



2024/25 Annual Operational Plan and Budget

Agenda Item 5

National Park Authority Board Meeting
11 March 2024

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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 2024/25 financial year.

2. Recommendation(s)

2.2. It is recommended that Members approve:

- The proposed Annual Operational Plan for 2024/25 (Appendix 1)
- The proposed budget for 2024/25 (Appendix 2)

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 objectives for 2024-2029, which Members approved at the meeting of December 2023. The budget supports the delivery of the Annual Operational Plan and therefore contributes to those same objectives.

4. Executive Summary

- 4.1. The Annual Operational Plan sets out our proposed organisational priorities for delivery in the coming year. It does not detail all core business of the organisation. It describes specific activities and deliverables we propose to undertake this year to drive change towards our National Park Partnership Plan 2024-29 (NPPP) objectives.
- 4.2. This year's plan has been developed under our new 2024-2029 NPPP. As our 2024-2029 Corporate Plan is being developed for Board approval at the June 2024 Meeting, the Annual Operational Plan does not refer to the priorities and outcomes of our Corporate Plan – it is the intention that from 2025/26 Annual Operational Plans will do so.
- 4.3. In 2024/25 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.
- 4.4. The 2024/25 Annual Operational Plan is centred on the three Chapters of the National Park Partnership Plan and includes a fourth Chapter covering organisational development and efficiency:
 - **Chapter 1: Restoring Nature**
 - **Chapter 2: Creating a Low-Carbon Place**
 - **Chapter 3: Designing a Greener Way of Living**
 - **Chapter 4: A Developing and Efficient National Park Authority**
- 4.5. This plan has also driven the proposed budget allocation for 2024/25, with a clear focus of resources across the three chapters and their impacts.
- 4.6. Our Scottish Government Grant-in-Aid for 2024/25 totals £11.5m, including £1.9m capital and £9.6m of revenue funding. This represents a £350k reduction in capital but is slightly higher than expectations based on previous indicative Scottish Government capital spending review figures for 2024/25.
- 4.7. For 2024/25 there is no additional government funding for Covid/Visitor Management. However our 2024/25 revenue allocation represents an uplift of £222k against the 2023/24 combined core Grant-in-Aid and Visitor Management additional funding, and so has effectively consolidated this into our baseline budget. Our proposed budget also includes £946k of additional non-Grant-in-Aid income.

- 4.8. 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. 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 £908k for peatland restoration (reflecting our submitted proposals of £666k capital and £242k revenue) and £400k for nature restoration.
- 4.9. For 2024/25, our total proposed expenditure is £14.4m, which includes £11.0m of revenue expenditure and £3.4m 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 £452k in capital and £198k in revenue. These tolerances are in line with the approved Q2 2023/24 budget and are designed to reduce the risk of underspend.
- 4.11. Our major multi-year capital projects such as Tarbet, Mission Zero and Conic hill are scheduled to complete in the first half of the year and as such the Q2 review will provide the opportunity to reprioritise remaining budget and adjust over-programming as necessary.
- 4.12. While the budget settlement for 2024/25 is less challenging than some scenarios we were asked to model, the difficult fiscal position for the Scottish Government is expected to continue for the coming years. This means that we will require to be prudent in commitments made in the coming year, including staffing levels, in order to build in flexibility to respond to potential future budget scenarios. In addition, we will be pursuing business efficiencies that can create savings in operating costs in line with the Scottish Government expectation of 5%.

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 approach 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. These themes have been updated to reflect the chapters of the recently approved National Park Partnership Plan 2024-2029.

5.3. Full details of the Annual Operating Plan 2024/25 are included in Appendix 1.

6. Budget

6.1. Although our Grant-in-Aid allocation exceeded some of the scenarios we were asked to model for, our ambitions still outweigh our available resources. As such we have had to make some difficult resourcing and investment decisions to create a realistic budget position.

6.2. The short and medium-term outlook for Scottish Government budgets remains challenging. Scottish Government have tightened spending control measures in the last 3 months to support the management of government-wide financial pressures and ensure Scottish Government priorities and statutory responsibilities can continue to be met with additional approvals required now for capital as well as revenue spend over £100k. 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 incorporate the timing of securing these approvals into our project plans to minimise the risk and additional work required.

6.3. The budget summary for 2024/25 is presented below, with the Q2 revised budget provided for comparison purposes. Further detail is in Appendix 2.

	23/24 Budget Q2 Review			24/25 Draft Budget		
	Capital £'000	Revenue £'000	Total £'000	Capital £'000	Revenue £'000	Total £'000
Income						
Grant in Aid	2,200	8,924	11,124	1,850	9,646	11,496
Additional Grant in Aid (Visitor Management)	0	500	500	0	0	0
Grant in Aid (Peatland)	271	210	481	666	242	908
Grant in Aid (Nature Restoration)	250	0	250	400	0	400
Grant in Aid (EV Charging TS)	300	0	300	0	0	0
Income - Public Bodies	0	111	111	0	95	95
Planning Fees	0	250	250	0	250	250
Generated Income	0	365	365	0	407	407
Property Rental Income	0	175	175	0	175	175
Sale of Goods	0	16	16	0	18	18
Interest Received	0	21	21	0	1	1
Total Income	3,021	10,572	13,593	2,916	10,833	13,749
Expenditure						
Total Salaries	0	7,590	7,590	0	7,785	7,785
Total Operating Expenditure	57	2,395	2,452	45	2,628	2,673
Project Bids	2,710	569	3,279	2,257	377	2,634
Peatland, NRF and Wild Strathfillan (GIA funded)	500	193	693	1,066	242	1,308
Total Expenditure	3,267	10,747	14,014	3,368	11,032	14,399
Surplus / (Deficit)	(246)	(175)	(421)	(452)	(198)	(650)

