

# National Park Authority Board Meeting

Agenda Item 5

## Draft 2020/21 Annual Operational Plan and Budget

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### *Paper for decision*

#### 1. Purpose

- 1.1 The purpose of this paper is to outline and seek approval of our Annual Operational Plan and budget for the 2020/21 financial year.

#### 2. Recommendation

- 2.1 We recommend that you approve:
- The proposed Annual Operational Plan for 2020/21
  - The proposed budget for 2020/21, providing that appropriate action will be taken during the year to achieve a balanced budget

#### 3. Executive Summary

- 3.1 We continue to see huge potential within the National Park, in terms of the value of its natural capital, communities, businesses, and our own people. Our organisation is in a strong place in terms of the calibre of our people and being at the forefront to deliver important work such as action to address the global climate emergency.
- 3.2 This year's Annual Operational Plan and budget have been developed to enable us to deliver key outcomes within the strategic context that we operate in. Our proposed Annual Operational Plan is structured around four themes that will be our focus for the year:
1. Taking and inspiring action to address the global climate emergency and nature crisis
  2. Enhancing our visitor experience, volunteering, and active living opportunities
  3. Addressing the changing challenges posed by substantial visitor numbers
  4. Continual improvement in delivering our core functions, including how we plan and use our resources, and meet our statutory requirements and duties
- 3.3 These priorities are heavily informed by our National Park Partnership Plan (NPPP) and Our 5 Year (Corporate) Plan, as well as the broader public sector context such as the Scottish Government's budget and Programme for Government.
- 3.4 At the same time, our gradually increasing cost pressures alongside minimal revenue growth means that our ambition is constrained by budget availability. While not yet approved by the Scottish Parliament, the Scottish Government is proposing to increase our revenue Grant-in-Aid by £158,000 compared to last year, and to keep our capital allocation flat. Compared to some potential scenarios, this allocation is positive and enables us to continue to deliver many of our priorities.

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Still, the increase is modest and when considered alongside our cost increases it has meant identifying work that we will not be able to progress and vacancies we will not be able to fill.

- 3.5 The Executive team has also agreed a set of management principles that we will use in the coming year given the budget pressures:
1. We will be innovative in our approach to delivery (such as shared services, income generation, and fundraising)
  2. We will be willing to take well-informed risks (such as reducing/stopping work where we are not achieving value)
  3. We will use our existing resources flexibly (such as through internal secondments)
- 3.6 These will help us ensure we are continuing to make the most of our available resources, deliver on our priorities and commitments, and protect and enhance the well-being of our people.
- 3.7 For 2020/21, our proposed expenditure is £8.74 million, including £7.58 million of revenue expenditure and £1.16 million of capital expenditure. Within this, we are proposing a small initial deficit of £32,000, which we intend to manage down through the year.
- 3.8 We also plan to continue to seek and leverage funding from external sources to help deliver on our objectives. One such area is in peatland restoration, where the Scottish Government is planning to spend £20 million in 2020/21 (as part of a 10-year, £250 million commitment). We are awaiting further detail on how we might be able to access these funds for projects within the National Park.
- 3.9 We consider that our proposed budget enables us to deliver on our Annual Operational Plan, which focuses on our priorities for the year. For example, the budget includes:
- Significant capital expenditure for upgrades to our own estate in light of the global climate emergency, and an increase to the National Park Grant Schemes to encourage more projects related to the climate emergency and nature crisis
  - Funding of key visitor infrastructure work, including upgrades to Luss Visitor Centre
  - Completion of a visitor survey so that we better understand (and can therefore better serve) the National Park's visitors
  - Prioritising estates management spend on driving efficiencies and improving health and safety, including implementing a new estates management system and carrying out essential work on piers and pontoons

