



2023/24 Annual Operational Plan and Budget

Agenda Item 6

National Park Authority Board Meeting

13th March 2023

Paper for decision

| | |
|---|----|
| 1. Purpose..... | 1 |
| 2. Recommendation(s)..... | 1 |
| 3. Contribution to National Park Partnership Plan and/or Our 5-year Plan..... | 1 |
| 4. Executive Summary | 2 |
| 5. Annual Operational Plan | 3 |
| 6. Budget..... | 5 |
| 7. Risks | 9 |
| 8. Next steps | 10 |
| 9. Appendices | 10 |

1. Purpose

- 1.1. The purpose of this paper is to outline and seek approval of our Annual Operational Plan and budget for the 2023/24 financial year.

2. Recommendation(s)

2.2. We recommend that you approve:

- The proposed Annual Operational Plan for 2023/24 (Appendix 1)
- The proposed budget for 2023/24 (Appendix 2)

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

3. 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 proposed organisational priorities for delivery in the coming year. It describes the activities and deliverables we propose to undertake this year to drive change towards our National Park Partnership Plan outcomes and Our 5-Year Plan objectives. This year's plan has been developed under our existing 2018-2023 NPPP, but we have had an eye to the emerging thinking from work on the draft NPPP 2024-2029 that is being presented to the Board. Therefore, at its heart is a continued focus on the twin crises of the global climate emergency and nature loss and through this ensuring we meet Scottish Ministers' expectations on how we contribute to national policy priorities.
- 4.2. We will continue to build on our work from the last two years, including delivering on programmes and strategies approved by the Board during that period. This includes a number of multi-year projects and programmes, such as Future Nature, Mission Zero, the Place Programme, and the Loch Lomond (Navigation) Byelaw review. This year we will be further working to reflect these priorities as we develop the next iteration of our strategic plans, involving extensive engagement and partnership working.
- 4.3. The 2023/24 Annual Operational Plan is centred on three themes. These were developed with consideration of the Scottish Government priorities from the Programme for Government and other prevailing policy where we play an important role. Our focus for the year will be on:
 - Theme 1: Tackling the twin challenges of the global climate emergency and nature crisis
 - Theme 2: Promoting sustainable low carbon destinations with people, places and communities at their heart
 - Theme 3: Developing the plans, people and processes to support the National Park Authority's next chapter
- 4.4. This plan has also driven the proposed budget allocation for 2023/24, with a clear focus of resources across the three themes and their impacts.
- 4.5. Our Scottish Government Grant-in-Aid for 2023/24 totals £11.1m, including £2.2m capital and £8.9m of revenue funding. This represents a £500k uplift in capital and an increase in revenue of £330k. Our proposed budget also includes £891k of additional non-Grant-in-Aid income.
- 4.6. Since COVID, we have been allocated additional government funding for Visitor Management. In 2023/24 we will receive a welcome £500k for this. Whilst this is less than the £630k we received in 2022/23, it will still enable us to deploy a reasonable level of staffing through the visitor season.
- 4.7. At this point in the year, the Scottish Government budget allocation (additional in-year transfers to us) for peatland and nature restoration has not yet been finalised. Informal discussions suggest we are likely to continue to receive funding in these areas, but final confirmation is awaited. Therefore, in addition to the above figures, our draft budget includes placeholders for Scottish

Government funding and expenditure of £578k for peatland restoration (reflecting our submitted proposals) and £250k for nature restoration.

- 4.8. We have also recently been informed that we have been awarded £1.1m in capital funding that we applied for from the Scottish Central Government Energy Efficiency Grant Scheme 2021 - 2026 funding. This will be used to deliver emission reduction projects on our Estate as part of our Mission Zero route map. In parallel, we are also pursuing funding from the Rural Tourism Infrastructure Fund (RTIF) for our Place Programme, and other external funding for work such as our shuttle bus pilot. These figures are not yet included in the draft budget, but once confirmed will enable us to further scale up delivery.
- 4.9. For 2023/24, our total proposed expenditure is £13.9m, which includes £10.6m of revenue expenditure and £3.2m of capital.
- 4.10. Both the capital and revenue budgets include initial deficits which we anticipate will be managed down through the year. For example, the capital budget has been over-programmed to provide flexibility for changes in capital programmes and the management of multi-year projects. The proposed deficit positions are £423k in capital and £154k in revenue. These tolerances are in line with the approved Q2 2022/23 budget and are designed to reduce the risk of underspend.

