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Ms Fiona Logan
Chief Executive
Loch Lomond and The Trossachs
National Park Authority
Carrochan
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Our ref: A8629854
14 January 2015

Dear Fiona,

BUDGET ALLOCATION AND MONITORING: 2014-2015

Purpose

I am writing, on behalf of the Scottish Ministers, to confirm the budget and associated grant in aid allocated to Loch Lomond and The Trossachs National Park Authority (LLTTNPA) for 2014-2015, and to provide guidance on Ministerial priorities for the year ahead. This letter also sets out the arrangements for monitoring the budget and for (re)profiling and drawing down grant in aid. The use of resources must be in accordance with the agreed corporate and annual business plan, LLTTNPA's Management Statement and Financial Memorandum (to be replaced in 2014-15 by a new framework document), and any relevant guidance issued by the Scottish Ministers, in particular the Scottish Public Finance Manual (SPFM). Relevant guidance may also include setting out, from time to time, the expectations for the way that LLTTNPA operates in support of Ministers' policy aims and objectives for the public sector as a whole.

Strategic Priorities and Context

LLTTNPA programmes and priorities for 2014-15 should continue to have a strong focus on delivery of the Scottish Government's National Performance Framework (NPF), in particular the Government's Purpose, and the National Outcomes to which the National Park contributes, specifically **2, 4, 6, 9, 10, 11, 12, 13, 14 and 16**. The Park Authority will measure its progress against these National Outcomes using the key performance indicators at **Annex B** which are drawn from its National Park Partnership Plan 2012-17 and its annual operational plan. The latter document should provide the necessary level of detail, including objectives and targets, to reflect the LLTTNPA's wider activities.

Financial and Public Service Reform challenges

2014-15 marks the final year of the current Spending Review agreed in 2011. LLTTNPA should continue to assess the financial challenges that will need to be managed within the tight budget settlement for the year, and prioritise its resources in order to remain on track to achieve the objectives of the organisation's Corporate Plan 2012- 2017, meet its statutory functions and maintain the most important contributions it makes to the Scottish Government's Purpose.

The Scottish Government commitment to drive public service reform at a pace by demonstrating delivery against the four pillars of *Prevention, Partnership, People and Performance* remains a priority. LLTTNPA should continue to make a strong contribution towards meeting this challenging commitment by making further progress with its partners during the year towards delivery of the National Park Partnership Plan 2012-17. We will continue to take an active interest in progress and that appropriate priority continues to be maintained to ensure that the clear benefits for the environment, local economy and communities can be achieved.

Supporting the Scottish Economy

An integral part of the Scottish Government's purpose is increasing sustainable economic growth. LLTTNPA should continue to contribute to the achievement of this ambition. This includes looking at ways of increasing the potential contribution which the national park can make to the tourism sector, in particular through the Park Authority's key involvement in the delivery of the Scottish Scenic Routes initiative. Also, LLTTNPA should continue to work closely with developers and other key stakeholders to maintain its delivery of a planning service that adds value and is welcomed by its customers, ensuring that new developments take appropriate account of our valuable natural heritage and relevant European and domestic legislation. This is pertinent to Scotland meeting its renewable energy target, particularly in helping to ensure this can be achieved sustainably.

Working collaboratively

Working collaboratively remains at the centre of the Scottish Government's public service reform agenda. LLTTNPA should therefore continue to look at other opportunities for effective strategic engagement with a wide range of public, private and third sector partners as a mechanism for helping to deliver key priorities and efficiencies within tighter budgets that support the achievement of the National Outcomes directly relevant to the organisation's remit. This approach is exemplified by Community Planning Partnerships (CPPs) where LLTTNPA should, with reference to the Scottish Government/CoSLA *Agreement on Joint Working on Community Planning and Resourcing*, continue its engagement with particular CPPs in which the Park Authority has a substantive role in delivering Single Outcome Agreement outcomes. LLTTNPA will also be expected to continue to adhere to the principles of the SEARS partnership, and participate in taking forward the next steps of the Environment and Forestry (ENFOR) Directorate's Review of the Policy and Delivery Landscape, in particular the main recommendation to explore ways of achieving greater strategic alignment of the policy and delivery bodies within ENFOR.

Delivering High Quality Public Service

National Outcome 16, together with Ministers' commitment to drive forward public service reform provide both a general context within which LLTTNPA should test the effectiveness

and efficiency of its work programmes and a specific commitment to securing efficient use of resources. LLTTNPA should continue to apply Best Value principles to its business activities, deliver annual operational efficiency savings, and be prepared to engage further with Scottish Government on the Corporate Expectations agenda during the year.

