

DRAFT BUDGET 2022/23

Summary: to review the Draft Budget for the financial year 2022/2023

Recommendation: that the Board notes and adopts the 2022/2023 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 Diane Bassett (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. In addition, the effect of the pandemic over the last two of years has greatly impacted on the work of the organisation and has made establishing baseline budgets more difficult.
2. During 2021/22, the Farming in Protected Landscapes project, funded by Defra, had a significant impact on the overall income of the organisation and is included in this budget.

Main Budget Assumptions

3. Defra core funding will be at the same level as 2021/22. However, there is some confidence that the three-year settlement (from 2022/23) will have an uplift on current levels of funding.
4. Local Authority contributions will be in line with previous years.
5. The pay review for 2021/22 has not yet been agreed and is assumed at 1.5%, with a further 2% increase for 2022/23, and this is included in the budget.
6. The increase in national insurance scheduled for April 2022 is included.
7. The impacts of the submitted project funding applications for the A417 Designated Funds are not included in the budget, but could contribute over £30k to core costs if successful.

Revenue Budget 2022-2023

8. The attached budget (*Appendix 1*) shows a deficit for the year of £99k to be funded from reserves. However, the Board should be assured that there are mitigations in the form of anticipated income that will reduce the amount of reserves drawn on to fund the budget. Whilst these income sources are not guaranteed there is a high level of confidence that this income will be received. Regular reports to the Board will provide an update on progress.
9. The 2022/23 budget includes the costs of the Net Zero Landscape Officer, which will be funded by designated funds from the Cotswold Champions Project and will reduce the deficit in the year to £58k.

The £99k is broken down as follows:

Property Costs required before end of tenancy	£43k
Net Zero Officer Costs (Offset by release of restricted fund)	£36k
Voluntary wardens additional costs	£25k
Other savings	(£5K)
Total	£99k

10. As indicated, the other main reason for the use of reserves is the property cost of £43k. The majority of which is a one-off cost required by our lease to ensure that the office is in appropriate condition prior to the lease break in July 2023.
11. The Board will be aware of the key role our Voluntary Wardens play in ensuring the organisation delivers its objectives. The budget includes increases in voluntary wardens' costs during the year.

Car allowances	£7k
Voluntary warden conference	£5k
Additional staffing costs	£7k
Removal of recharges to the Bathscape project	£4k
Training and sundry costs	£2k
Total	£25k

12. It is anticipated that the remainder of the draw on reserves (after funding the Net Zero Landscape Officer) will be significantly reduced by increases in the Defra core funding and by recharges of core costs to future grants already applied for, such as the A417 Designated Funds.
13. There is a reasonable expectation that these sources will provide income during the year but a prudent approach has been taken producing the budget, hence the identification of reserve funding pending confirmation.
14. If these are not received the deficit will be offset by the useable reserves, which was forecast to be £114k at 31 March 2022. *Appendix 2* gives details of the reserves held and a breakdown of the monies held under the restricted funds.
15. Looking to future years, the aim in 2023/24 will be to re-establish useable reserves of around £100k (minimum). This will be included in the 2023/24 budget strategy.

Key Risks to the Draft Budget

16. The budget is based on a number of key assumptions that also carry some potential risk. The following list highlights those key risks that may impact the budget.
- Pay increases for both 2021/22 and 2022/23 being higher than assumed.
 - Budgeted income from other grants and contributions, sales and rural skills are lower than budget.
 - Unexpected costs in the final quarter of 2021/22 impacting on the useable reserves forecast for March 2022.
 - The costs to ensure property conforms to lease requirements are higher than budgeted.

SUPPORTING PAPERS:

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