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 in recent 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 as Appendix 1.
- 5.4. Theme 1: Tackling the twin challenges of the global climate emergency and nature crisis
 - 5.4.1. 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.

5.4.2. This year, we are aiming to further increase the scale and pace of change for the National Park, ensuring that we play our part in tackling the twin crises as global citizens. 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 to achieve more for nature in our work as a Planning Authority, as well as finding practical opportunities to use peatland and forest carbon credits for on the ground delivery. Proposed activities include:

- Develop monitoring and engagement plans to support the Future Nature Programme
- Take action for Nature (restoration project delivery)
- Develop new funding and policy options (including Green Finance) to deliver for nature and climate
- Upscale the pace of Mission Zero, widening our focus to consider the National Park as a place

5.5. Theme 2: Promoting sustainable low carbon destinations with people, places and communities at their heart

5.5.1. Loch Lomond and The Trossachs National Park is one of the most popular destinations in Scotland, particularly over the summer season, which significantly increases the population. We want to help people to have a high quality experience visiting the National Park where they can access great services, facilities and routes with less impacts on nature or climate. We also want to help communities benefit from tourism whilst ensuring the impacts on everyday life are mitigated.

5.5.2. This year we will continue our Place Programme to 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:

- Improve visitor infrastructure and enhance visitor experience
- Prepare for implementation of the Loch Lomond (Navigation) Byelaws
- Improve sustainable transport services for communities and visitors

5.6. Theme 3: Developing the plans, people and processes to support the National Park Authority's next chapter

5.6.1. For us to achieve our outcomes, we need to ensure that the appropriate mechanisms that support the organisation are in place. In 2023/24, we will focus on developing our plans and priorities for both the National Park and our organisation, whilst looking at how we can drive efficiencies in our ways of working, increasing our IT capabilities to support delivery. Proposed activities include:

- Consult on and implement our future vision for the National Park, including submitting our new Partnership Plan and Local Development Plan to the Scottish Government for approval
- Identify our corporate priorities for the next 5 years through a new Corporate Plan
- Take action to drive efficiencies and build resilience, including through partnering and collaborating with others

6. Budget

- 6.1. Our Grant-in-Aid allocation for the year was stronger than we were expecting, especially with the £500k of Visitor Management funding, and the £500k uplift in capital. Whilst our ambitions still outweigh our available resources, we consider our funding allocation a success. We haven't had to make as many difficult resourcing and investment decisions as we had feared during our initial budget planning last year.
- 6.2. That said, the short and medium-term outlook for Scottish Government budgets remains challenging. Scottish Government have introduced tighter spending control measures in 2023/24 to support the management of government-wide financial pressures and ensure Scottish Government priorities and statutory responsibilities can continue to be met. Whilst we are confident that our budget and operational plans are well aligned with priorities, the new process introduces uncertainty and potential delay. We are now assessing how to best approach these approvals to minimise the risk and additional work required.
- 6.3. The budget summary for 2023/24 is presented below, with the Q2 revised budget provided for comparison purposes. Further detail is in Appendix 2.

