

National Park Authority Board Meeting

Agenda Item 10

Financial Report



Paper for noting

1. Purpose

- 1.1. To present the management accounts for the 6 months ended 30 September 2019 and the Quarter 2 (Q2) Budget Revision for 2019/20.

2. Recommendations

- 2.1. 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

- 3.1. 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. We set our budget at the start of the financial year, which was approved at the March 2019 Board meeting. We report on this monthly through the Management Accounts.
- 4.2. Halfway through the financial year, Managers and the Executive undertake an in-depth review of the budget (the Q2 budget revision) including any updates to forecast costs, and any new spend requests that have arisen through the year. This is now complete for 2019/20.

5. September 2019 Management Accounts Summary

- 5.1. The budget figures in the management accounts are the original budget figures before the Q2 revision. The September management account commentary is superseded by the Q2 revised budget for 19/20, with the key changes detailed in section 6 below.
- 5.2. The main points to note in the management accounts are:
 - Although overall income was £50k above the year to date budget at the end of September, planning fees were under budget by £28k and generated income was below budget by £54k.
 - Staff savings target of £200k is on track and will be exceeded for the full year, given vacancies in the year.
 - As at 30 September 2019, net project expenditure was low at £91k.

National Park Authority Board Meeting

Agenda Item 10

Financial Report

- The annual accounts for 2018/19 were laid before Parliament on 14th November 2019.

6. Q2 Budget Revision 2019/20

6.1. The original 2019/20 budget was not balanced and had a capital overspend of £26k and a revenue overspend of £39k. Following our Q2 review, our revised budget now has a **balanced capital position** and a **forecast revenue overspend of £32k**.

6.2. The Executive are comfortable with the currently forecast deficit of £32k. We will continue to work throughout the year to bring this to balance. We expect that there is likely to be delays in some spend areas, and therefore expect that a broadly balanced budget will be delivered at the end of the financial year.

6.3. The main changes in the budget at Q2 are as follows:

- Grant in Aid has been increased by £28k as a result of additional Peatland funding being provided directly from the Scottish Government.
- Forecast income has been reduced by net £60k. Planning fees have been reduced by £40k; generated income has been reduced by £70k mainly within toilet and car park income; other income has increased by £39k to reflect receipts in relation to the sale of vehicles and for grants for new leased electric cars.
- The initial budget included a salary savings target of £200k, which has been achieved. The full year salary forecast has been reduced by a further £164k, to reflect vacancies for the remainder of the year. A savings target of £28k remains in place which relates to future gaps in post.
- Operating costs have increased by £105k to £1.769m.
 - Property repair costs have increased by £30k as a result of unbudgeted expenditure for septic tank emptying at Firkin and costs related to bore hole drilling at Loch Chon.
 - Professional fees have increased by £55k, which is mostly as a result of an increase in external legal fees.
 - Motor fleet costs have increased by £22k in relation to the lease of electric vehicles. However, income of £18k has been received in grants to cover the switch in our fleet to electric vehicles.
- As part of the Q2 review, the main projects were confirmed as being on track for delivery. Any slippage will be monitored closely over the rest of the financial year. Overall, the project budget has been reduced by £6k, with various changes in the projects being funded:

National Park Authority Board Meeting

Agenda Item 10

Financial Report

- Additional £28k in Peatland projects as funded directly from Scottish Government
- Marine workboat replacement of £50k deferred until 2020/21
- Reallocation of Estates budget priorities based on need and capacity to deliver this financial year, with a net decrease of £13k in costs. However, the budget for capital investment at Firkin has been increased by £40k.
- Increase in IT budget of £40k in relation to the infrastructure upgrades and implementation of SWAN.

7. Budget 2020/21

- 7.1. The Scottish budget has been delayed from 12 December 2019 as a result of the general election. The announcement of grant in aid settlements have therefore been delayed and we are unlikely to receive notification of our allocation until January 2020 at the earliest. We expect the financial outlook to remain challenging and budgetary pressures to continue.
- 7.2. We continue to liaise with the Scottish Government on this, and we are mindful of our own internal dates for decisions on seasonal operations and Board and Committee meetings. To help prepare, we have started the initial stages of our 2020/21 internal budget process, alongside planning for next year's Annual Operational Plan.

Appendix 1 – Management Accounts: 6 months to 30 September 2019
Appendix 2 - Q2 Budget Revision 2019/20

Author: Eilidh McKerry, Finance Manager
Executive Sponsor: Pete Wightman, Director of Corporate Services