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- 3.10 We are also prioritising staffing that aligns with these priorities. For example, we are filling our Land Management Advisor vacancy to enable continued capability on peatland restoration.
- 3.11 However, salary costs are by far our greatest overall cost (circa 70% of our revenue expenditure), reflecting that most of our organisation's delivery is due to the skills and commitment of our people. We rely heavily on our staff and they consistently go above and beyond to ensure our success. Within the 2020/21 budget we have allocated £250,000 to fund the pay award in line with the Scottish Government guidance and we think this is important to implement in full to ensure fairness, recognition, and retention. Our Scottish Government colleagues recognise the impact that the pay guidance has on our organisation given our staff levels in proportion to our budget, and the £158,000 uplift in our Grant-in-Aid was specifically allocated to cover a portion of this.
- 3.12 In addition, we recognise that we need to keep our salary costs under control. As part of the 2020/21 budget we have decided not to proceed with filling or extending select posts that unfortunately need to take a lower priority in the context of our budget. We are also proposing to reduce the number of seasonal staff. We will keep hiring decisions under review as the year progresses.
4. Annual Operational Plan
- 4.1 The Annual Operational Plan sets out our priorities for delivery for the year. It is a key document for establishing what we aim to accomplish.
- 4.2 This year's proposed plan includes some structural changes that we hope will improve the effectiveness of the document and make it more meaningful and easily measurable for the Board and the organisation. The proposed changes include:
1. **Focusing on key priorities and set-piece items for the year.** Our 2019/20 plan has over 80 individual items listed. Instead, our 2020/21 plan suggests circa 30 items that represent the key deliverables and set-piece items for the year.
  2. **Structure around themes.** The 2020/21 plan uses four themes that set out our focus for the year. Using this set of themes allows us to embed our work in a consistent narrative that reflects the National Park Partnership Plan and Our 5-Year Plan, but also demonstrates our delivery priorities for the coming year. The Annual Operational Plan itself sets out how the items within the plan relate to our National Park Partnership Plan outcomes and Our 5-Year Plan priorities.
- 4.3 Below are some highlights of the themes and activities included in this year's plan. Full details are included in the plan attached.

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### 1. Taking and inspiring action to address the global climate emergency and nature crisis

The global climate emergency and nature crisis has taken new prominence nationally and internationally. The National Park is well positioned to take real action to respond, both in terms of our own organisational response as well as working with partners across the National Park and beyond. Proposed activities include:

- We will make transformational organisational changes to maximise our role and action in the climate and nature emergencies.
- We will support our communities, land managers and businesses in the transition to zero carbon.
- To support habitat management and improvement, we will work with partners to better manage land for climate and nature within the National Park.

### 2. Enhancing our visitor experience, volunteering, and healthy living opportunities

There remains great opportunity for us to enhance the ability of all to have safe, positive and meaningful experiences within the National Park. Proposed activities include:

- We will continue to promote ways to get active in the outdoors.
- We will celebrate and leverage national themes and campaigns such as Scotland's Year of Coasts and Waters and the West Highland Way's 40<sup>th</sup> Anniversary.
- We will continue to develop and deliver volunteer, education and outreach opportunities to ensure people from a wide range of backgrounds are enjoying, valuing and helping to manage the National Park.

### 3. Addressing the changing challenges and opportunities posed by visitor numbers

We welcome 4 million visitors to the National Park every year, reflecting the successes achieved by us and our partners in creating and preserving a place where people want to come to experience all the National Park has to offer. We must continue to work together with partners to ensure the National Park remains a place for all to enjoy. Proposed activities include:

- We will complete a Visitor Survey to identify visitor types, behaviour, and tourism market trends.
- We will continue to develop effective approaches to the sustainable management of visitor pressures in the National Park with a focus on traffic management.
- We will continue to deliver commitments within the Camping Development Framework.

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- We will work with partners on litter and waste prevention to minimise the environmental impact of litter and waste and improve the experience of those visiting, working in, and living in the National Park.
4. Continual improvement in delivering our core functions, including how we plan and use our resources, and how we meet our statutory requirements and duties

Our core functions as a public body relate to the priorities set out above and within the National Park Partnership Plan and Our 5-Year Plan. For example, how we carry out our functions related to Planning will impact the National Park's resilience to climate change and how visitors experience the National Park. Proposed activities include:

- We will support placemaking at regional and local community level.
- We will implement changes introduced by the Planning Scotland (Act) 2019.
- We will identify ways to supplement our core funding to help sustain and improve the services we deliver.
- We will continue to address Health and Safety risks to our staff and the public.
- We will look at further improvements to the effectiveness of our corporate services.

We think that the above themes and priorities reflect our main areas of focus for the coming year. They aim to show where our emphasis as an organisation will be and, at a high level, what the main delivery items will be.

### 5. Budget

5.1 Our proposed budget enables us to achieve the activities set out in the draft Annual Operational Plan, while establishing a balance in funding ongoing operational and salary costs. We have been able to allocate funding to many priorities and actions which will help us to deliver our broader goals within the National Park Partnership Plan and Our 5-Year Plan. However, there are some activities that we have not been able to fund to the levels that we would have liked.

