

BUDGET SETTING 2024/25

Summary: To (1) inform the Board of the process/timeline for setting the budget for 2024/25 and (2) outline the key priorities, ahead of full budget presentation in Feb 2024.

Recommendation: That the Board notes the paper.

Report by: Magda Glanowska – Head of Finance (HoF)

1. BACKGROUND

- This paper seeks to outline the process and timeline as well as highlight and discuss high level assumptions and priorities that will be considered as the budget is prepared, before these are finalised and approved by the Finance and Governance Committee in November.
- **We welcome the Board's comments, recommendations or concerns.**
- Any additional recommendations that are widely supported at this meeting will be considered and taken into account when preparing the budgets.

2. PROCESS

- The starting point for 2024/25 budget setting will be the 2023/24 Reforecast based on Q2 actuals (six months actuals and six months forecast).
- Budget holders will receive budget assumptions and high-level priorities as agreed by the Finance and Governance Committee, and full support and guidance from the HoF during the process to be able to prepare budgets for their own department.
- The draft budget will be collectively reviewed by the Chief's Executive management team before the final review by the CEO.
- The budget will follow a bottom-up approach, with each budget holder preparing their own budget which will be then submitted for review by the HoF and CEO before being presented to the Finance and Governance Committee and, ultimately, the Board.
- Budgeting for 2024/25 will start following the approval of Reforecast 2 which will take place at the Finance and Governance Committee meeting on 16 November 2023.
- During the November Finance and Governance Committee meeting, the Committee will discuss and agree final budget assumptions along with the high-level priorities, assumptions, opportunities and risks. The budgeting timeline will also be agreed.
- The draft budget will be presented and discussed at the Finance and Governance Committee meeting in early February 2024 (date to be agreed).
- Following the Committee's recommendations and any final changes, the budget will be presented for the Board's approval and final adoption on 20 February 2024.

3. TIMELINE

- 6 October 2023 – Budget assumptions discussed by the CEO and HoF.
- 17 October 2023 – Board meeting – budget assumptions discussed.
- **16 November 2023 – Finance and Governance Committee meeting:**
 - Reforecast 2 presented and agreed
 - **Budget assumptions agreed** (priorities, opportunities and risks)

- **Late-November 2023 to mid-January 2024 – Budgeting** (budget holders working together with the HoF on the budget and narrative, review and finalisation).
- **January 2024 – the Chief’s Executive management team – draft budget review**
- Late January 2024 – CEO final review of the budget.
- **Early-February 2024 – budget review by the Finance and Governance Committee.**
- Mid-February 2024 – final amendments to the budget following the review and preparation of the summarised version for the Board’s adoption.
- **20 February 2024 – Board meeting – the final budget presented for adoption.**

4. FUNDING

4.1. CORE

- **Defra:** We are currently in year 2 of a 3-year agreement with Defra, before the next Comprehensive Spending Review (CSR) in 2025. 2024/25 will therefore be the final year of the existing agreement, so the assumption is that the core settlement will remain the same as the current year, i.e. £529,744.
- **Local authorities:** The CEO is having early discussions with the 15 local authorities. The local authorities are yet to finalise their budgets but the assumption is that funding will increase in line with inflation (CPIH - currently 6.3%). Funding received in 2023/24 was £139,086. The financial pressures facing local government is significant and the Board should acknowledge this.
- **Natural England – National Trail:** It is assumed that funding from Natural England for the Cotswold Way will remain the same as the current year at £64,428 (excludes ‘one-off’ capital project funding).

4.2. NON-CORE (significant programmes/projects)

- **Farming in Protected Landscapes (FIPL):** The FIPL programme (funded by Defra), is now in its third year, and offers funding support to farmers to deliver bigger and better outcomes for the environment and for people. Allocation has already been agreed for Year 4 which is the final year of the programme. For Year 4, Defra has approved total funding of £2.01m which consists of £1.76m project allocation, the rest relates to Admin and Advice/Guidance. This is an increase of 47% from the current year.
- **Removing Barriers:** Year 3 of the project to be delivered in full, amount already agreed by Defra at £254k.
- **National Highways:** Year 2 of the Designated Funds Biodiversity Net Gain programme will be delivered in full (£693k).
- **Thames Water:** Everyone’s Evenlode project (part of the Smarter Water Catchments programme) to be delivered in full (£110k).

5. TEAM RESOURCES

- With the Bathscape ‘access’ project coming to an end this year, the Trails and Access Officer will be fully funded by core.
- Following the continued growth of the organisation in both turnover and complexity, a need to recruit an additional Finance resource has been identified. A role of a Management Accountant is being recruited in 2023/34 to support the HoF. It is assumed that the 4-day a week job holder will be fully in post throughout 2024/25.

- The Board's role in climate action is critical and therefore a Climate Action Lead will be recruited in 2024/25. If no alternative sources of funding come to fruition, this role will be fully funded from core. We are currently exploring potential sources of funding. This is a priority role given current climate action work we are undertaking and the need to work with partners once the Net Zero Pathway is adopted by the Board.
- FiPL – due to the significant increase in Admin and Advice/Guidance budget, an additional resource will be required and some of the existing core team members will also be supporting the project more than current (e.g. Head of Finance and Comms Lead). We are currently recruiting for an administrative support team member to assist our FiPL team and contribute to the successful delivery of this fantastic programme.
- An assumption of a 3% pay increase for all employees will be built into the budget.

6. OTHER COSTS

- Property – property costs to Gloucestershire Wildlife Trust and Cotswold Business Centre will remain the same as in 2023/24. There are no more costs associated with the Old Prison.
- Vehicle costs – we currently own and maintain six vehicles and we will use this year's costings to help with budget setting.
- Rebranding – there will be a need for additional comms budget to cover rebranding and this will be built into the budget, e.g. vehicle livery. Some of the rebranding costs will be incurred in the current year.
- Other costs/ considerations – due to fact that we will be retendering for a new internal auditor, there will be additional costs involved. Consideration will also be given to a consultant on the Board's ethical investment strategy.
- Voluntary Wardens - the core funding support for the Voluntary Wardens will be set at the same level as the 2023/24 original budget.

7. TARGETS

- A stretching, yet achievable budget will be set for the organisation, targeting an overall combined increase in revenue and net surplus.
- We will strive to maintain a General Fund of between £60k and 80k, with a focus to grow the Development Fund ('Designated') even further.

OCTOBER 2023