



# 2022/23 Annual Operational Plan and Budget

## Agenda Item 5

### National Park Authority Board Meeting

14th March 2022

Paper for decision

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#### 1. Purpose

1.1. The purpose of this paper is to outline and seek approval of our Annual Operational Plan and budget for the 2022/23 financial year.

#### 2. Recommendation(s)

2.1. We recommend that you approve:

- The proposed Annual Operational Plan for 2022/23
- The proposed budget for 2022/23

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

3.1. The Annual Operational Plan at Appendix 1 sets out how our activities for the year will contribute to the National Park Partnership Plan outcomes and Our 5-year Plan priorities. The budget supports the delivery of the Annual Operational Plan and therefore contributes to those same outcomes and priorities.

## 4. Executive Summary

- 4.1. The Annual Operational Plan sets out our organisational priorities for delivery in the coming year. In particular it describes the activities and deliverables we will undertake this year to drive change towards our National Park Partnership Plan outcomes and Our 5-Year Plan objectives. This year's plan continues to build on previous successes and, at its heart is a focus on the twin crises of the global climate emergency and nature loss.
- 4.2. We will build on our work from 2021/22, which established the framework for restoring and protecting nature in the National Park, as well as taking and inspiring action to tackle the global climate emergency. This year we will be working to reflect these heightened priorities as we develop the next iteration of these strategic plans, and others, involving extensive engagement and partnership working.
- 4.3. The 2022/23 plan is centred on four themes. These were developed with consideration of the Scottish Government priorities from the Programme for Government. Our focus for the year will be on:
- **Theme 1:** Renewing our strategic vision
  - **Theme 2:** Tackling the twin crises of nature loss and the global climate emergency
  - **Theme 3:** Investing in People and Places across the National Park
  - **Theme 4:** Transitioning to a resilient future for the organisation
- 4.4. This plan has also driven the proposed allocation of our budget for 2022/23, with a clear focus of resources across the four themes and their impacts.
- 4.5. Our Scottish Government Grant-in-Aid for 2022/23 totals £10.3m, including £1.7m capital and £8.6m of revenue funding. As it stands this represents a more-or-less flat settlement compared to 2021/22.
- 4.6. In 2021/22 we also had £500k of COVID-specific funding to address the impacts of the pandemic, primarily related to visitor management. In December 2021 we were informed similar funding would not be available in 2022/23. As this paper is being prepared, we have been informed that it is possible that additional visitor management funding from the Scottish Government will now be made available to us and other public bodies across Scotland. We are awaiting confirmation of this including what level of funding. It is possible that this will provide sufficient funding for our preferred levels of deployment for 'boots on the ground' seasonal staffing (totalling circa £480k) and we would also like to support Better Places type funding support to communities and charities who supported community based visitor management initiatives such as locally based wardens and ranger staff. If we are successful in receiving additional funding we are ready to scale up our recruitment as soon as

possible. As this additional income is not yet confirmed, it is not included in the budget numbers presented for approval.

- 4.7. For 2022/23, our proposed expenditure is £11.6m, which includes £9.6m of revenue expenditure and £1.9m of capital. The budget assumes £927k of generated income. The capital budget has been over-programmed to provide flexibility for changes in capital programmes and the management of multi-year projects. Therefore, although the position shows a net deficit of £233k capital at the start of the year, this will be managed through the year so that no overspend is anticipated.
- 4.8. The net revenue position shows net deficit of £91k, which is anticipated to be managed down during the year. As noted in Agenda Item 10 Financial Update, the Scottish Government have recently re-instated £155k of revenue for 2021/22 and we are in the process of identifying if this additional funding can be used to accelerate work that reduces spend in 22/23.
- 4.9. Our capital grant-in-aid is part of the multi-year capital allocation and was in line with expectations. The revenue settlement remains a one year settlement, although one of the objectives of the Resource Spending Review that is being undertaken by Scottish Government is to provide a multi-year revenue settlement, expected to be announced in May.