6.4. Income

- 6.4.1. Excluding ring-fenced funding we are assuming income of £12,442k in 2024/25. This compares to £12,562k for our revised 2023/24 budget. The main variances are a £350k capital decrease offset by a £222k revenue increase in our Grant-in-Aid (including Visitor Management funding).
- 6.4.2. We are still waiting for final confirmation for ring-fenced funding of £908k for Peatland (£666k capital and £242k revenue) and £400k for NRF. These bids are both higher than the 23/24 confirmed amounts of £481k for Peatland and £250k for NRF. 2023/24 included one-time funding for EV charging of £300k.

6.5. Salaries

- 6.5.1. Salaries are budgeted to increase by £195k in 2024/25 compared to 2023/24. This comprises an increase in permanent and fixed term staff costs of £187k, and an increase in seasonal staff costs of £8k.
- 6.5.2. The Scottish Government's public bodies pay guidance for 2024/25 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 2024/25 pay offer for staff. Our salary budget for 2024/25 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% to cover pay and progression. 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 (£240k) which is a comparable % to previous years.
- 6.5.5. Seasonal staff costs remains consistent with previous years despite the cessation of the ring-fenced Visitor Management funding. We remain committed to maintain and prioritise visitor management activities, building on the increased response in recent years facilitated by the additional ring-fenced funding available in the previous 3 years.

6.6. Operating Costs

- 6.6.1. Our operating costs for 2024/25 are £2,673k, an increase of £221k compared to our revised 2023/24 budget.

6.6.2. The main drivers of this change are:

- Increased property related costs such as rates and water charges, cleaning charges and repairs and maintenance to complete actions from stock condition survey;
- Reallocation of recurring expenditure from activity spend to operating expenditure relating to water safety, behaviour change, education, inclusion and volunteering;
- Increased costs relating to licences for software and IT backups;
- Other increases relate to board member fees due to vacancies in 2023/24, costs related to the launch of National Park Partnership Plan offset by reduction in consultancy costs.

6.7. Activity spend

6.7.1. The activity budget represents projects, grants and contributions. The current budget allocates £377k of revenue expenditure (excluding Peatland) to activities, a decrease of £192k compared to Q2 2023/24. This reflects the fact that whilst our revenue Grant-in-Aid has increased by 2.4%, our fixed costs and in particular our staff costs, have been subject to a higher rate of increase. It also allocates £2,257k of capital (excluding Peatland and Nature Restoration), a decrease of £453k. This decrease is in line with expectations relating to our agreed multi-year capital spending review forecast with Scottish Government. 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 2023/24 and new project bids. Where possible projects are prioritised where they deliver outcomes against more than one of the four Annual Operational Plan pillars.

6.7.3. Key project spend classified by primary Annual Operational Plan pillar. Benefits against other pillars are not captured as part of the summary below:

6.7.3.1. Restoring Nature

- £1,111k capital for Future Nature (including £1,066k Peatland and NRF funding which is still subject to final confirmation). This is supported by £400k revenue allocation (including £242k Peatland funding which is still subject to final confirmation).

6.7.3.2. Creating a Low-Carbon Place

- £1,085k capital for the Place Programme which includes £1,000k for delivery of works at Tarbet, £35k for development of proposals for East Loch Lomond (Rowardennan), £20k for Balloch master planning and £30k for planning Tarbet phase 2;
- £45k capital and £70k revenue for the implementation of the new Loch Lomond Byelaws and the scheduled investment in regular buoyage;
- £255k for Core Paths including Conic Hill upgrades;

6.7.3.3. Designing a Greener Way of Living

- £23k revenue spend supporting Community Local Place Planning and updated Gaelic Language Plan;
- £46k revenue spend supporting the preparation of the Local Development Plan.

6.7.3.4. A Developing and Efficient National Park Authority

- £300k capital for Mission Zero where the primary focus will be on completing the installation of the Photovoltaic Panels and Tiles at Carrochan and the installation of EV charging infrastructure;
- £45k investment of revenue allocation in further migration of services into the cloud and identification of opportunities for increased process automation.
- £327k on capital expenditure related to our operations for scheduled replacement and upgrading of website and estate infrastructure allowing for more efficient operations and increased digitisation of services.

6.8. 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. A detailed review will be conducted at Q2 and spend priorities adjusted accordingly.

7. Risks

7.1. The ongoing levels of high inflation are a risk to our budget in 2024/25, as are the uncertainties around the pay guidance for 24/25. 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. 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 outwith the visitor season. We are working to establish how to make the process as seamless as possible.
- 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 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 2023/24 budget, as any late slippage in delivery in the current financial year would have to be funded from and therefore require adjustments the proposed 2024/25 budget. The size of the ongoing multi-year projects (Tarbet, Conic Hill and Mission Zero) make this risk mean that small changes to spend profiles can have a material impact of both 23/24 and 24/25.

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 2024/25

Appendix 2 – Budget 2024/25 Summary

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