| | 22/23 Budget Q2 Review | | | 23/24 Draft Budget | | |
|--|------------------------|------------------|----------------|--------------------|------------------|----------------|
| | Capital £'000 | Revenue £'000 | Total £'000 | Capital £'000 | Revenue £'000 | Total £'000 |
| Income | | | | | | |
| Grant in Aid | 1,700 | 8,594 | 10,294 | 2,200 | 8,924 | 11,124 |
| Additional Grant in Aid (Visitor Management) | 0 | 630 | 630 | 0 | 500 | 500 |
| Grant In Aid Peatland | 369 | 104 | 473 | 400 | 178 | 578 |
| Grant In Aid Wild Strathfillan/ Nature Restoration | 250 | 76 | 326 | 250 | 0 | 250 |
| Income - Public Bodies | 0 | 172 | 172 | 0 | 95 | 95 |
| Planning Fees | 0 | 450 | 450 | 0 | 250 | 250 |
| Generated Income | 0 | 326 | 326 | 0 | 354 | 354 |
| Property Rental Income | 0 | 142 | 142 | 0 | 175 | 175 |
| Sale of Goods | 0 | 16 | 16 | 0 | 16 | 16 |
| Other Income | 0 | 1 | 1 | 0 | 1 | 1 |
| Total Income | 2,319 | 10,511 | 12,829 | 2,850 | 10,493 | 13,343 |
| Expenditure | | | | | | |
| Operating Salaries | | | | | | |
| Total Salaries | 0 | 7,102 | 7,102 | 0 | 7,239 | 7,239 |
| Total Operating Expenditure | 160 | 2,527 | 2,687 | 57 | 2,317 | 2,374 |
| Project Bids | | | | | | |
| Peatland, NRF and Wild Strathfillan (GIA funded) | 1,970 | 841 | 2,812 | 2,566 | 913 | 3,479 |
| | 603 | 196 | 799 | 650 | 178 | 828 |
| Total Expenditure | 2,733 | 10,667 | 13,400 | 3,273 | 10,647 | 13,920 |
| Surplus / (Deficit) | (415) | (156) | (571) | (423) | (154) | (577) |

6.4. Income

6.4.1. We are assuming income of £13.3m in 2023/24. This is an overall increase of £514k from our revised 2022/23 budget. The main variances include:

- £200k revenue and £500k capital increases in our Grant-in-Aid (including Visitor Management funding)
- £105k increase in peatland funding (still to be confirmed)
- £200k decrease in planning fee income as we return to a usual run-rate following a large one-off fee received in 2022/23

6.5. Salaries

6.5.1. Salaries are budgeted to increase by £137k in 2023/24 compared to 2022/23. This comprises an increase in permanent and fixed term staff costs of £228k, and a decrease in seasonal staff costs of £92k to £475k.

6.5.2. The Scottish Government's public bodies pay guidance for 2023/24 has not been announced at the time of writing. The pay guidance is normally announced at the same time as the Scottish Government budget, however with ongoing pay negotiations across the Scottish public sector, no guidance has yet been released.

6.5.3. In developing pay offers for staff, we are required to closely follow the Scottish Government guidance. In the absence of this guidance, we have not yet

started detailed work on a 2023/24 pay offer for staff. Our salary budget for 2023/24 has therefore been based on our own assumption that the guidance will be for a similar pay uplift as 2022/23; that is, in the region of 5%. However, given a high proportion of our budget is salary costs, the lack of certainty remains a risk.

6.5.4. In addition, every year we include an assumption of staff savings that will arise through attrition and gaps in post. This year we used of 3% of total salary costs (£209k) which is comparable to previous years.

6.5.5. The reduction in the seasonal staff costs reflects the fact that there has been a decrease in the specific visitor management funding we received in 2022/23 to fund additional “boots on the ground”. However, seasonal staff costs remain higher than pre-pandemic (2019/20 budget: £311k).

6.6. Operating Costs

6.6.1. Our operating costs for 2023/24 are £2.4 million, a decrease of £314k compared to our revised 2022/23 budget.

6.6.2. The main variances against the revised 22/23 budget are; a reduction in transport costs of £117k (due in part to the return of some leased vehicles) and a reduction in administration costs of £199k.

6.6.3. 2022/23 included non-recurring costs such as legal fees for court cases, Board elections, consultancy costs for strategic plans, the purchase of two Peatland vehicles, lease car costs and property revaluations for annual accounts. There remains uncertainty around energy costs into 2023/24. An additional £25k has been budgeted above the 2022/23 costs, but this will be reviewed at the Q2 2023/24 budget revision.

6.7. Activity spend

6.7.1. The activity budget represents projects, grants and contributions. The current budget allocates £913k of revenue expenditure to activities, an increase of £72k compared to Q2 2022/23. It also allocates £2.6million of capital (excluding Peatland and Nature Restoration), an increase of £596k. This spend area is crucial to achieving our Annual Operational Plan objectives.