## **5. Annual Operational Plan**

- 5.1. 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.
- 5.2. This year's plan follows the same format we have used for the previous two years as we think this is working effectively to make sure the Plan is meaningful for the Board and the organisation. This includes focusing on key priorities and set-piece items for the year, and structuring it around themes for the 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.
- 5.3. Below are some highlights of the themes and activities included in this year's plan. Full details are included in the plan attached.

### Theme 1: Renewing our strategic vision

- 5.4. A number of our foundational plans, including the National Park Partnership Plan, are reaching their established end points. Since these were put in place, we have experienced the seismic impact of COVID-19, and the need to sharpen our focus on the global climate emergency and nature crisis has only become more urgent. Combined with our upcoming Board appointments and elections, this is a pivotal moment for us and our partners to take a step back and reimagine what a carbon-neutral, nature rich, prosperous future for Loch Lomond & The Trossachs National Park will look like. Proposed activities include:

- Develop a future vision for the National Park
- Support the election and appointment of new Board Members with diverse skills and backgrounds
- Ensure our Board and staff consider a wide range of voices in developing strategic plans and decisions

## Theme 2: Tackling the twin crises of nature loss and the global climate emergency

5.5. The twin crises of nature loss and the global climate emergency are intricately related and common threads of cause and effect weave between them, but they are separate issues caused by different, multiple pressures and as such we cannot assume that by tackling one we are tackling both.

5.6. For us to achieve more and bigger outcomes for nature and to address the global climate emergency at the pace required, it is imperative that barriers to success are overcome by all partners. Through this work we will also be exploring opportunities for helping create more green jobs to deliver a more climate and nature friendly economy in the future and as a way of supporting a just transition for local communities and businesses. Proposed activities include:

- Implement our Future Nature Strategy
- Work with others to maximise the nature potential of land within the National Park, including through nature-based solutions to climate change
- Implement our Mission Zero route map
- Develop our Net Zero National Park approach

## Theme 3: Investing in People and Places across the National Park

5.7. Over the summer season, the population of the National Park increases significantly, as does the need for suitable infrastructure that helps manage the volume of people enjoying this special place. The National Park Authority will work in partnership to deliver a number of improvements and enhancements to infrastructure and visitor experience right across the area, to deliver strategic investments to alleviate some of the biggest challenges faced and support our transition to making the National Park Net Zero. Proposed activities include:

5.7.1. Improve visitor infrastructure and enhance visitor experience across the National Park

5.7.2. Improve sustainable transport services for communities and visitors

5.7.3. Work with partners on joined-up approaches to business recovery and improving visitor services

5.7.4. Ensure the Loch Lomond (Navigation) Byelaws are fit for the future

## Theme 4: Transitioning to a resilient future for the organisation

5.8. For the National Park Authority to achieve its outcomes, we need to ensure that the appropriate mechanisms that support the organisation are in place. Building on the successes of 2021/22, we will further increase our capacity to deliver through new ways of working that allow our teams to be flexible and respond to the needs of the organisation, whilst being supported with increased IT capabilities. Proposed activities include:

- Establish clear strategic approaches to managing our assets
- Support the individual work-life balance and wellbeing of our staff whilst delivering on the National Park outcomes
- Ensure our digital capabilities meet the needs of the business
- 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.

## 6. Budget

6.1. The budget summary is presented below, with the Q2 revised budget provided for comparison purposes. Further detail is in Appendix 2.

	21/22 Q2 Revised Budget			22/23 Draft Budget		
	Capital £'000	Revenue £'000	Total £'000	Capital £'000	Revenue £'000	Total £'000
<b>Income</b>						
Grant in Aid	1,700	8,084	9,784	1,700	8,594	10,294
Grant in Aid (COVID-19)	0	500	500	0	0	0
Other income	0	681	681	0	927	927
<b>Total Income</b>	<b>1,700</b>	<b>9,265</b>	<b>10,965</b>	<b>1,700</b>	<b>9,521</b>	<b>11,221</b>
<b>Expenditure</b>						
<b>Total Salaries</b>	<b>0</b>	<b>6,303</b>	<b>6,303</b>	<b>0</b>	<b>6,442</b>	<b>6,442</b>
<b>Total Operating Expenditure</b>	<b>38</b>	<b>2,388</b>	<b>2,426</b>	<b>43</b>	<b>2,277</b>	<b>2,320</b>
<b>Contributions/ Brought Forward Commitments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>912</b>	<b>537</b>	<b>1,449</b>
<b>Project Bids</b>	<b>1,516</b>	<b>771</b>	<b>2,286</b>	<b>978</b>	<b>357</b>	<b>1,335</b>
<b>Total Expenditure</b>	<b>1,554</b>	<b>9,462</b>	<b>11,016</b>	<b>1,933</b>	<b>9,613</b>	<b>11,546</b>
<b>Surplus / (Deficit)</b>	<b>146</b>	<b>(197)</b>	<b>(51)</b>	<b>(233)</b>	<b>(91)</b>	<b>(325)</b>

