

Draft 2017/18 Budget

Paper for decision

1. Purpose

- 1.1 To present the draft budget for 2017/18.

2. Recommendations

- 2.1 It is recommended that members note the information contained within this report, in particular section 10, and Appendix 1 with a view to approval of the 2017/18 budget.

3. Background

- 3.1 The draft budget is prepared on the basis of the Scottish Government budget which passed the first stage of the Scottish Parliament legislative process in February 2017. In the wider context of significant pressure on public spending we received a very favourable budget allocation which represents a strong endorsement from the Scottish Government of the work of the Park Authority. The Delivery Group reviewed the draft budget in February 2017 and recommend approval to the Board.
- 3.2 The preparation of the 2017/18 budget has involved the careful planning and prioritisation of staff and cash resources to incorporate the delivery of the first season of operating the Your Park camping byelaws. A combination of continuing to achieve savings in staff, property and operating costs has helped to offset additional costs associated with enhanced ranger patrolling and the operation of new facilities associated with managed camping. Capital budgets reflect the continuing priority to improving camping and motorhome facilities. A significant achievement has been to keep the overall proportion of operating budget accounted for by staff costs flat while increasing the seasonal staff resource needed to ensure the successful delivery of the first season of Your Park.

4. Overview

- 4.1 The budget presented is balanced which demonstrates significant commitment throughout the organisation to maximise Best Value alongside improvements in our budget management processes. We received a favourable spending review from Scottish Government in that our Revenue Grant in Aid remains flat at £6.27m and our Capital Grant in Aid is lower by £0.14m than the previous year at £0.86m.
- 4.2 The main financial challenge within the budget is that to achieve a balanced budget we have set a salary savings target of £122k. This compares to a target of £120k set for the current year which was achieved by the time of the mid-year budget revision

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therefore the risk associated with the savings target for 2017/18 is considered to be low (see section 10).

- 4.3 The 2016/17 budget contained a stretch income target of £100k which was not achieved. The 2017/18 budget has a pragmatic income target of £80k (see section 5).
- 4.4 Salary costs, as usual, are a significant proportion of overall costs and are currently running at 81.6% of our revenue Grant in Aid.
- 4.5 The Your Park operational costs for 2017/18 have been allocated into the appropriate management areas so that they move into 'business as usual' operating costs. A summary of the Your Park costs is shown at section 8 below for information.
- 4.6 Members will note that despite the challenges faced by the organisation we have been successful in presenting a balanced budget for 2017/18 which, whilst it does contain elements of risk, is a much stronger budget than the initial budget for 2016/17. The Executive team has managed the larger risks in the 2016/17 budget and therefore there is confidence in the ability of the organisation to manage the risks within the 2017/18 budget.

5. Income £617k

- 5.1 Operating income is £59k higher than 2016/17 which reflects some planned increases offset by one-off income received in 2016/17. Included within income are the following points to highlight:
 - Income from Public Bodies is £18.5k lower than 2016/17 as a result of one-off items that will not re-occur. The majority of the income shown relates to the recharge to Cairngorms National Park Authority for shared services.
 - Generated Income is £80k higher than 2016/17 which reflects:
 - additional car parking income of £35k
 - camping booking income of £35k
 - additional toilet charging income of £10k
 - Property Rental Income has increased by £7k from 2016/17, most of which is an income target to maximise the number of our properties which are tenanted e.g. Firkin, Rowardennan and Milarrochy.

6. Salaries £5.1m

- 6.1 Salary costs have increased by £201k as compared with 2016/17. This includes:
 - £122k pragmatic vacancy management savings target.

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- £30k increase from a change in cleaning services operations (offset by savings - see section 7, property costs).
- £74k for pay/progression award and £5k for the Apprenticeship Levy
- £208k to support the Your Park implementation (offset by savings – see section 7 property costs)

6.2 This results in staff salary costs being 81.6% of revenue grant in aid. This maintains the % of revenue costs for staff level from the previous year, which given our strategy to increase resource to deliver Your Park in the first year of operation, is a good outcome.

7. Other Operating Costs £1.7m

7.1 Other operating costs have decreased by £95k as compared with 2016/17. This has been achieved by stripping out all non-essential expenditure and making some appropriate risk-based decisions.

- Non-salary Staff costs have increased by £10k because we have included the Best Companies staff survey and there is an increase in the cost of Uniforms & Clothing which had minimal funding in 2016/17.
- Property costs show savings of £98k arising from:
 - changes in the way grounds maintenance and cleaning services operations are delivered
 - a reduction in costs as the Gateway Centre will be tenanted during the year
 - rates revaluations lower than previous valuations
 - one-off costs in 2016/17
 - increased investment in property improvements and planned / preventative maintenance
 - increases arising from the operational costs of the Your Park project
- Transport costs are £15k lower than the prior year because 2016/17 has a capital budget allocation for £42k of replacement vehicles which is offset by increases in fuel and maintenance costs of £25k in relation to the operation of Your Park.
- ICT costs are £49k higher than 2016/17 for various reasons:
 - Hardware costs have increased by £13k to fund IT upgrades / equipment
 - Software costs have increased by £47k which includes £12.5k in relation to Your Park and there was a one-off £33k saving in 2016/17 arising from a review of all software costs to ensure consistent treatment
 - Savings in Telecoms & Data costs and GIS costs.

