

# National Park Authority Board Meeting



## Financial Budget for 2015/16

(incorporating comparisons with 2014/15 revised budget)

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*Paper for approval*

### 1. Purpose

- 1.1 To present the draft budget for 2015/16 to the Board for approval. The budget is attached at Appendix 1 and includes details of the operating budget and the project expenditure by Service area.

### 2. Introduction

- 2.1 Grant in Aid from Scottish Government has remained flat for revenue expenditure at £6.398m and has dropped by £170k to £1.0m for capital projects. It has proved challenging to create a balanced budget because of the impact of the pay award on salary costs combined with inflationary increases on goods and services.
- 2.2 The proposed budget reflects £100k of over-programming on capital projects in line with our usual approach and a balanced budget in relation to revenue projects and operational costs.
- 2.3 The budget has been thoroughly reviewed by the senior management team of the Park Authority to ensure that expenditure is being incurred in line with the Corporate Plan, National Park Partnership Plan, Operational Plan and Scottish Government priorities.

### 3. Budget Structure

- 3.1 It has become increasingly important to Scottish Government that we are able to report our expenditure as either capital or revenue expenditure. Therefore the operating costs of the organisation and the project costs are presented with this capital/revenue analysis so that we may monitor the actual costs against the budgeted costs on this basis during the year.

### 4. Income £8.0m

- 4.1 Income for 2015/16 is £78k lower than forecast for 2014/15 and this is primarily because of the reduction in capital grant in aid of £170k as mentioned above.

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### 4.2 Public Bodies Income

4.2.1 This is £26k lower than 2014/15 mainly because there were two members of staff seconded to CNPA during the year and one of these secondments has already finished and the other is due to complete in Quarter 1, 2015. The impact of this has been reduced by £15k as we are anticipating charging Scottish Government for project management time in relation to other organisations' Scenic Routes Projects. This category also reflects that we are expecting to receive joint funding for a LEADER project officer

### 4.3 Planning Fees £220k

4.3.1 We have been optimistic in budgeting an increase of £12k on planning fee income based on the continued submission of applications for run-of-river hydro development which attracts a sizeable fee.

4.3.2 There is currently discussion within the high level group of Heads of Planning Scotland (HoPS) on options to review the current planning fee provisions and we will further report on any changes in this area with implications for planning fee income.

### 4.4 Generated Income £173k

4.4.1 We are anticipating generated income being £59k higher than 2014/15 through an increase in corporate sponsorship, increasing car parking and toilet charges and targeting income generally from the private sector and meeting room hire.

4.4.2 There is clearly an element of risk associated with these new revenue streams, however we are confident that this is the correct strategic direction for the Park Authority.

### 4.5 Property Rental Income £155k

4.5.1 This is £51k higher than 2014/15 mainly as a result of the successful work completed by the Visitor Experience team in attracting new tenants to the various sites around the Gateway Centre. We are expecting additional rental income of £49k from the Bird of Prey Centre, the Ropes Course, rental of one side of the Pontoon and an estimate of income from a water bus service from the other side of the Pontoon. The latter, £3k, is

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potentially at risk because we have not received any tender returns for the provision of the water bus service.

- 4.5.2 There is a low risk in relation to property rental income of £20k as we have a tenant that may wish to vacate their tenancy. We are planning that either the tenant remains or we will find a new tenant.

### 4.6 Other Income £5k

- 4.6.1 The remaining income categories reflect the sales of lifejackets and other small items at the slipway and interest income. These are both in line with 2014/15 results.

### 5. Salaries £4.7m

- 5.1 We have agreed with Audit Scotland that we may capitalise staff costs for work completed on capital assets. In 2014/15 we have budgeted for £125k of capitalised staff costs and we expect this to be higher in 2015/16 at £200k because of the significant staff time that will be spend on the camp site development part of Your Park and the work involved in redeveloping the Gateway Centre.
- 5.2 Therefore the net salaries of the organisation, after capitalised salaries have been excluded are £4.7m. Gross salaries i.e. the salary bill for the organisation in 2015/16 is budgeted at £4.9m which is an increase of £150k when compared with the 2014/15 revised budget. The majority of this increase is the impact of the pay award which is estimated at around £100k. The remaining balance is a combination of vacancy management, a small amount for organisational structural changes following the appointment of our new CEO and a small number of new, essential posts in the organisation.
- 5.3 The net salary cost of the organisation, after accounting for capitalised salaries, has increased by £80k when compared to 2014/15. This is lower than the £150k mentioned above because we are expecting to capitalise more staff salaries than in 2014/15.

### 6. Staff Costs £308k

- 6.1 Staff costs for 2015/16 show a saving of £17k as compared with 2014/15, however this is mainly because of the presentation of Volunteers travel costs as explained below. The underlying saving is £3k.

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- 6.2 We have made the decision not to budget for agency staff and to cover any unexpected vacancies in house. We have targeted savings of £15k against Conferences, Courses & Training and allowed less money for staff training in 2015/16 in order to achieve a balanced budget overall.
- 6.3 Other Staff Costs have increased by £13k primarily because of additional Health & Safety requirements. As mentioned above, the saving of £18k on Travel & Subsistence includes £14k relating to the costs of volunteers and this is included in project costs in the 2015/16 budget. We have targeted an additional £4k saving across general staff and members travel costs.
- 6.4 Uniforms and Clothing are showing a small increase of £3k in comparison to the current year because there has been a delay in orders during 14/15.
7. Property £926k
- 7.1 Property costs have increased by £70k in the 2015/16 budget. The main reasons for this increase are shown below:
- 7.1.1 £15k increase in Furniture, Fixtures & Fittings is required to purchase equipment identified following Health & Safety reviews
- 7.1.2 The £5k increase in other property costs is the net of a decrease in the payment for the franchise agreement for Loch Lubnaig as the tenant will have full camping season income in 2015/16 and the impact of the cost of the Gateway Centre service charge as we do not expect to have a tenant in place until 2016.
- 7.1.3 There is a £6k increase in Property Repairs & Development arising from a £5k reduction in Legionella works and increased costs of £7k for property surveys and £3.5k of capital works arising from Health & Safety reviews.
- 7.1.4 The increase in Rates arises as we have the full year costs for the Gateway Centre of £26k. We have made the decision not to recover rates on this as an 'empty property' as that would require the existing office tenant to vacate and create bigger security issues with the property being empty.
- 7.1.5 The small increases in Refuse & Waste Disposal (£2k) and Rent (£7k) are the result of additional sites requiring waste collection and the rent of

