



# Financial Report

## Agenda Item 12

### National Park Authority Board Meeting

13th June 2022

#### Paper for information

---

1. Purpose.....	1
2. Recommendation .....	1
3. Contribution to National Park Partnership Plan and/or Our 5-year Plan.....	1
4. Background .....	1
5. Updated Budget 2022/23 .....	2
6. Management Accounts to 31 March 2022.....	3
7. Next Steps.....	4
8. Appendices .....	5

#### 1. Purpose

- 1.1. This paper presents the updated budget for 2022/23 and the financial update for the year ended 31<sup>st</sup> March 2022.

#### 2. Recommendation

- 2.1. That the Board notes this report, the updated budget for 2022/23 (Appendix 1) and the Management Accounts as at 31<sup>st</sup> March 2022 (Appendix 2).

#### 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 budget for 2022/23 was approved by the Board on 14<sup>th</sup> March 2022.
- 4.2. As advised verbally at the March Board meeting, on 7<sup>th</sup> March 2022, the Scottish Government advised that we had received an additional revenue funding allocation of £630k to support Visitor Management pressures in the deployment of additional Rangers and “boots on the ground”. Given the timing, this additional funding was not included in the budget presented to the Board. It was agreed that an updated budget would be presented to the June Board to include this funding.

- 4.3. The budget has been updated to allocate this additional £630k of revenue. We have also taken the opportunity to update the budget to reflect the latest known position. This includes Peatland funding, any changes as a result of the year end outturn and updated priorities, such as the byelaw review.

## 5. Updated Budget 2022/23

- 5.1. The budget presented to the Board in March 2022, showed a net capital deficit of £233k and a net revenue deficit of £91k. The revised budget shows a net capital deficit of £148k and a net revenue deficit of £69k.
- 5.2. The expectation is that these deficits will be managed throughout the year so that no overspend is anticipated.
- 5.3. The original revenue budget contained £379k for seasonal staffing. This level would have resulted in much lower seasonal staff presence than 2021. The Visitor Management funding of £630k allows the seasonal budget for our own staff to be extended to £604k. This includes provision for modern apprentices, extension of environment officers (focused on litter management), winter resilience, and supports additional volunteer and junior ranger initiatives. The remaining £26k of funding is being used for contributions to additional police support and community led visitor management measures such as community wardens in Tarbet and Luss.
- 5.4. After providing additional funding to address COVID-related pressures in 2020/21 and 2021/22, the Scottish Government has confirmed that 2022/23 will be the final year of additional Visitor Management funding and it will not be replicated in 2023/24. As such, we have been prudent with the allocation of funding, ensuring that we are not over-committing revenue resources into future years, especially in relation to staffing. Discussions are ongoing at the national level to explore how seasonal staff operations at locations across Scotland can be funded over the longer term.
- 5.5. The additional Visitor Management funding for 2022/23 means that the £379k we had originally budgeted can now be reallocated to other priorities. The main changes in the revenue budget following this re-allocation are:
- Activity costs (excluding Peatland and Wild Strathfillan) have increased by £244k
  - Operating expenditure has increased by £96k
  - Staff costs (excluding seasonal costs) have increased by £45k.
- 5.6. Activity cost increases include an additional £160k for Mission Zero, £20k for Community Capacity building and £30k for review of the navigation byelaws. The additional revenue funding for Mission Zero is in place to support the delivery of capital spend, such as the upgrade of the electrical supplies to our sites to enable to installation of air source heat pumps and solar PV panels.

- 5.7. Operating expenditure increases include £50k for additional anticipated energy inflation, £15k for IT support and consultancy, and £35k for LDP research.
- 5.8. Staff cost increases include communications support over the season, increase in support staff hours and additional Land Operations staff.
- 5.9. On the capital side, the main changes relate to the Place Programme, where the budget for Trossachs Connectivity has been reduced by £180k, as an alternative approach is being worked on with Forestry Land Scotland. The revised approach focuses around Ben Venue car park. This decrease in capital has been offset in part by an additional £35k for Mission Zero and approximately £60k of delayed capital spend from 21/22 (mainly IT AV equipment and Place Strategic Tourism Infrastructure Development plans).
- 5.10. The updated budget includes Peatland capital of £369k and revenue of £104k. It also includes £50k in relation to Wild Strathfillan.

## **6. Management Accounts to 31 March 2022**

- 6.1. The Management Accounts for the year to 31 March 2022 are detailed in Appendix 2. The position is unaudited and represents the cash position, prior to capitalisation and non-cash accruals, such as the holiday accrual and depreciation. The external audit commences on the 20<sup>th</sup> June 2022 and the 2021/22 Annual Accounts will be presented at the September Audit & Risk Committee and Board.
- 6.2. As anticipated and reported to the Board and Scottish Government throughout the year, capital is significantly underspent (£837k). The key issues restricting our ability to deliver on the capital budget included supply chain problems; procurement challenges in receiving bids for tenders; COVID-19 infection and isolation impacting staff and contractor delivery; and land owner engagement and agreement. The main capital project variances (above £50k) were:
  - Place projects - £223k underspend on Trossachs Connectivity, Strategic Infrastructure Development studies and Tarbet Aire. Contractor and staff availability impacted delivery on the first two projects, with an alternative approach for Tarbet planned for future.
  - Conic Hill path upgrades - £81k capital underspend primarily due to landowner issues.
  - Vehicle replacement - £80k underspend given issues with supply chain and vehicle availability.
  - Grant Scheme - £79k capital underspend with applicants encountering difficulties with supplier quotes, equipment delays and landowner consent.

