Financial Report Q1 2020/21
Agenda Item 11

National Park Authority Board Meeting
13th September 2021

Paper for information

1. Purpose

1.1. The purpose of this paper is to present the financial update, including the Management Accounts for the quarter ended 30 June 2021.

2. Recommendation

2.1. That the Board note this report and the Management Accounts for the quarter ended 30 June 2021 (Appendix 1).

3. Contribution to National Park Partnership Plan and/or 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. The management accounts detail actual income and expenditure for the 3 months to 30 June 2021. The full year budget, year to date budget and the prior year to date actuals are detailed for reference.

4.2. The total revenue Grant In Aid settlement includes £500k in relation to COVID. This covers lost income and additional costs, including portaloo hire and additional seasonal staffing costs.

4.3. The budget has been over-programmed by £198k (£83k capital and £115k revenue) to reduce the risk of underspend, given the internal and external factors that may impact delivery this financial year.

4.4. The increase in revenue and capital GIA for 2020/21 is allowing us to build back resilience, following a number of years of constrained budgets. It has also led to the development of the ambitious programme of deliverables in the Annual Operating Plan (AOP). The focus over the first quarter of the year has been on scaling up to deliver on the budget increase. It takes time to build capacity, recruit staff, plan and scope our projects and engage with partners and communities. As it is the first year of a multi-year capital settlement, it is a transitional year, with time being taken to plan investment and establish structure within the organisation for delivery.

5. Summary of Financial Position

5.1. Operating income for the quarter totalled £260k compared to the YTD budget of £201k, full year budget of £628k and prior year income for the quarter of £176k. There is an element of timing variances, however income is tracking expectations at the end of Quarter 1.

5.2. Operational spend for the quarter totalled £705k, which is broadly in line with the YTD budget. Of this total, £293k is property related costs and £188k ICT costs.

5.3. Total salary costs for the period were £1,294k which tracks the year to date budget of £1,302k.

5.4. At the end of June, activity costs totalled £211k. When Callander Landscape Partnership is removed, the Authority's expenditure totalled £98k. The budget uplift for 20/21 has allowed us to plan a more strategic and long term investment in the organisation and National Park. Resources have been invested in the recruitment of staff to deliver on our activity budget. However, there are risks around project delivery, with constraints in the external market around contractor availability and supply chain. At the upcoming Q2 budget review, we will review planned project spend in detail, performing a full review of budget allocations.

5.5. Our Sponsor Team requested a review of committed expenditure in July 2021, highlighting any spending plans that were not yet committed. This was to allow them to consider potential options for re-prioritisation to support their budget management. Given the risks noted above, we have identified £200k of uncommitted capital.

5.6. There have been a number of new cost pressures identified within the first quarter. This includes spend to examine and restore the condition of some assets, focusing on health and safety requirements on visitor sites (e.g. pier and bridge repairs). These costs are not yet reflected in the actuals. The Q2 budget review will examine year to date and committed costs to update the expected position for the full year.

6. Risks

6.1. Although spend is broadly in line with the year to date budget, there remain a number of areas of risk. With the uplift in Grant In Aid, we have scaled up the organisation to create capacity to deliver. However, given the stage that we are in our transition, coupled with the risks around contractor availability and supply chain, there is a risk of capital underspend. Although we have a multi-year capital settlement, we do not have the ability to carry budget across financial years. The majority of our capital spend takes place after the season and in the last six months of the year, where conditions can be challenging and unpredictable. However, we continue to manage our budget in an agile manner, responding to external constraints, findings from development of our project plans and changing cost pressures.

6.2. Our mid-year (Q2) budget review is getting underway, with Executive Team decision-making expected in October, which will be presented to the Chairs & Executive Group in November and the Board in December. This is a particularly important process for us this year in order to minimise risk. The Q2 review will consider and prioritise new cost pressures that have arisen as well as reallocate project spend that may be behind schedule. In addition, following SG's request, we have identified £200k of uncommitted capital as noted above that could be re-allocated by SG if needed.

6.3. At the end of June, there was £58k of debt over 60 days old. The majority relates to one tenant and is taken into account through the prior year bad debt provision and the 21/22 budget assumptions.

6.4. There is financial risk with regards to recent legal cases, in terms of legal costs. There is no provision in the current budget for legal costs associated with court proceedings.

7. Appendices

Appendix 1 – Management Accounts 3 Months to 30 June 2021

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