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Geisher Road, Callander. The increase in Tools & Equipment (£3k) is to purchase replacement tools following Health & Safety HAVS testing.

7.2 We have targeted keeping the costs the same as the current year for Energy, Property Cleaning and general Property Repairs & Development and we have not budgeted for any additional costs arising from the property surveys. There is an element of risk inherent in the property costs budget that we will manage accordingly during the year.

### 8. Transport £125k

8.1 We have targeted savings of £8k in transport costs in general, mainly as a result of the decrease in fuel prices. The increase in Vehicle Rental costs arises from Health & Safety reviews and is for the hire of equipment as needed during the year.

### 9. ICT £262k

9.1 Overall ICT costs are expected to be £2k lower than 2014/15.

9.1.1 We are expecting to invest an additional £13k for upgrades to the GIS systems and software during 2015/16.

9.1.2 Hardware & Software costs have decreased by £19k primarily because 2014/15 included £10k for a new patrol database which is non-recurring, we have ended one of our software contracts as it was not value for money saving £4k and we are targeting savings of £6k on general IT equipment replacement which seems reasonable as we invested in replacement hardware at the end of 2013/14.

9.1.3 Telecoms & Data costs have increased by £3.5k because: BT data charges are expected to increase: we saved money during 2014/15 on mobile phone costs because there was some line rental credit following our handset purchase in 2013/14; there are additional costs in 2015/16 for the licence and batteries for the people counter.

### 10. Supplies & Services £36k

10.1 We have targeted savings of £14k on other supplies and services in order to fund more important priorities during 2015/16. This mainly relates to the marketing function where expenditure will be focussed on other areas.

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### 11. Administration Costs £237k

11.1 We are planning to spend £10k less in total on administration costs:

11.1.1 There are savings on legal fees of £11k now that the Governance Team is at full complement and savings of £8k on Published Materials because we are reducing the subscriptions that we pay for.

11.1.2 The cost of consultants has increased by £5k because of the reallocation of marketing expenditure as mentioned above in 10. Supplies & Services.

11.1.3 Other Admin costs have increased by £3.5k because of the impact of a full year's cash collection charges at Luss Toilets.

### 12. Payments to Third Parties £15k

12.1 This is in line with 2014/15 and funds ANPA corporate development sponsorship and a contribution towards the Royal Highland Show.

### 13. Operating Summary

13.1 Income is £78k lower than 2014/15 because of the lower Capital Grant in Aid, offset by the income targets set to assist in compensating for this decrease. There is an increase of £100k increase in operating costs, arising mainly from the pay award, therefore Net Operating Expenditure is £180k higher than 2014/15 and this obviously has a knock on effect to the funds that are available for projects.

### 14. Projects £1.5m

14.1 We are planning to spend £184k less on projects during 2015/16 as a result of the increase in net operating costs as mentioned above. There has been a robust review of the project expenditure to ensure that it fits with our overall aims and with the Scottish Government priorities. The projects section of Appendix 1 provides details of the expenditure by service area and individual project. An overall summary of where the £1.5m project expenditure is being focussed is as follows:

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### 14.2 Conservation & Land Use £142k

14.2.1	Wild Park 2020	£30k
14.2.2	Ecosystems Services Projects	£6k
14.2.3	Countryside Trust	£7k
14.2.4	Natural Heritage Grant Scheme	£50k
14.2.5	Peatland Project & Callander Landscape (net)	£10k
14.2.6	Land Use Projects	£20k

### 14.3 Visitor Management £797k

14.3.1	Your Park	£460k
14.3.2	West Highland Way Upgrades	£50k
14.3.3	COAT (part of Outdoor Recreation budget, 5 years)	£105k
14.3.4	Respect the Park	£60k
14.3.5	Education & Volunteers	£52k
14.3.6	Other	£70k

### 14.4 Tourism

14.4.1	Gateway Centre (matched funding Scottish Enterprise)	£132k
14.4.2	Signature Events	£30k
14.4.3	Visitor Survey	£22k
14.4.4	Other	£31k

### 14.5 Rural Development £125k

14.5.1 Evenly spread across a variety of grant schemes and contributions to partner agencies

### 14.6 Corporate Services £233k

14.6.1	Capitalised Salaries	£200k
	<i>(this will be allocated to individual capital projects included within the other service delivery areas, it is recorded here as a budgetary place holder)</i>	
14.6.2	Website Development	£30k
14.6.3	Estate Asset Project	£3k

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### 15. Overall Summary

15.1 Preparing the budget for 2015/16 has been challenging within the financial constraints of our grant in aid award and the impact of other cost increases. As you will have noted from several of the sections above there is some risk inherent in our assumptions on income generation and in the pro-active management of staff vacancies and property costs. We are confident that these can be successfully managed over the course of the year and appropriate corrective action will be taken should any risk be realised.

### 16. Recommendation

16.1 It is recommended that members approve the draft budget for 2015/16.

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