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- Administration costs are showing a saving of £44k compared to the current year mainly because legal fees are expected to be much lower in 2017/18:
 - Consultancy costs have increased to support the Park communications plan.
 - Professional Fees show a saving of £73k explained below:
 - Cost of governance advice which will not re-occur in 2017/18.
 - Legal costs significant in 2016/17 in relation to two cases and no provision for any further costs has been budgeted in 2017/18.
 - No contingency included - unexpected costs will be managed in year
- Published Materials have increased by £12k, most of which relates to the cost of printed materials for the Your Park project.

8. Your Park Operating Costs Summary £226k

8.1 The operating costs for Your Park are included in the appropriate categories above. As this is the first year of operation it seems helpful to summarise these to assist Members in understanding the impact of Your Park implementation:

- Income £35k from sales of permits, pitches and firewood
- Salaries £156k additional staff costs required in this first year of operation (offset by savings target of £120k)
- Property Costs £45k to manage the permit and pitch areas at Loch Chon, South Loch Earn and 3 Lochs Forest Drive
- Transport Costs £25k for projected increased use of our existing vehicles to service the Your Park patrols.
- ICT Costs £12.5k to run the camping booking system is £8.4k and additional communication costs
- Goods for Resale £1.1k which is the cost of firewood
- Administration Costs £21.5k for printed materials and communications to enhance public awareness

9. Project Expenditure £1.1m

9.1 Capital expenditure on projects for 2017/18 is planned at £814.5k which is lower than previous years reflecting the £140k reduction in our Capital Grant in Aid allocation.

9.2 Revenue expenditure on projects is planned at £283k which is £75k lower than 2016/17 - this decrease has been minimised by ensuring operational costs reflect savings and efficiencies.

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Conservation and Land Use £63.5k

£20k has been allocated to the Countryside Trust, £20k for Mountain Bogs, £15k for Land Management, £5k Red Squirrel and £3k Trossachs Water Vole.

Visitor Management £222k

£60k has been allocated to Respect the Park (Police Scotland partnership), £8k for Outdoor Recreation Plan, £105k for Mountains & the People, £7k Walk in the Park, £20k Place Enabling and £22k Education.

Visitor Management – Your Park £441k

The implementation of our Camping Development Strategy remains our most significant area of expenditure for 2017/18 with £428k capital and £13k revenue expenditure allocated towards the on-going development of camp sites, permit areas, whitespace technology, signage, capital resource, the Visitor Management Information System, minor site development work and legal costs.

Estates / Capital Projects £235k

Capitalised Salaries of £180k is estimated for the capital projects planned for the year and £50k has been allocated to WHW upgrades with £5k for the estates management project.

Visitor Experience £24.5k

£17k contribution to the Great Scottish Swim and £7.5k matched funding towards tourism destination project.

Rural Development £106.6k

- £40k to support the Community Partnership
- £50k towards a revised Grant Scheme which will absorb the Natural Heritage Grant Scheme, the Community Grant Scheme and the Built Heritage Grant Scheme
- £6k for Tree Preservation Order project
- £10.6k net funding towards the Callander Landscape Programme

Other areas £5.6k

£5k is allocated to the National Park Partnership Plan for 2017-2022 and £1k for the Gaelic Language Plan.

10. Cross year budget management

- 10.1 As part of the process of managing the 2016/17 year end outturn we are identifying options that create flexibility to allow us to fund the Gateway Project in 2017/18 and to reduce the low level of risk in the 2017/18 budget even further.

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- 10.2 The areas that are being considered include:
- The value of work that can be completed for the Gateway project in 2016/17 is under discussion with the contractor however it is clear that we will need at least £130k of budget cover in 2017/18. To fund this we are planning to make the £105k contribution to the Mountains & the People and invest in IT Hardware in 2016/17.
 - There is likely to be an underspend on revenue in 2016/17 therefore we have financial capacity to switch items of spend planned for 2017/18 into 2016/17 e.g. contributions to partners and operational expenditure. This would allow us to reduce the salary savings target (currently at £122k) lowering risk in 2017/18.
- 10.3 In reviewing the draft budget presented we would ask Members to take these scenarios into account and delegate final agreement of the budget to the Executive Team so that we have a working budget available to staff from April 2017.

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