National Park Authority Board Meeting

Agenda Item 9.2

LOCH LOMOND & THE TROSSACHS NATIONAL PARK

Management Accounts: Quarter 1 2017/18

Paper for information

1. Purpose

To present the management accounts for the quarter ended 30th June 2017.

2. Recommendations

Members to note this paper and the financial information in **Appendix 1**, in particular the potential for budget overspend for the full year, which will continue to be actively managed and reviewed in detail as part of the mid-year budget revision.

3. Operating Income

Income is £19k lower than budget and £15k of this relates to the timing of large planning application fees. There is risk in the assumptions on launch fee income as this is £7.6k lower than budget and £6k lower than the same period in the prior year, and we had assumed additional launch fee income of £6k would be possible in the 2017/18 budget. This risk has the potential to be offset by additional income in relation to meeting room hire, pop-up rental income and increases in property rental charges.

4. Salaries

Salaries are £105k below budget and £112k of this relates to timing assumptions so there is an underlying overspend. Based on recruitment planned to support achievement of operational plan targets there is the potential that salary costs for the year will be over budget. This will be clarified as part of the mid-year budget revision process which begins in August/September and which will report to the December Board Meeting.

5. Operating Costs

Operating costs are £94k lower than budget which relates primarily to the timing of property, ICT and consultancy invoicing.

The main areas of risk are:

- Recruitment costs which are budgeted for the full year at £6.5k and actual costs for the first quarter are already £3.7k and, as mentioned above, there are still a number of posts to be recruited during the year.
- Legal fees for Luss Visitor Centre vacant possession and Drumlean access were not budgeted: the current estimate of costs for these two cases is £37k. These costs may, or may not, be recoverable subject to the final outcome of the case. There

may also be a potential rental income upside in relation to Luss, again subject to the outcome of the case.

- Essential repairs required to piers and pontoons are in the process of being quantified and are anticipated to be significant. The expectation is that any works would be scheduled over financial years. This will be considered as part of the mid-year budget revision.

6. Projects

Overall there is more than £800k to commit / spend at this point in the year which is not unusual and £410k of this relates to the Your Park projects.

Gateway Centre

The Gateway Centre budget is relatively complex because it spans 3 years and needs to consider the reverse lease premium income of £175k which will not be treated as project income in the annual accounts (correctly). The table below summarises the 2017/18 budget which does take that income into account (as agreed with Scottish Government Finance).

Description	Budget	Committed	Variance	Comment
SE Capital Grant Contribution	234,741	232,885	(1,856)	Change in the amount recognised in 2016/17 based on actual costs *(still £250k in total with £185k paid to date / balance due on completion)*
200 SVS Capital Contribution	27,371	_	(27,371)	Contribution paid to Harpers since the end of June.
Reverse Lease Premium	121,087	175,000	53,913	Underspend to be allocated to other capital projects
Costs	521,592	530,188	(8,596)	£10k costs for splitting the energy supply to be moved to Estates operational costs as not a project cost
Net Cost	**139,393**	**122,203**	**17,190**	**Forecast underspend will be ~£50k.** *Active budget management taking place on on-going basis. The underspend relates purely to income recognition rather than costs*

Other minor points:

- The Outdoor Recreation Plan project shows an overspend of £47k because we have made a payment out of £55k without having received the matched funding in yet. This was arranged in advance as an exception.
- Callander Landscape shows an overspend of £9k which relates to invoicing to HLF which is due to take place.

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7. Balance Sheet and Cash Flow

The cash balance at the end of June was £357k which recognises the £175k Reverse Lease Premium and the receipt of £185k of the grant contribution from Scottish Enterprise in 2016/17 combined with the fact that not all Gateway construction costs have been paid out as yet. This includes £85k 'ring-fenced' in relation to the West Highland Way.

There are the following points to note:

- Off Kilter – invoice for £500 for pop-up event at the Gateway Centre during the Great Scottish Swim remains unpaid and a bad debt provision has been made.
- CNPA £14.8k overdue – Payment is expected in September.
- The Suspense Account balance is higher than usual and this relates to a payment of £27.5k in relation to a planning condition. The use of the funds is being agreed with Stirling Council.

8. Other Financial Updates

- Annual Accounts – the property valuations report has been received and reviewed. The annual accounts will be updated to reflect the necessary changes and it is expected that they will be signed at the September Audit Committee.
- VAT – HMRC carried out a VAT Assurance Visit on 22nd August covering the previous 4 year period. The meeting went very well with a small number of issues to resolve and good feedback from HMRC. We were able to clarify some of the more complex aspects of our VAT status during the meeting and will be receiving further advice from HMRC to assist us.
- Whole of Government Accounts (WGA) – for the first time this year we are now required to submit WGA returns to Scottish Government for inclusion in the annual consolidation carried out by HM Treasury. The draft accounts were submitted and agreed with few issues and the final accounts deadline is end of September.
- Corporation Tax – work on the 2016/17 tax computation will commence over ythe next Quarter.

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