5.2 Our proposed total expenditure for 2020/21 is as follows. Further detail including variance against 2019/20 is in Appendix 2.

| (£'000)                    | Capital  | Revenue     | Total       |
|----------------------------|----------|-------------|-------------|
| Total Income               | 1,160    | 7,552       | 8,712       |
| Total Expenditure          | 1,160    | 7,584       | 8,744       |
| <b>UNDER/(OVER) BUDGET</b> | <b>0</b> | <b>(32)</b> | <b>(32)</b> |

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- 5.3 We are proposing an initial £32,000 deficit on revenue expenditure, which we plan to manage down through the year. This is in the same region as the £39,000 revenue deficit approved by the Board in the 2019/20 budget. Managing with this deficit gives us the flexibility to manage based on needs and developments through the year, without unduly restricting our initial planning.

### Income

- 5.4 Total income is forecast at £8.71 million. This is £215,000 higher than 2019/20. This includes:
- £158,000 in additional revenue Grant-in-Aid, less the £29,000 ring-fenced peatland funding planned for 2019/20
  - £33,000 net increase in generated income, including £22,500 for toilet income now that Luss and Balmaha toilets will be refurbished, £20,000 from car park charging at Tarbet and Inveruglas, and a £19,000 increase in rental income. This is partially offset by decreases in income from items such as the sale of vehicles
  - Other minor variances such as income received for seconded staff, increased sales at campsites, and increased installation of donation boxes at some sites in the National Park
- 5.5 As with previous years, our non-Grant-in-Aid income is subject to risk as it can be influenced by factors both within and outside our control, such as the volume of users at our sites (eg customers at campsites), successful delivery of projects (eg implementation of car park charging), finding suitable tenants (eg Tarbet and Inveruglas kiosks), and the number and nature of planning applications (and therefore planning fee income).

### Salaries

- 5.6 We are forecasting our 2020/21 salary expenditure to be £5.43 million. This is £122,000 higher than 2019/20. This includes £250,000 allocated for a staff pay award as per the Scottish Government guidance. As noted in the Executive Summary, we consider it is important to implement this in full to ensure fairness, recognition, and retention of our staff.
- 5.7 We have decided to fill some key vacancies that are critical to us meeting our objectives. However, there are some posts across the organisation that we have decided not to fill, or to keep under review as the year progresses. Through these measures, we expect a slight reduction in our staff numbers (from an expected 143 FTEs in 2019/20 to a forecast 138 FTEs in 2020/21 – figures are approximate), but

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this is a position we will continue to consider as and when vacancies arise, needs change, or budget becomes available.

- 5.8 We have also considered the budget for our seasonal operation. Information gathered from deployment and site use over recent years has allowed us to identify where efficiencies in our seasonal operations could be achieved. For example, patterns of campsite, permit area and other visitor site usage has helped inform decisions about deploying resource where it is needed most. At the same time we have identified where we can moderate seasonal staffing, particularly at less busy times and locations, such as at mid-week days during shoulder months. This has allowed us to identify budget savings from our seasonal operation of £50,000, reducing to £262,000. The situation will be continually monitored throughout the season and will be ready to adjust deployment if issues arise.
- 5.9 We prepare the salary budget on a prudent financial basis and expect the actual costs to be lower because of delays in recruitment, and changes in roles, hours or bands as needs arise. Therefore we have set a savings target to take account of timing and efficiency savings and to assist in delivering a balanced budget. We are proposing a £150,000 savings target for 2020/21. This is lower than 2019/20 when we had senior level vacancies such as the Director of Corporate Services. The staff savings target also increases strain on the organisation and our ability to deliver if we stretch it too far.
- 5.10 Finally, we are proposing to allocate £175,000 to capitalised salaries to reflect the staff time on capital works. This is roughly similar to years past, though £20,000 less than 2019/20 due to us having fewer known capital projects such as those under the Rural Tourism Infrastructure Fund.

### Operating Costs

- 5.11 Our operating cost budget for 2020/21 is £1.84 million, which is £68,000 higher than 2019/20. It covers the following expenditure:
- Non-Salary Staff Costs of £339,000, including Board Members Fees of £163,000 and minor changes to areas such as staff development costs and volunteer costs
  - Property Costs of £689,000, including a £13,000 increase in energy costs, partly offset by reduction in fuel costs from the use of electric vehicles, and a £14,000 reduction in budget for property repairs and maintenance
  - Transport Costs of £128,000, including a £17,000 reduction in fuel and fleet costs
  - ICT Costs of £318,000, including an increase of £26,000 for essential licensing and upgrades

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- Administration and Other Costs of £363,000, including increases in professional and consultancy fees, which is partly offsetting reduced staff capacity in some areas