\*The 2021/22 Q2 revenue grant in aid budget reflects the £155k Scottish Government reduction in Autumn 2021. This was subsequently re-instated in February 2022.

## Income

6.2. We are assuming income of £11.2 million in 2022/23. This is an overall increase of £256k from our revised 2021/22 budget. The variances include:

- £10k of additional revenue grant-in-aid.

6.2.1. £90k increase in planning fees to reflect the rise in charges and the anticipated fees from large planning applications.

6.2.2. An increase of £181k in other income compared to our revised 2021/22 budget. This includes increases in car parking charging income, the reinstatement of charging for toilets and increases in camping income.

### Salaries

6.3. Salaries are budgeted to increase by £139k in 2022/23 compared to 2021/22. This comprises an increase in permanent and fixed term staff costs of £198k, and a decrease in seasonal staff costs of £35k to £379k.

6.4. Salaries costs include the impact of the Scottish Government pay awards and the increase in National Insurance contributions for employers. The salary budget is prepared on a prudent basis and assumes capitalised salaries of £150k and staff savings of £200k through attrition and gaps in posts.

6.5. The reduction in the seasonal staff costs reflects the fact that there has been no COVID specific funding in 2022/23. However, seasonal staff costs remain higher than pre-pandemic (2019/20 budget: £311k) and if additional Visitor Management funding is received, then the seasonal staff complement will be significantly increased.

### Operating Costs

6.6. Our operating costs for 2022/23 are £2.3 million, a decrease of £111k compared to our revised 2022/23 budget.

6.7. The main variances against the revised 21/22 budget are; a reduction in transport costs of £55k, a reduction in property costs of £36k, a reduction in administration costs of £51k and an increase in ICT costs of £38k.

6.8. The reduction in transport costs reflects the fact that the lease car contracts are coming to an end in 2022/23 and that marine fleet costs are anticipated to be less than in 2021/22 following a higher level of repair work in the current year.

6.9. Property costs are £36k lower than the Q2 2021/22 budget, primarily as a result of the decision not to operate temporary toilet facilities in the upcoming summer season. This is offset by increases in energy costs, property repairs and rates and water charges. Where contracts are due for renewal or prices are not fixed, provision has been made for anticipated inflationary increases.

6.10. IT costs are £38k higher than the Q2 2021/22 budget which is as a result of increases in IT software costs. With the digitalisation and upgrade of our

systems, licence costs are increasing. The inflationary increase in standard costs from our suppliers has been factored into the budget for 2022/32.

- 6.11. The reduction in administration costs is largely due to the decrease in consultancy costs. The 2021/22 budget included significant investment in property surveys to inform us on the condition of buildings within our Estate and prioritise property repairs and investment. This was a one-off cost which is not repeated in 2022/23.

