National Park Authority Board Meeting

Agenda Item 11

Financial Report: Quarter 4 2015/16

Paper for information

1. <u>Purpose</u>

To present the management accounts as at the end of the year to 31 March 2016.

2. <u>Recommendations</u>

It is recommended that members note the information contained within this report and **Appendix 1**.

3. <u>Management Accounts Summary</u>

We have successfully achieved a balanced out-turn for the year and the total position is a small overspend of £5.9k:

- £2.4k under spend on capital and
- £8.3k over spend on revenue.

4. <u>Detail</u>

4.1 *Grant in Aid*
Grant in Aid increased by £30k in relation to additional funding for Scenic Routes.

4.2 *Operating Income*
Operating income was £41k less than revised budget and this is because:

- Planning fees were £33k lower than expected. At the time of the Quarter 3 report we expected a £15k adverse variance for the year and this further reduction in income was managed to avoid any impact on the net position.
- There were a number of small adverse income variances totalling £9k, some of which are anticipated to have a positive impact on the 2016/17 budget e.g. income from vehicle sales of £4k has been delayed to 2016/17.

4.3 *Salaries*
Salary costs were £40k lower than the revised budget because of delays in recruitment of vacant posts. This cost was monitored closely during Quarter 4 so that the under spend could be reallocated to ensure a balanced budget for the full year.

4.4 *Other Operating Costs*
The positive variance from net operating income and costs were allocated to projects and therefore the net project costs over spend was, as forecast, at £32k.

Capitalised Salaries
We budgeted £150k for capitalised salaries and presented it as a one line amount in the project report. At year end we calculate the amount attributable to each project line and this year the figure is £146k, £4k less than budget. This has been attributed to project costs as follows:

- Your Park £60.6k
- Your Park (Camping Development) £13.3k
- Loch Venacher £17.1k
- Gateway £37.8k
- Website Development £17.5k

Therefore some of the adverse variances on the individual project lines are the result of the capitalised salaries allocation which is offset by a positive £150k variance on the capitalised salaries project line.

Gateway Centre
The key risk to manage at year end was the delay in the Gateway Centre project, which had the potential to create a capital underspend. We successfully managed this issue by:

- allocating 2015/16 funds towards items that we had not budgeted to pay for until 2016/17 e.g. second stage payment to Mountains & The People of £105k, funding of Artist in Residence installation and Bothy contribution of £16k, Corn Gravel works at Loch Lomond Shores of £15k
- allocating funds to operational capital e.g. new franking machine, boat engine replacement, replacement IT equipment
- allocating funds to additional works on existing projects e.g. fire bowls for Your Park camping development sites and improvements to the wall and new gates at Loch Venacher North.

Other points of interest to highlight in the project expenditure were:

- allocation of 2015/16 revenue funds towards items that we had not budgeted to pay for until 2016/17 e.g. Countryside Trust £15k, Great Scottish Swim £18k, £40k to the Community Partnership, £10k to Community Action Plans
- WHW bridge replacement did not progress as the supplier went into administration
- Local Development Plan reporters fees were lower than expected because of the timing of the work being completed.

5. <u>Balance Sheet & Cash Flow</u>

The Balance Sheet & Cash Flow are not included as usual because they will be provided as part of the annual accounts. Audit Scotland began our audit w/c 16th May 2016 and at the time of writing the work to complete the annual accounts process was on-going but with no issues to highlight. The Annual Report & Accounts for 2015/16 will be presented to the June Board as a late paper.

6. Summary

The year end position was closely managed to ensure that we were successful in achieving full year balanced budget.

Author: Catriona Morton, Financial Performance Manager
Executive Sponsor: Jaki Carnegie, Director of Corporate Services