



For discussion

Title: Budget monitoring

Prepared by: Louise Allen, Head of Finance and Corporate Operations

Purpose

This paper sets out an overview of the Park Authority's budget management position at the end of June - month 3 of the 2024 / 25 financial year.

Recommendations

The Resources Committee is asked to:

- a) Consider the budget management position for 2024 / 25.

Overview

1. Annex 1 provides a summary of expenditure against the profiled budget.
2. The budget profile for payroll and running costs has been developed from the phasing of the previous year's expenditure. The profile of operational plan expenditure is based on forecasts by Heads of Service.
3. Total expenditure at the end of the first quarter of the year is 16% of the annual budget, as compared with 13% at the end of quarter 1 last year. In addition, spend committed to date, by requisition, against the operational plan is £1,016k, as compared with £328k at the same time in 2023. These increases are a positive indicator of the pace of delivery so far, this financial year.

Budget changes

4. One small budget change has been overlayed on the budget presented to the Board at the end of March; the adjustment is a reallocation between budget headings and has no effect on the overall budget position. This is recorded in the budget change log provided at Annex 2.



Staff and Board

5. The payroll budget continues to be underspent. The profile of the budget takes into account the fact that the annual award has not yet been made. The favourable variance of £85k is therefore, a realisation of the allowance made in the annual budget for recruitment delays and vacancy savings.
6. The budget allows for performance related increments, and an award designed to increase pay by 10% over the two years from April 2023. Providing the final award remains at this level, the budget would appear to be realistic.

Programme management

7. The Park Authority's agreed annual contribution of £450k to the Cairngorms 2030 programme has now been made. This contribution provides cash flow to the programme.
8. Most of the expenditure to date on the programme has been payroll cost (£212k). However, committed costs recorded are currently £878k, demonstrating progress towards delivery.
9. Recovery of costs through grant claims has been straightforward, with no expenditure turned back by National Lottery Heritage Fund (NLHF). Two claims have now been submitted and funds received in full.

Overheads

10. Overall, running costs are just under the phased budget for the quarter (£8k). This variance is made up of compensating factors: advance spend on other staff and board costs, and delayed spending on facilities.
11. Recruitment costs have been high this quarter (£11k against a total annual budget of £22k) with associated interview expenses (in-person interviews) and disclosure fees.
12. Regular facilities activities are continuing as planned, but work on new internal administration systems, including SharePoint, have introduced additional workload for the facilities team, leading to a slight slowing of progress. Now that these processes are embedded, this workload should reduce.



Operational plan

13. Operational plan expenditure shows an underspend of £36k against the phased budget.
14. The most significant variance on the operational plan profile is an apparent underspend on Place. This is in fact, a timing difference in respect of grant funding of £40k that is forecast to be paid in quarter two.
15. There has been very little expenditure to date against the 2024 / 25 peatland restoration budget. This is in line with expectations. In this initial quarter of the year, expenditure of £600k has contributed to the finalisation of projects contracted in 2023 / 24 and has therefore been set against accruals made at the year-end (£1.08 million).
16. Forecast spend on peatland restoration for quarter two is £800k.

Grant-in-aid

17. Draw down of grant-in-aid has been made according to the plan submitted to Scottish Government at the start of the year. It provides cash flow to meet organisational need for both core activities and the Cairngorms 2030 (C2030) programme.

Summary

18. The key points arising from the review of the financial position at the end of the first quarter of 2024 are:
 - a) Early indications on the adequacy of the payroll budget reported to the last meeting of the committee continue to be borne out.
 - b) Delivery on the C2030 programme is progressing. Two claims have been submitted and funds received in full.
 - c) Running costs are within the phased budget.
 - d) Operational plan expenditure is within the phased budget.
 - e) There has been very little expenditure to date against the 2024 / 25 peatland restoration budget. Most of the expenditure in this first quarter has contributed to the finalisation of projects contracted in 2023 / 24. The expectation is that expenditure on this year's projects will be seen in the figures for quarter two.

Louise Allen, Head of Finance and Corporate Operations