#### Activity spend

- 6.12. The activity budget represents projects, grants, contributions and capital expenditure. The current budget allocates £894k of revenue expenditure to activities, an increase of £123k compared to 2021/22. It also allocates £1.9 million of capital, an increase of £374k.
- 6.13. This spend area is crucial to achieving our Annual Operational Plan objectives.
- 6.14. The budget has been split into contributions and carried forward commitments from 2021/22, and new project bids. Funds have been provided across the key activates and deliverables set out in our Annual Operational Plan. Whilst there are areas we could have funded to a higher level (for example Mission Zero upgrades), we consider that sufficient budgets have been provided to keep momentum up, bring about change through the year, and set ourselves up for future years.
- 6.15. The budget allocation includes the following; £500k for Trossachs Connectivity, £375k for Mission Zero, £205k for piers and pontoons repairs, £168k for Future Nature and Wild Park (excluding Peatland) , £200k for Core Paths including Conic Hill upgrades, £200k for a replacement Bracklinn bridge, £100k for strategic Place Projects, £100k for initial payments on a replacement patrol boat and £50k for shuttle bus trials.
- 6.16. With the Place Projects staffing in place and external contracts in place for key projects such as Mission Zero, we are well set up to deliver our activity budget in 2022/23. Our approach is to develop a portfolio of projects that will progress through the year. With the over-allocation of budget, there is an assumption that some of these multi-year initiatives are likely to encounter delays, but that the risk of underspend is minimised and the delivery of a broadly balanced budget is anticipated.
- 6.17. The following table 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. In addition to these activity budget allocations, staffing and operational resources are also applied against these areas.

Annual Operational Plan theme	Proposed activity expenditure
1. Renewing our strategic vision	<p>£45k revenue</p> <p>Including development of the next National Park Partnership Plan, Local Development Plan Support Work, Community Capacity Support and Gaelic language Plan.</p>
2. Tackling the twin crises of nature loss and the global climate emergency	<p>£275k revenue £448k capital</p> <p>Including Mission Zero, Future Nature Development, Wild Strathfillan, Tree Planting Grant scheme, Regional Land Use Partnership Pilots, Land Management support and funding for projects delivered by the Countryside Trust.</p> <p>Significant funding (indicative levels of £104k revenue and £369 capital) is also anticipated for Peatland restoration but is not included in the budget, as it is fully funded by Scottish Government outside of the core Grant In Aid settlement.</p>
3. Investing in People and Places across the National Park	<p>£462k revenue £1,369k capital</p> <p>Including investment in Core Paths, Strategic Tourism Infrastructure Investment and Place Projects, essential piers and pontoons works, Bracklinn Bridge works, initial payments on a replacement patrol boat, our contribution to Police Scotland, water safety infrastructure and campaign costs, sustainable transport trials and sustainable travel and mobility studies.</p>
4. Transitioning to a resilient future for the organisation	<p>£111k revenue £73k capital</p> <p>Including development of our young workforce, our digital strategy, cloud based disaster recovery, replacement of AV equipment and replacement of our Boat Registration database.</p>

## 7. Risks

7.1. The current levels of high inflation are a risk to our budget in 2022/23. That said, a significant portion of our budget is salary costs for which we can estimate the necessary increases based on the Scottish Government pay guidance. For other areas, such as some IT costs and other service agreements, we have multi-year contracts in place that provide us with some predictability. However, other areas are more difficult to predict, such as energy and supplies and equipment we haven't yet tendered for. We have included some inflationary budget uplifts in areas like energy costs, but these will need to be monitored closely through the year and in particular at our Q2 review, especially since we don't have a stable baseline to work off of after two years of pandemic-affected operations.



7.2. We have not included any specific budget for potential additional legal costs arising from the two live court cases of the judicial review of our Core Paths Plan, and the forestry access at our Glenoglehead site. This will be monitored as these cases progress.

7.3. Given our annualised budget cycle, risk of over or underspend is always prevalent. We have outlined a number of steps to manage this including opening deficit positions and salary savings projections. Our ongoing internal budget monitoring and management accounts processes also manage this risk, including quarterly reports to the Board. Budget risk is also tracked in our Risk Registers, which are reported quarterly to the Audit and Risk Committee.

## **8. Next steps**

8.1. Following approval of the budget and Annual Operational Plan by the Board we will begin to take forward the detailed activities and deliverables.

8.2. We will report progress on the Annual Operational Plan to the Board quarterly.

8.3. As part of our usual annual budget cycle, we will undertake a budget review following Quarter 2 to assess actual versus planned expenditure and adjust accordingly to priorities. This will be reported to the Board in the subsequent management accounts.

## **9. Appendices**

Appendix 1 – Draft Annual Operational Plan 2022/23

Appendix 2 – Budget 2022/23 Summary

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