

## Financial Report: Quarter 1 2016/17

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### *Paper for information*

1. Purpose

To present the management accounts as at the quarter ended 30 June 2016.

2. Recommendations

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

3. Management Accounts Summary

At the end of the first quarter there are no significant issues to highlight in relation to achieving a balanced budget. Key budget management points are:

- Income is £22k higher than budget mainly because of increased launch fees received as a result of the good early summer weather.
- We are on track to achieve the salary cost savings that we set as part of the budget process.
- The positive variance on operating costs is a timing variance.
- There are additional costs expected in relation to the Drumlean legal case for the year which were not included in the budget.
- Project costs are delayed as compared with the budget but with no issues to report.

4. Detail

4.1 *Grant in Aid*

Grant in Aid is in line with budget.

4.2 *Operating Income*

Operating income is £22k higher than budget:

- Planning fees are £6k behind budget, due to the timing of two large applications. However, if all programmed applications are received as anticipated, we may have higher planning fee income than expected for the full year.
- Launch fees are £15k higher than profiled following the early season good weather.
- Property rental income positive variance of £20k is timing only.
- There are a few adverse variances that may have an impact on achieving the commercial income target for the year. This will be managed as part of the Quarter 2 budget revision process which will be reported to the Delivery Group in November.

# National Park Authority Board Meeting

Agenda Item 11

## Financial Report: Quarter 1 2016/17

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### 4.3 *Salaries*

Salary costs are £83k less than budget:

- Realised savings to date of £47k (significant progress towards the £120k target for the year)
- The remaining variance relates to timing, primarily on seasonal Rangers and the pay/progression award process not yet complete

### 4.4 *Other Operating Costs*

Operating costs are £157k lower than budgeted for the quarter mainly because of timing differences. A detailed review of all variances has taken place and identified a number of small adverse / positive variances. However these are not expected to have an impact on the full year budget position at this stage. The exception to this is the unbudgeted professional fees in relation to appealing the Drumlean judgement (expected to be £14k for the year).

### 4.5 *Net Project Expenditure*

- There are no financial issues to report in project expenditure.
- Your Park has incurred very little of the £495k budgeted expenditure to date which is in line with expectations.
- The Gateway Centre project has also incurred very little expenditure. The full year budget for the Park Authority of £149k will be adjusted at the Quarter 2 review stage to reflect the recent decision on the Gateway Centre.
- The Outdoor Recreation Plan line includes unbudgeted income (£372k) and expenditure (£245k) in relation to Sustrans funding for Community Path projects, (Balloch to Gartocharn, St. Fillans to Lochearnhead and Lochearnhead Railway Path.) The difference of £127k is due to timing between receiving the grant from Sustrans and paying it out. There is no impact on our full year budget in relation to this as it is money in/out.
- The website project appears to have a small overspend based on committed expenditure (£6.3k). This is because the 2015/16 accrual will not be released until the invoices have been received.

## 5. Balance Sheet & Cash Flow

5.1 The Balance Sheet position remains consistent with that reported at year end as part of the annual accounts, with no issues to report.

5.2 Cash management is an area of focus, given our net current liabilities, resulting from prior year overspends that were approved by the Scottish Government.

# National Park Authority Board Meeting

Agenda Item 11

## Financial Report: Quarter 1 2016/17

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### 6. Summary

The main points to highlight are:

- all project expenditure is expected to be in line with the full year budget and very little cost has been incurred to date;
- the risk in our income targets, which will be managed as part of the mid-year budget revision;
- continuing risk of unexpected costs (no contingency within the budget);
- £120k salaries savings target for the year seems achievable based on actual results to date;
- cash situation requires management and attention;
- achieving a balanced budget is realistic with continuing focus and effort by all managers
- the focus of the Quarter 2 review will be to identify additional capital funding to accelerate Your Park.

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