### Activity spend

- 5.12 The activity budget represents projects, grants, contributions and capital expenditure. For 2020/21 this includes our full £1.16 million capital budget, as well as our £315,000 of our revenue budget.
- 5.13 We have prioritised this spend to help deliver the key objectives within the proposed Annual Operational Plan. However, due to the overall budget position, we have not been able to fund as many items as we would like. We have also had to reduce the amount available for third party organisations such as Police Scotland, the Community Partnership, and Countryside Trust by £40,000 in total (circa 30%). We have begun discussions with the affected organisations on what this will mean for delivery.
- 5.14 The following sets out how we have allocated the activity budget across the four themes of the Annual Operational Plan. Note that in reality some items would deliver against multiple themes, so the allocation is indicative.

| Annual Operational Plan theme  | Proposed activity expenditure   |
|--|---|
| 1. Taking and inspiring action to address the global climate emergency and nature crisis | £52,000 revenue<br>£314,000 capital<br>Including Wild Park projects, the National Park Grant Scheme (increased from previous years), and improvements to our estate in light of the climate emergency.  |
| 2. Enhancing our visitor experience, volunteering, and active living opportunities       | £87,000 revenue<br>£299,000 capital<br>Including our contribution to the Callander Landscape Partnership, signature events such as Go Swim, and ongoing support for education, volunteering, and outreach programmes. Also includes significant capital budget for upgrades to Luss Visitor Centre. |
| 3. Addressing the changing challenges posed by substantial visitor numbers               | £69,000 revenue<br>£262,000 capital<br>Including key marine fleet replacements, our contribution to Police Scotland, costs of our visitor survey, litter events, and signage.   |



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| 4. Continual improvement in delivering our core functions, including how we plan and use our resources, and meet our statutory requirements and duties | £107,000 revenue<br>£285,000 capital<br>Including essential estates upgrades (eg for health and safety), IT/GIS system upgrades, and funding for a new boat registration database. |
|--|--|

### 6. Conclusion

- 6.1 The proposed 2020/21 Annual Operational Plan and budget build on our strong delivery capability. In the face of constrained income and resources we are taking action to prioritise our activity to align with the strategic context of our own plans and those of government, while also ensuring we are innovative, flexible, and take risk-based decisions.

Appendix 1 – Draft 2020/21 Annual Operational Plan

Appendix 2 – Draft 2020/21 Budget Summary

**Author and Executive Sponsor:** Pete Wightman, Director of Corporate Services

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### Appendix 2 - Draft Budget Summary 2020/21

| Draft Budget 2020/21<br>£'000             | 2020/21 Budget |              |              | 2019/20 Q2 Budget |              |              | Variance    |              |              |
|---|----------------|--------------|--------------|-------------------|--------------|--------------|-------------|--------------|--------------|
|   | Capital        | Revenue      | Total        | Capital           | Revenue      | Total        | Capital     | Revenue      | Total        |
| Grant in Aid                              | 1,160          | 6,678        | 7,838        | 1,160             | 6,520        | 7,680        | 0           | 158          | 158          |
| Ring-fenced Peatland Grant In Aid         | 0              | 0            | 0            | 3                 | 26           | 29           | (3)         | (26)         | (29)         |
| Income                                    | 0              | 874          | 874          | 22                | 766          | 788          | (22)        | 108          | 86           |
| <b>Total Income</b>                       | <b>1,160</b>   | <b>7,552</b> | <b>8,712</b> | <b>1,185</b>      | <b>7,312</b> | <b>8,497</b> | <b>(25)</b> | <b>240</b>   | <b>215</b>   |
| Operating Salaries                        | 0              | 5,432        | 5,432        | 0                 | 5,310        | 5,310        | 0           | (122)        | (122)        |
| Other Operating Costs                     | 0              | 1,837        | 1,837        | 25                | 1,744        | 1,769        | 25          | (93)         | (68)         |
| Activity Costs (inc capitalised salaries) | 1,160          | 315          | 1,475        | 1,160             | 290          | 1,450        | 0           | (25)         | (25)         |
| <b>Total Expenditure</b>                  | <b>1,160</b>   | <b>7,584</b> | <b>8,744</b> | <b>1,185</b>      | <b>7,344</b> | <b>8,529</b> | <b>25</b>   | <b>(240)</b> | <b>(215)</b> |
| <b>UNDER/(OVER) BUDGET</b>                | <b>0</b>       | <b>(32)</b>  | <b>(32)</b>  | <b>(0)</b>        | <b>(32)</b>  | <b>(32)</b>  | <b>0</b>    | <b>0</b>     | <b>0</b>     |

*Note: Operating salaries figure is shown net of £150k savings and £175k capitalised salaries*