

# National Park Authority Board Meeting

Agenda Item 8

## Financial Update - 2019/20 year end

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### *Paper for noting*

#### 1. Purpose

- 1.1. This paper presents the management accounts for the 2019/20 year ended 31<sup>st</sup> March.

#### 2. Recommendation

- 2.1. It is recommended that members review and note the information contained within this report, Appendix 1 (Management Accounts) and Appendix 2 (Annual Accounts Timetable).
- 2.2. The Board is asked note that the provisional year-end financial position is an underspend of £75k (before non-cash and capital adjustments). This position is unaudited. The underspend arose as a result of the COVID-19 pandemic.
- 2.3. We will be finalising the financial position for 2019/20 through our annual accounts process, as set out in section 9 below.

#### 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. Our 2019/20 expenditure was impacted by the COVID-19 pandemic. Though the pandemic only arose late in the financial year, the closure of our sites and offices, halting of construction projects, delays in our supply chain, delays in completion of grant works and reprioritisation of resources has meant that we underspent our budget in 2019/20.
- 4.2. A significant portion of our expenditure takes place in the second half of the financial year when the tourist season is complete. This year, due to the pandemic and shut down of our workplaces and operations, we weren't able to complete these activities in full.
- 4.3. Note that the Scottish Government provides a one year grant in aid settlement and does not allow any surpluses to be carried forward to future years.

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### 5. Summary

- 5.1. The breakdown of the underspend of £75k is shown on Appendix 1 Section 2.
- 5.2. There are a number of variances against the Q2 budget (which had a £32k deficit). However, at a high level, the underspend can be explained by the COVID-19 outbreak.
- 5.3. There were delays on capital projects and contributions, as works were halted on construction sites and projects and the supply chain halted (e.g. RTIF £13k, grants £16k, IT projects £23k). In addition, there were a large number of small revenue underspends as work could not progress in the last couple of weeks of March; legal (£6k), litter equipment (£4k), equipment (£2k), cyber essentials accreditation (£4k), volunteer costs (£2k), leaflets (£2k) and travel and subsistence/ fuel (~£3k).
- 5.4. Please note that the Finance team has not yet completed the capitalisation process. Therefore the allocation of the underspend between capital and revenue budget has not yet been finalised.

### 6. Analysis

#### 6.1 Income

- Operating revenue of £750k was generated for the year to 31<sup>st</sup> March 2020, against a Q2 budget of £788k.
- The main variance was planning income which was £43k under budget at £182k, as there were fewer larger planning applications than forecast at Q2.

#### 6.2 Salaries

- The salary costs for the year totalled £5.515m, in line with the Q2 budget. The additional savings target of £28k was achieved through vacancy management and the pause in recruitment at the end of 2019.
- Capitalised salaries are likely to be less than budgeted. This has no impact on the total underspend of £75k and is a reallocation between capital and revenue budgets.

#### 6.3 Operational Expenditure

- Year to Date operational spend totalled £1,740k against the Q2 budget of £1,769k.
- IT spend was £37k under budget. GIS planned upgrades were cancelled and there were software and data timing savings as a result of the delayed implementation of Windows 10 and SWAN.

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- Non salary staff costs were £14k under budget with various small underspends across categories, many of which were COVID-19 related (e.g. equipment, travel and subsistence).
- Property costs costs were £28k above budget. This overspend was forecast in-year and included higher property repair and energy costs than budgeted, as previously reported.

### 6.4 Operational Expenditure

- Net project expenditure was £1,121k on projects against a budget of £1,244k.
- Capital projects were £91k under the Q2 budget as follows:
  - The grant scheme was £26k under budget, primarily as a result in delays in applicants completing projects following the COVID-19 pandemic.
  - The construction works at Inveruglas and Balmaha under RTIF were halted following the COVID-19 pandemic (net underspend of £13k).
  - The completion of IT infrastructure projects was also delayed (underspend of £23k).
  - The Estates database required less capital than budgeted (£15k).
- Revenue projects were under budget by £32k, which was primarily due to underspends on the Estates projects (£30k).

## 7. Annual accounts year end timetable

7.1 As a result of the pandemic, the annual accounts timetable has been amended. The ledgers have been kept open for a longer period for accruals, to capture 2019/20 expenditure. The audit has been postponed from May to July and will be conducted remotely. The signing of the accounts has been postponed from June to September, with the accounts being presented at the September Board and Audit and Risk Committee.

7.2 An amended timeline is presented in Appendix 2.

Appendix 1 – Management Accounts: 12 months to 31<sup>st</sup> March 2021

Appendix 2 – Updated Year End Accounts Timetable

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