

DRAFT BUDGET 2023/24

Summary: to review the Draft Budget for the financial year 2023/2024

Recommendation: that the Board notes and adopts the 2023/2024 Budget

Reviewed by the Finance and Governance Committee: Yes

If yes, the Committee's comments: the Finance and Governance Sub-Committee reviewed the budget in detail and recommended that it is presented to the Board for adoption.

Report by: Andrew Parsons (Chief Executive) and Michèle Holden (Interim Head of Finance)

Background

1. This is a prudent Budget prepared with the acknowledgement that some figures are based on assumptions that may change as more information becomes available. The organisation has recovered well from the impacts of the pandemic and new opportunities have arisen.
2. This draft Budget follows on from a Reforecast of 2022/23 which was reviewed by the Finance and Governance Committee and forecasts ending balances of £63k in the General Fund, £95k in the Designated Fund and £470k in the Restricted Fund - for total reserves to carry forward of £628k.
3. The reserves at the end of 2023/24 are budgeted to increase to £883k of which £582k will be restricted and £300k of unrestricted general and designated funds. The general fund is expected to end at £69k and designated at c£231k.
4. A medium-term financial plan was to be presented, but due to staff attrition in Finance will be prepared for a later meeting once new staffing is in place.

Main Budget Assumptions

5. Defra core funding will be at the same level as 2022/23 following a three-year settlement which provided an uplift of 14.7%.
6. Local Authority contributions will be in line with previous years.
7. Pay includes a 2% pay award assumption and two new positions (BNG Officer and New to Nature trainee).
8. The increase in pay is more than offset by increased contributions to core from projects and recharges of core time to projects (£162k).
9. Further work on Dark Skies (funded by A417 Designated Funds feasibility) are not included pending follow up applications at the end of the feasibility study, but if successful could include further recharges from core to restricted.
10. The Biodiversity Net Gain (BNG) project funded by A417 Designated Funds starts in the budget year and contributes £587k.
11. The facilities move will bank substantial savings after a short overlap of site rentals.
12. Potential extensions to FIPL or increase in allocations in-year are not included.

Revenue Budget 2023-2024

£000	Core			Restricted			Total		
	Budget 23/24	Refcst 22/23	(incr)/decr	Budget 23/24	Refcst 22/23	(incr)/decr	Budget 23/24	Refcst 22/23	(incr)/decr
Income	703	733	30	2,034	1,994	-40	2,737	2,727	-10
Grants paid out	1	3	2	1,202	1,450	248	1,203	1,453	250
Net Income	702	730	28	832	544	-288	1,534	1,274	-260
Expenditure	780	722	-58	497	566	69	1,277	1,288	11
Surplus/(Deficit)	-£78	£8	£86	£335	-£22	-£357	£257	-£14	-£271

13. The attached budget (*Appendix 1 and summary above*) shows income of £2.7m (2022/23 Reforecast £2.7m), grants paid out of £1.2m (2022/23 Reforecast £1.5m) and expenditure of £1.3m (2022/23 Reforecast £1.3m for a net surplus of £256k vs. Reforecast deficit of (£14k) for the year, an improvement of £270k. The £270k comprises £357k improvement in restricted projects, (£87k) reduction in unrestricted and is broken down as follows (*from Appendix 3*):

	£000
A417 BNG	570
Cotswold Champions	-168
Core Attrition, Recharges, pay award	-87
Smarter Water Catchment Biodiversity	-20
Glorious Grasslands	-14
Cotswold Way	-12
Kingfisher	-10
Others	11
Total	£270

14. Reserves at year end are budgeted to end at £883k (*see Appendix 2*), compared to £628k in the Reforecast, of which £582k is restricted, mainly A417 BNG and Glorious Grasslands, General Funds at £69k and Designated funds at £231k to include a new Development Fund in addition to the asset acquisition fund. The primary growth in funds is due to the A417 BNG which will be funded ahead of distributions to landowners over 30 years. Management of these funds over the length of the agreement using appropriate investments is being researched.
15. Key measures (*Appendix 4*) include the split of employee costs between restricted and unrestricted, remaining essentially the same at 65% core 35% restricted; restricted employee costs growing by 10% due to the start up of the BNG project; contributions to core costs from projects increasing due to BNG; and the key projects with recharges from core to restricted increasing 15% comprising BNG, Grasslands and Bathscape in 2023/24 vs. Dark Skies, Access Improvements and LEADER in 22/23.
16. Looking to future years, the aim will be to maintain a useable general reserve of around £80k and build a development fund for match funding, strategic resource and growth.

Key Risks and Opportunities

17. The budget is based on a number of key assumptions that also carry some potential risk. The following list highlights those key risks and potential opportunities that may impact the budget:
- a. Risks:
 - o The Designated Funds BNG project does not continue beyond the initial (current) feasibility stage of £98k;
 - o Pay increases being higher than assumed;
 - o Inflation impacting other costs to a greater extent;

- Budgeted income from other grants and contributions, sales and rural skills are lower than budget;
 - New property leases do not complete as planned.
- b. Opportunities:
- FIPL funding for Year 3 is increased and extended into Year 4;
 - Dark Skies project is extended beyond the feasibility stage;
 - Lower costs or higher income in the final quarter of 2022/23, that increase reserves carried forward;
 - Additional income generated from Glorious Cotswold Grasslands operation.

SUPPORTING PAPERS:

- Appendix 1 – Income and Expenditure
- Appendix 2 – Analysis of Reserves
- Appendix 3 – Net Surplus/Deficit by Area (split into general and restricted)
- Appendix 4 – Key measures

Michèle Holden
FEBRUARY 2023