Other capital underspends included the Boat Registration database (£50k), Luss pier (£50k), Nature projects (£50k), Internet of Things (£48k) and Peatland works (£36k).

- 6.3. On the revenue side, there is a cash underspend of £55k. The Scottish Government reduced our Grant in Aid by £155k in Autumn 2021 to address the continuing financial challenges across the country resulting from COVID-19. However, this cut was reversed in February 2022 following emerging underspends elsewhere within portfolio budgets. This helped us to relieve in-year pressures and we were able to use the majority of the late funding, resulting in a small revenue surplus for the year.
- 6.4. Operating income for the year was £722k, including planning fees, generated income, rental income, grants and recharges. Excluding income from public bodies, operational income is £616k, £37k higher than the full year budget and £192k higher than in 2020/21.
- 6.5. Salary costs for the year were £6,373k (including seasonal costs) compared to a full year budget of £6,303k. The difference is largely in seasonal costs, with additional patrols during the 2021 season, the extension of contracts for environment officers and the employment of additional staff in March 2022 to support the 2022 seasonal operation.
- 6.6. Total operational spend for 2021/22 was £2,571k. This is £145k higher than budget, although £71k of the difference relates to operational capital spend. The main capital variances relate to property and include the purchase of storage container, buoys and rescue equipment. There are a number of small variances across operational expenditure categories. The most significant operational revenue budget variations are within property cleaning and waste, energy, and administration costs.
- 6.7. Net activity spend for the year totalled £1,620k. Net revenue activity spend is £150k below budget, which offsets the overspend on operational expenditure.
- 6.8. Activity spend for the year included significant investment in piers and pontoon repairs; IT improvements including Teams, Office 365 and investment in IT equipment and AV infrastructure; Mission Zero, Nature and Peatland project costs; replacement bridges; purchase of electric vehicles; improvements to the marine fleet; and Green Recovery and tree planting grant schemes.

## 7. Next Steps

- 7.1. The external audit of our 2021/22 Annual Accounts will begin 20<sup>th</sup> June and we will present the accounts to the September Audit and Risk Committee and Board. They will then be signed shortly thereafter and submitted to the Scottish Government for laying in Parliament.
- 7.2. We will undertake a Q2 review of the 2022/23 budget in the autumn to adjust for in-year variations and present the results to the December Board.

- 7.3. As discussed in Agenda Item 8 (CEO Report), the Executive will be working with our Sponsor Team at Scottish Government to understand the implications of the Spending Review on our organisation for 2023/24 and beyond. We have already started updating our 2023/24 forecast, building our budget for 2023/24 at a high level, and modelling various scenarios around Grant In Aid revenue allocations. Our budget process and allocation will focus on our key priorities, in line with our new strategic plans and objectives.

