47%
Other income	(182,000)		(182,000)	(115,333)	(130,048)	(14,715)	71%
Cash expenditure	13,165,000	(973,730)	12,191,270	6,906,270	5,710,456	(1,195,814)	47%
Grant-in-aid drawn down	(13,151,000)	957,000	(12,194,000)	(7,275,000)	(7,275,000)	0	60%
Net cash expenditure/ (income)	14,000	(16,730)	(2,730)	(368,730)	(1,564,544)	(1,195,814)	



Appendix 2

Operational plan – committed expenditure

CAIRNGORMS NATIONAL PARK AUTHORITY							
Resources Committee: Paper 1, Annex 2, 26th January 2024							
YEAR ENDING 31 MARCH 2024							
OPERATIONAL PLAN - COMMITTED EXPENDITURE							
				67%			
	Annual budget	Budget adjustments	Amended budget	Actual at 30 November 23	Committed expenditure	Total - actual and committed expenditure	Actual and committed as percentage of amended budget
	£	£	£	£	£	£	
Operational plan							
Peatland restoration	4,328,000	(1,036,000)	3,292,000	959,970	994,532	1,954,502	59%
Nature & climate	818,000	50,000	868,000	177,038	414,435	591,473	68%
People	277,000		277,000	115,308	117,574	232,882	84%
Place	865,000	51,000	916,000	273,373	311,267	584,640	64%
Corporate	441,500	62,000	503,500	51,216	118,770	169,986	34%
Communications	354,500	(9,650)	344,850	93,885	105,169	199,054	58%
Contribution to Cairngorms 2030	285,000	(146,500)	138,500	0	138,500	138,500	100%
	7,369,000	(1,029,150)	6,339,850	1,670,790	2,200,247	3,871,037	61%



Appendix 3

Log of Budget changes

1. Since the budget was formally approved, there have been changes to the availability of funding:
 - a) we were able to pay forward on our 2023/24 commitment to Cairngorms 2030 (C2030),
 - b) we have been made aware that our expectations for both capital and resource funding to support peatland restoration may not be met, and
 - c) the anticipated pay award for 2023/24, may exceed our budget provision.These changes are set out in appendix 2.
2. In March 2023, we paid £150k from the 2022/23 budget to support our commitment to C2030 for 2023/24 by providing cash flow cover for the Development Phase activities. This provided extra headroom in the 2023/24 budget. We have applied this to cover some areas of the budget that we felt, from further examination of the detail of the likely costs, were under-resourced, such as the cost of our shared-services agreement with Loch Lomond and the Trossachs National Park Authority.
3. £3.5k has been allocated to cover a short extension to the contract of the Green Health Link Worker currently engaged on the nature prescriptions project within the C2030 programme. This will allow continuity of staffing, on what is a well-regarded project, for a short time after the end of the C2030 development phase (17 August 2023).
4. Resource funding for peatland restoration is £614k, and this includes an allocation to cover elements of support costs such as transport, office costs, and finance and IT support. In the first quarter of the year, this funding was reduced to £510k, leaving the peatland team with £104k less budget for non-staff costs than had been anticipated. Subsequently, this resource funding was reinstated by Scottish Government.
5. At the same time, the capital budget for peatland restoration was reduced by £507k to £3,636k. The profile of delivery across the year has been such that a further £500k of the capital funding for peatland restoration will not be drawn down.



6. Modelling of the impact of the potential pay award indicates that our original budget estimate, made before the direction on the 2023/24 award had been determined, is likely to require a further £85k of resources.
7. Further space has been found within the 2023/24 budget. This arises from a change in the accounting treatment we are required to apply to leases for property and vehicles. In the past these costs have been accounted for as resource expenditure. We are now required to treat leased assets as capital items known as 'Right of Use' (RoU) assets. The initial recognition of these RoU assets happened in the 2022/23 accounts, using capital budget (CDEL) specifically provided to accommodate the new accounting treatment. The change releases a little over £140k from the resource grant budget. New lease arrangements undertaken during the year will result in capital expenditure. At present there is uncertainty around whether these costs will be met by additional budget from Scottish Government. To fulfil our current plans without additional budget we will need to allocate £160k from our direct capital budget (£1,100k) to cover new vehicle leases and the renewal of the Ballater office lease. We will monitor progress on this budget position over the coming months.
8. Payroll costs arising from extension of the contracts of interns working on communications projects was paid for from the Communications resource budget, with a corresponding transfer to the staff costs budget.
9. Additional funding (£50k) was received through the Nature Challenge Fund.
10. The adjusted position is a small surplus of £3k.



YEAR ENDING 31 MARCH 2024													
Budget adjustments													
	Annual budget	Budget adjustments											Revised budget
		Advance to Cairngorms 2030	Funding reduction peatland capital	Funding reduction peatland resource	Lease accounting	Payroll - cover potential shortfall	Peatland partial reinstatement of resource budget	Green Health Link Worker contract extension	Extend interns	Additional funding Nature recovery	Peatland capital underspend	Peatland resource funding reinstated	
Staff costs	4,841,000					85,000			9,650			104,000	5,039,650
Board fees	192,000												192,000
	5,033,000	0	0	0	0	85,000	0	0	9,650	0	0	104,000	5,231,650
Running costs													
Other staff and board costs	164,000												164,000
Facilities costs	520,000				(143,230)								376,770
IT and professional costs	261,000												261,000
	945,000	0	0	0	(143,230)	0	0	0	0	0	0	0	801,770
Operational plan (net)													
Peatland restoration	4,328,000		(507,000)	(104,000)			75,000				(500,000)		3,292,000
Nature & climate	818,000									50,000			868,000
People	277,000												277,000
Place	865,000	51,000											916,000
Corporate	441,500	62,000											503,500
Communications	354,500								(9,650)				344,850
Contribution to Cairngorms 2030	285,000	(150,000)						3,500					138,500
	7,369,000	(37,000)	(507,000)	(104,000)	0	0	75,000	3,500	(9,650)	50,000	(500,000)	0	6,339,850
Total expenditure	13,347,000	(37,000)	(507,000)	(104,000)	(143,230)	85,000	75,000	3,500	0	50,000	(500,000)	104,000	12,373,270
Other income	(182,000)												(182,000)
Cash expenditure	13,165,000	(37,000)	(507,000)	(104,000)	(143,230)	85,000	75,000	3,500	0	50,000	(500,000)	104,000	12,191,270
Grant-in-aid drawn down	(13,151,000)		507,000	104,000						(50,000)	500,000	(104,000)	(12,194,000)
Net cash expenditure/ (income)	14,000	(37,000)	0	0	(143,230)	85,000	75,000	3,500	0	0	0	0	(2,730)