Finance Update

Agenda Item 9

National Park Authority Board Meeting

13 March 2023

Paper for information

1. Purpose

1.1. The purpose of this paper is to present the financial update for the period ended 31 December 2022.

2. Recommendation(s)

2.1. That the Board note this report and the Management Accounts for the period ended 31 December 2022 (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 revised Quarter 2 (Q2) budget for 2022/23 was presented to the Board in December 2022. The Management Accounts present the actuals against the full year Q2 budget and the year to date Q2 budget. The prior year actuals are included for reference.

4.2. The Q2 budget shows a revenue deficit of £156k and a capital deficit of £415k. Although a deficit figure is shown, this does not mean that an overspend is anticipated when the budget is set. The revenue and capital budgets are overprogrammed to reflect the fact that slippage is expected in some projects. The majority of project expenditure takes place in the latter half of the year and delivery can be challenging in the winter. The over-programming in the budget is designed to reduce the risk of budget underspend and ensure efficient budget management.

5. Management Accounts

5.1. Excluding Grant in Aid, total income for the nine months to the end of December was £1m compared to a budget of £951k. Generated income was higher than budgeted, with vehicle sales and income from toilets exceeding expectations.

5.2. Salary costs to the end of December totalled £5m including seasonal costs, £67k below the revised YTD budget. The saving versus budget is in part due to the processing of the additional pay award and partly due to savings resulting from staff turnover.

5.3. Operational revenue expenditure to the end of December totals £1.69m broadly in line with a year to date budget of £1.72m. This includes £670k on property related spend and £355k on ICT costs. Year to date operational capital spend is also in line with budget at £176k. The most significant operational capital expenditure is the two vehicles purchased for Peatland works.

5.4. Excluding CLP and funded projects (Peatland, RTIF, Wild Strathfillan and NRF), net project spend for the nine months to 31st December 2022 remains low with £437k capital expenditure and £388k revenue expenditure. Capital expenditure includes £74k on Mission Zero, £158k on the core paths project at Conic Hill and £70k on Bracklinn Bridge. Revenue spend includes £141k on piers and pontoon repairs, £35k on Mission Zero and £55k of contributions to the Countryside Trust.

6. Risks

6.1. Project expenditure at the end of December remains low, with only 22% of the capital activity budget and 46% of the revenue activity budget having been spent. This low level of spend is not unusual at the end of the third quarter given the seasonal nature of project delivery and the large programmes within the budget. At the time of writing no significant underspend is forecast overall from project managers.

6.2. Our over-programming in the budget is designed to minimise the risk of underspend at year-end, and although spend to date is low, there remains a small risk of capital overspend. Moderate overspends could be managed from a cash perspective following the prior year underspend. Given the low level spend to date and the level of confidence from project managers around delivery, a balanced forecast position is still considered our most likely scenario and as such has been reported to Scottish Government. We have also flagged the overspend risk to our Scottish Government sponsor team.

6.3. Although revenue is forecast to be broadly balanced, there remains risk in achieving this. The impact of the revised pay award has not yet been fully analysed and with recruitment decisions being held back until Quarter 4 when the 23/24 budget was clear, there have been gaps in posts and therefore reduced salary costs. As is normal for this time of year, budget holders have been focussing on reviewing their position and identifying any expected under or overspends. With staff turnover in the finance team, we do not have the same capacity as usual to closely manage outturn and therefore are running with a higher risk than recent years that balance may not be achieved.

7. Statutory Accounts

7.1. The 2021/22 Statutory Accounts were laid in Parliament on 22nd December. Planning has started for the 22/23 annual accounts. A first meeting with Mazars, our new auditors, took place in January 2023 and initial interim field work is due to take place for the 2022/23 annual accounts in March 2023. The timetable for the annual accounts has still to be finalised. Staff turnover will also affect this work and delays are possible to likely. This is a priority area for resourcing backfill.

7. Appendices

Appendix 1 – Management Accounts to 31 December 2022

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