

# National Park Authority Board Meeting

Agenda Item 11

## Financial Report

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### *Paper for information*

1. Purpose

To present the latest Forecast for 2018/19 and the Management Accounts for the 7 months to 31 October 2018.

2. Recommendation

It is recommended that members review and note the information contained within this report and Appendices 1 (Forecast) and 2 (Management Accounts).

3. Contribution to National Park Partnership Plan and Our 5-year Plan

Robust financial and budget management underpins the outcomes and priorities of the National Park Partnership Plan 2018-23 and Our 5-year Plan.

4. Background

4.1. The budget for 2018/19 presented in March 2018 showed an overspend of £60k. In Quarter 1, following our usual process, we prepared the first forecast of the year (Forecast 1) achieving a balanced budget. This comparison is provided at the top of Appendix 1 Summary for reference purposes.

4.2. We usually present a full budget revision at this point in the year, however the actual position to date is positive and therefore the Executive Team agreed that this would be an inefficient use of resource and a second forecast was carried out (Forecast 2) which is also balanced. The comparison between this and Forecast 1 is provided at the bottom of Appendix 1 Summary.

4.3. The Management Accounts for the 7 months to October are compared to Forecast 1.

5. 2018/19 Forecast

5.1. The forecast at Appendix 1 shows a balanced budget and the key points to note are explained below.

5.2. Income is £68k higher than Forecast 1 which reflects court awards of £151k in relation to possession of Luss Visitor Centre and the Drumlean access case. The court awards reflect the reimbursement of expenses incurred by the Authority and the value of rental income due for possession. This positive impact is offset by projected shortfalls in planning income and generated and property rental income. The latter relates to the delay in opening the campsite at Loch Achray, non-operation of toilet turnstiles for part

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of the season and stretch targets for property rental income not being achieved, as internal resource was focused on the Luss court case.

- 5.3. Staff salaries show a £35k saving which also includes achievement of the £100k savings target set as part of the earlier budget and forecast processes. These savings have been redeployed to resource key projects and initiatives.
- 5.4. Operating costs are £78k higher and the £47k capital element of this relates to the increase in the cost of essential repairs and upgrades to our piers and pontoons. This has been covered by underspends on other capital projects. The revenue element of £31k relates to the allocation of budget to property repairs and developments to improve the condition of some of our office space. This was possible as a result of the income upside as explained above and other revenue savings.
- 5.5. Project capital is £55k lower as funding has been moved to operational as explained in 4.4 above. Project revenue is £80k higher, mainly as we have invested a further £57k in the Rural Development area. Funding in this area includes an additional £10k in grants, £7k for the Community Partnership and £40k to cover project management support (which is focussed on reducing the inherent risk of the Callander Landscape Partnership programme which has a total value of £2.5 million).
- 5.6. There are other movements within project areas which reflect the re-allocation of funds, mainly from Estates Capital Projects, to focus on other key initiatives such as Ranger Marine Fleet and water supply at Loch Chon.
- 5.7. A key success reflected in the forecast was the award of £507k across two years from the Rural Tourism Infrastructure Fund (RTIF) to support the upgrades to our visitor facilities on West Loch Lomond and for the Falls of Leny project which is part of the Callander Landscape Partnership programme of work.

### 6. Management Accounts for the 7 months to 31<sup>st</sup> October 2018

These results are largely superseded by the forecast for the full year explained above. The main points to note from the October results are:

- 6.1. The Grant in Aid variance of £100k is timing only, the cash drawdown profile has been amended.
- 6.2. Planning fees, generated income and other income variances are as explained in the forecast section above.
- 6.3. Staff costs are £150k below budget year to date realising the £100k savings target for the full year which has been achieved primarily through the timing of replacing posts. The Executive Team have identified other key posts to be funded for the remainder of the year to support our priority outcomes.

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- 6.4. Property costs are lower for timing reasons arising from a delay in the work on piers and pontoons which, as above, are forecast to be over budget.
- 6.5. Project spend year to date is low and the priority for the remainder of the financial year is to ensure delivery of the project forecast.

### 7. Summary

The main financial risk lies in the non-delivery of key projects within the current financial year. The Executive Team and Operational and Project Managers are aware of the importance of ensuring we achieve our objectives and priority outcomes for the year. This will be closely monitored by the Finance & Performance Team to allow early identification of any significant risk and the corresponding escalation to the Executive Team for action.

Appendix 1 – Forecast 2018/19

Appendix 2 – Management Accounts for the 7 months to 31st October 2018

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