LLTTNPA should continue to demonstrate its compliance with the Public Services Reform (Scotland) Act 2010 duties, with particular emphasis on shared services and procurement activity. The Park Authority, as an important environmental public body, should continue to demonstrate a strong commitment to its climate change duties in Part 4 of the Climate Change (Scotland) Act 2009.

Planning beyond 2014-15

The Scottish Government's draft budget for 2014-15 published in September 2013 provided an indicative figure for LLTTNPA's budget for 2015-16 (confirmed in the Scottish Government's draft Budget setting out spending plans for 2015-16 published on 9 October 2014). Whilst no formal indications are available beyond March 2016, we should expect the next Spending Review period to be equally challenging for public sector organisations. LLTTNPA will need to take this into consideration in developing its longer term priorities beyond 2014-15 which should continue to contribute to the Scottish Government's Purpose in the most effective and efficient way possible.

Budget

LLTTNPA's detailed budget for 2014-15, disaggregated in terms of the relevant expenditure classifications on the HM Treasury database, is shown in **Annex A**. In summary, the budget is:

	£000s	Notes
Resource DEL	6,398	① ②
Ring-fenced (or "non cash") DEL	774	① ③
Capital DEL	1,167	① ④
Total DEL	8,339	①
Expenditure classed as AME	0	⑤
Total budget	8,339	

① DEL is the "Departmental Expenditure Limit" as defined by HM Treasury. The Scottish Government's DEL budget limits are determined by the Barnett formula and are not negotiable.

② Comprises wages and salaries and operating costs offset by trading and other resource income.

③ Ring fenced DEL comprises depreciation, amortisation and impairment (if it does not qualify as AME – see below).

④ Comprises capital grants and additions to non-current assets offset by the net book value of disposals of non-current assets.

⑤ AME is "Annually Managed Expenditure", which covers expenditure which HMT accepts is volatile and is therefore subject to different controls. Examples are some pension adjustments and some impairments.

Transfers of budgetary provision **between** the classifications in the table above would require the prior approval of Scottish Government Finance. Any proposals for such transfers should therefore be submitted to the sponsor team. Transfers of budgetary provision **within** the classifications in the table above may be undertaken without reference to the Scottish Government, subject to any constraints on specific areas of expenditure e.g. the approved pay remit.

LLTTNPA's assumed trading and other resource income is **£0.851 million** and the assumed net book value of disposals of non-current assets is **£0.012 million**. These amounts have been taken into account in arriving at the budget shown above. If the amounts realised or expected to be realised in-year are less than estimated, you shall, unless otherwise agreed with the sponsor team, ensure a corresponding reduction in your gross expenditure so that the agreed budget is not exceeded. Excluding income resulting from gifts, bequests or donations, if the amounts realised or expected to be realised in-year are more than estimated, you must seek the prior approval of the sponsor team before using any excess to support additional expenditure.

HM Treasury Budget Monitoring

Forecast outturn and spend to date for the financial year should be reported to the sponsor team by completing and submitting the budget forecast and monitoring spreadsheet each month. We are grateful for the forecasts that have been submitted so far this year, and would welcome the spreadsheet continuing to be completed and submitted by the last full week of each month. Where appropriate (e.g. for depreciation) costs may be calculated on the basis of one twelfth of the budget for each month. A completed spreadsheet providing the position at the end of the financial year (31 March 2015) should be submitted to the sponsor team by the week of **20 April 2015** (subject to Finance deadlines).

Budget Revisions

Ministers have to manage the Scottish budget in the light of pressures and savings that may arise during the financial year. LLTTNPA may itself experience pressures and savings. Such factors may make it necessary for Ministers to make changes (upwards or downwards) to the budget and associated grant in aid for your organisation. Where, exceptionally, any changes have to be made I shall keep you informed of Ministers' intentions and give you the opportunity to comment.

Grant in Aid

As a result of current legislative provisions, Scottish Government funding for its sponsored bodies is shown in the annual Budget Act in terms of grant in aid i.e. the net cash figure required to support agreed budgets. The authorised grant in aid for LLTTNPA for 2014-15 is £7.565 million. We are grateful for the Grant in Aid profile provided in March 2014 and would welcome receiving monthly updates, as necessary. LLTTNPA should aim to submit an update to the sponsor team by the last full week of each month providing details of grant in aid already drawn down, a profile of monthly grant in aid requirements for the remainder of the financial year and a note of the unrestricted cash reserves held at the end of the previous month.