## **8. Appendices**

Appendix 1 – Updated Budget 2022/23

Appendix 2 - Management Accounts to 31 March 2022

**Author:** Eilidh McKerry, Finance Manager

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

Loch Lomond and the Trossachs National Park Authority

Revised Budget 2022/23

	21/22 Q2 Revised Budget			22/23 Original Budget			22/23 Revised Budget			Variance 22/23 Original & Revised Budgets		
	Capital £'000	Revenue £'000	Total £'000	Capital £'000	Revenue £'000	Total £'000	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	1,700	8,594	10,294	0	0	0
Grant in Aid (COVID-19)	0	500	500	0	0	0	0	630	630	0	630	630
Grant In Aid Peatland	0	0	0	0	0	0	369	104	473	369	104	473
Grant In Aid Wild Strathfillan	0	0	0	0	0	0	0	50	50	0	50	50
Income - Public Bodies	0	102	102	0	78	78	0	78	78	0	0	0
Planning Fees	0	210	210	0	300	300	0	300	300	0	0	0
Generated Income	0	232	232	0	400	400	0	400	400	0	0	0
Property Rental Income	0	123	123	0	134	134	0	136	136	0	2	2
Sale of Goods	0	14	14	0	16	16	0	16	16	0	0	0
Other Income	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Income</b>	<b>1,700</b>	<b>9,265</b>	<b>10,965</b>	<b>1,700</b>	<b>9,522</b>	<b>11,222</b>	<b>2,069</b>	<b>10,308</b>	<b>12,377</b>	<b>369</b>	<b>786</b>	<b>1,155</b>
<b>Expenditure</b>												
<b>Operating Salaries</b>												
Permanent and Fixed Term Staff Costs	0	5,865	5,865	0	6,063	6,063	0	6,108	6,108	0	45	45
Seasonal Staff Costs	0	438	438	0	379	379	0	604	604	0	225	225
<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>0</b>	<b>6,712</b>	<b>6,712</b>	<b>0</b>	<b>270</b>	<b>270</b>
<b>Operating Expenditure</b>												
Staff	0	395	395	0	390	390	0	395	395	0	5	5
Property	38	934	972	0	898	898	10	948	958	10	50	60
Transport	0	192	192	0	137	137	1	137	138	1	0	1
ICT	0	400	400	43	439	482	49	427	476	6	(12)	(6)
Supplies & Services	0	44	44	0	37	37	0	37	37	0	0	0
Administration	0	420	420	0	368	368	0	421	421	0	53	53
Payment to Third Parties	0	3	3	0	8	8	0	8	8	0	0	0
<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>60</b>	<b>2,373</b>	<b>2,433</b>	<b>17</b>	<b>96</b>	<b>113</b>
<b>Contributions and Brought Forward Commitments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>912</b>	<b>537</b>	<b>1,449</b>	<b>797</b>	<b>530</b>	<b>1,327</b>	<b>(115)</b>	<b>(7)</b>	<b>(122)</b>
<b>Project Bids</b>	<b>1,516</b>	<b>771</b>	<b>2,287</b>	<b>978</b>	<b>357</b>	<b>1,335</b>	<b>991</b>	<b>608</b>	<b>1,599</b>	<b>13</b>	<b>251</b>	<b>264</b>
<b>Peatland and Wild Strathfillan</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>369</b>	<b>154</b>	<b>523</b>	<b>369</b>	<b>154</b>	<b>523</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>2,217</b>	<b>10,377</b>	<b>12,594</b>	<b>284</b>	<b>764</b>	<b>1,048</b>
<b>Surplus / (Deficit)</b>	<b>146</b>	<b>(197)</b>	<b>(51)</b>	<b>(233)</b>	<b>(91)</b>	<b>(324)</b>	<b>(148)</b>	<b>(69)</b>	<b>(217)</b>	<b>85</b>	<b>22</b>	<b>107</b>

Loch Lomond and the Trossachs National Park Authority

Management Accounts Summary (Cash position)

31-Mar-22



	Q2 Revised Budget			Actual			Prior Year
	Capital	Revenue	Total	Capital	Revenue	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>							
Grant in Aid	1,700	8,084	9,784	1,700	8,239	9,939	8,287
Grant in Aid (COVID-19)	0	500	500	0	500	500	0
Grant in Aid (Peatland)	175	70	245	175	70	245	0
Grant in Aid (Strathfillan)	0	0	0	0	50	50	0
Other Public Bodies Grant Income	0	102	102	0	106	106	214
Planning Fees	0	210	210	0	163	163	122
Generated Income	0	232	232	0	264	264	177
Rental Income	0	123	123	0	173	173	114
Sale of Goods	0	14	14	0	15	15	11
Other Income	0	0	0	0	1	1	0
<b>Total Income</b>	<b>1,875</b>	<b>9,335</b>	<b>11,210</b>	<b>1,875</b>	<b>9,581</b>	<b>11,456</b>	<b>8,925</b>
<b>Expenditure</b>							
<b>Operating Salaries</b>							
Permanent and Fixed Term Staff Costs	0	5,865	5,865	0	5,899	5,899	5,314
Seasonal Staff Costs	0	438	438	0	474	474	286
<b>Total Salaries</b>	<b>0</b>	<b>6,303</b>	<b>6,303</b>	<b>0</b>	<b>6,373</b>	<b>6,373</b>	<b>5,600</b>
<b>Operating Expenditure</b>							
Staff	0	395	395	0	375	375	256
Property	38	934	972	94	1,005	1,099	762
Transport	0	192	192	0	181	181	141
ICT	0	400	400	0	365	365	270
Supplies & Services	0	44	44	0	44	44	13
Administration	0	420	420	0	492	492	282
Payment to Third Parties	0	3	3	15	0	15	6
<b>Total Operating Expenditure</b>	<b>38</b>	<b>2,388</b>	<b>2,426</b>	<b>109</b>	<b>2,462</b>	<b>2,571</b>	<b>1,730</b>
<b>Net Activity Expenditure</b>	<b>1,691</b>	<b>841</b>	<b>2,532</b>	<b>929</b>	<b>691</b>	<b>1,620</b>	<b>1,325</b>
<b>Total Expenditure</b>	<b>1,729</b>	<b>9,532</b>	<b>11,261</b>	<b>1,038</b>	<b>9,526</b>	<b>10,564</b>	<b>8,655</b>
<b>Surplus / (Deficit)</b>	<b>146</b>	<b>(197)</b>	<b>(51)</b>	<b>837</b>	<b>55</b>	<b>892</b>	<b>270</b>