6.7.2. The budget has been split into contributions and carried forward commitments from 2022/23, delivery plans across our five key workstreams (Future Nature, Mission Zero, Place Programme, Strategic Plans and Loch Lomond (Navigation) Byelaws) and new project bids. Funds have been provided across the key activities and deliverables set out in our Annual Operational Plan.

6.7.3. Key spend areas include:

- £810k for the Place Programme which includes £400k for delivery of works at Tarbet, £100k for development of proposals for East Loch Lomond (Rowardennan, Balmaha Masterplan and Balmaha 24hr toilet), £120k for delivery of work at the Falls of Falloch, as well as a number of small projects, feasibility and design studies;
- £537k for Mission Zero where the primary focus will be on installing Air Source Heat Pumps and Photovoltaic Panels and Tiles at Carrochan – this will be supplemented with £1.1m in capital through our successful Scottish Central Government Energy Efficiency Grant Scheme application;
- £576k for Future Nature (excluding Nature Restoration funding);
- £670k for Core Paths including Conic Hill upgrades;
- £302k for buoyage and work associated with the implementation of the revised Loch Lomond (Navigation) Byelaws;
- £130k for a replacement for the Osprey (boat);
- £27k for work on our strategic plans; and,
- £20k for shuttle bus trials – we expect that this will also be supplemented with additional funding from external sources.

6.7.4. 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.

6.7.5. The following table sets out how we have allocated the activity budget across the three 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 but are not included in the figures below.

| AOP theme | Proposed activity expenditure |
|---|---|
| 1. Tackling the twin challenges of the global climate emergency and nature crisis | <p>£358k revenue £800k capital</p> <p>Including Mission Zero, Future Nature and Countryside Trust Funding</p> <p>Significant funding (indicative levels of £178k revenue and £650k capital) is also anticipated for Peatland restoration, and the Nature Recovery Fund but is not included in the allocation above as it is not yet confirmed.</p> |
| 2. Sustainable low carbon destinations with people, places and communities at their heart | <p>£469k revenue £1,766k capital</p> <p>Including Place Programme activities, Loch Lomond (Navigation) Byelaws, Conic Hill and other core path work, Shuttle Bus pilot, Osprey (boat) replacement, Community Place Planning Support and funding to support delivery of Walk in the Park, Education Grants, Operation Ironworks and the Loch Lomond Rescue Boat.</p> |
| 3. Developing the plans, people and processes to support the National Park Authority's next chapter | <p>£86k revenue</p> <p>Including consultation on the National Park Partnership Plan and the Local Development Plan alongside an increase in investment in digital technologies to support the work of the National Park Authority.</p> |

7. Risks

7.1. The ongoing levels of high inflation are a risk to our budget in 2023/24, as are the uncertainties around the pay guidance for 23/24. In addition, with the late pay settlement for 2022/23, the opening salary position has not been fully validated and reconciled. For some 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. As we did last year, we will monitor this closely through the year and in particular at our Q2 budget review.

7.2. We have not included any specific budget for potential additional legal costs arising from the live court case relating to forestry access at our Glenoglehead site. This will be monitored as this case progresses.

7.3. The Scottish Government's spending control measures mentioned earlier may introduce delay and uncertainty to project delivery. This is especially unfortunate given the challenging delivery environment we already face in contractor availability

and construction windows out with the visitor season. We are working to establish how to make the process as seamless as possible.

7.4. Given our annualised budget cycle, risk of over or underspend is always prevalent. We have outlined a number of steps to manage this including overprogramming and salary savings projections. Our ongoing internal budget monitoring and management accounts processes also manage this risk, including quarterly reports to the Board and 6-weekly Project Board meetings. Budget risk is also tracked in our Risk Registers, which are reported quarterly to the Audit and Risk Committee. In addition, there are risks around delivery of the current 2022/23 budget, as any late slippage in delivery in the current financial year would have to be funded from and therefore require adjustments the proposed 2023/24 budget. Recent staff turnover in the finance team means we face increased risk in effective budget management and reporting, and so we are prioritising recruitment to the vacant posts in the team.

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 continue to submit finance reports and 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 December and in the subsequent management accounts.

9. Appendices

Appendix 1 – Draft Annual Operational Plan 2023/24

Appendix 2 – Budget 2023/24 Summary

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