The updated profiles will be used for monthly cash management forecasts provided to HM Treasury and as the basis for the payment of grant in aid - unless notification to the contrary is received by the sponsor team at least 10 days before payment is due to be made. The sponsor team will normally aim to make payments of grant in aid by the 5th of each month. Grant in aid should not be drawn down in advance of need. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of the body - and the level of funds required to meet any liabilities at the year-end. At the end of the financial year, the sponsor team and LLTTNPA will formally agree the total grant in aid attributable to that particular period.

Classification of Functions of Government

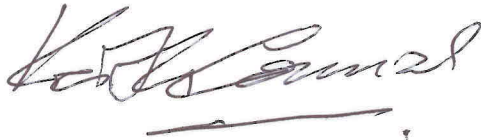
To meet HM Treasury reporting requirements an analysis of expenditure by the [Classification of the Functions of Government](#) (COFOG) e.g. categories such as subsidiary services to Education, Manufacturing, Law courts, Transport etc. is needed for onward transmission to HM Treasury. For this purpose expenditure means gross expenditure, whether funded by grant in aid or by other income. The classification has already been established in respect of LLTTNPA (05.4.0 – environmental protection; protection of biodiversity and landscape), but should this need to change in the future, the sponsor team will engage with the organisation to agree a COFOG analysis.

Issues Arising

If you have any questions arising from this letter, or if you foresee any financial issues developing in the course of the year, please do not hesitate to contact me or the sponsor team. The sponsor team will, where necessary, consult relevant Scottish Government Finance colleagues.

I am copying this letter to Bob McIntosh and Linda McKay

Yours sincerely,



Keith Connal
Deputy Director, Natural Resources Division

**LOCH LOMOND AND THE TROSSACHS NATIONAL PARK AUTHORITY (LLTTNPA):
DETAILED BUDGET ALLOCATION 2014-2015**

	<i>Budget on HMT database</i>	<i>HMT Classification*</i>
	<i>£000s</i>	
(Gross) Operating costs	7,249	RDEL
Trading and other resource income (negative)	(851)	RDEL
Depreciation/Amortisation	774	Ring-fenced RDEL
Accruing pension liability (where agreed as being classed as AME)	0	AME
Impairments (where agreed as being classed as AME)	0	AME
Capital grants	70	CDEL
Capital additions to non-current assets (including investments)	1,109	CDEL
Net book value of disposals of non-current assets (including investments) (negative)	(12)	CDEL
Total net expenditure (as recognised by HMT)	8,339	

* For a full explanation of HM Treasury's budgeting rules see the current version of [Consolidated Budgeting Guidance](#). "DEL" stands for Departmental Expenditure Limits, and is the more tightly controlled side of the government's budget. It is split between resource (or revenue) "RDEL" and capital "CDEL". Non cash budgets are ring fenced within RDEL, which means that (for example) any underspend on depreciation cannot be used to fund actual cash expenditure. "AME" stands for Annually Managed Expenditure, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls.

STRATEGIC CONTEXT

The table below sets out LLTNPA's Key Performance Indicators which contribute to the delivery of the ten National Outcomes relevant to our remit.

	National Outcomes	LLTNPA Key Performance Indicators
2	We realise our full economic potential with more and better employment opportunities for our people	Increase number of business start up's Increase GDP growth in the National Park Increase inward investment in the National Park Increase number of overnight stays in the National Park Increase hotel capacity in the National Park
4	Our young people are successful learners, confident individuals, effective contributors and responsible citizens	Increase number of groups undertaking outdoor learning in the National Park
6	We live longer, healthier lives	Increase number of people using key paths
9	We live our lives safe from crime, disorder and danger	Increase percentage of residents and visitors that feel safe in the Park
10	We live in well-designed, sustainable places where we are able to access the amenities and services we need	Increase percentage of all new housing that is affordable
11	We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others	Increase number of communities with community action plans revised within past 3 years
12	We value and enjoy our built and natural environment and protect it and enhance it for future generations	Increase percentage of designated site features in favourable condition Increase number of whole farm or estate plans Increase percentage of water bodies achieving good ecological condition status Increase percentage of land under woodland Increase number of hectares of peatland (soils and habitats) improved within the Park Reduce number of buildings on the "buildings at risk" register within the Park
13	We take pride in a strong, fair and inclusive national identity	Increase number of and percentage increase in the number of unique visitors to our website

14	We reduce the local and global environmental impact of our consumption and production	Increase number of megawatts generated from renewable sources
16	Our public services are high quality, continually improving, efficient and responsive to local people's needs	Increase number of timetabled water bus services Maintain/improve accessible and high performing planning application and pre-application service Maintain/improve public consultations/campaigns monitoring and feedback

