



Finance Update

Agenda Item 5

National Park Authority Board Meeting

30 September 2024

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1. Purpose

1.1. The purpose of this paper is to present the financial update and the most recent management accounts (31 August 2024).

2. Recommendation(s)

2.1. That the Board note this report and the Management Accounts for the five months ended 31 August 2024 (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 and Our 5-year Plan.

4. Background

4.1. Staff changes and vacancies in the Finance team has continued to affect available capacity and has particularly impacted on financial year end and other deadline driven work.

4.2. The Finance Manager position has been vacant since July. We are recruiting to fill given the essential nature of the role.

5. Scottish Government Context

- 5.1. In response to the challenging financial position across the whole of the public sector, in August we became subject to additional controls around marketing and discretionary spend. Unless essential and unavoidable we are required to pause external recruitment, hospitality, events and travel.
- 5.2. Over the summer months we saw an increased volume of commission requests for information from our sponsor team. Most required short turnaround submissions during the peak holiday period.

6. Management Accounts 2024/25

- 6.1. The budget for 2024/2025 was approved at the Board meeting in March. This included overprogramming of £454k capital spend and £198k revenue spend. This over-programming in the budget is designed to reduce the risk of budget underspend and ensure efficient budget management with the expectation that both overspend positions will be managed down throughout the remainder of the financial year.
- 6.2. As with previous year, we will be performing a full reforecast of the budget ('Q2 Review') over the next couple of months with a view to presenting to the December Board meeting for approval. The process has been kicked off and is proceeding in line with expected timelines.
- 6.3. The Management Accounts for the five months to 31 August 2024 are presented in Appendix 1. These are shown against the full year budget.
- 6.4. There are four key points to note in relation to the Management Accounts:
 - 6.4.1. **Peatland and Nature Restoration Funding:** Peatland budget has now been confirmed and is in line with expectations. In August we received notification that we would not be receiving Nature Restoration Funding. This will reduce our capital income by £400K and will be updated during the Q2 review.
 - 6.4.2. **Strathclyde Pension Fund Employer Contribution levels:** As a result of the scheduled triennial valuation of the Strathclyde Pension Scheme our employer contribution rate has reduced from 19.3% to 10.1%. This is because the funding position of the pension fund has a large surplus. This change has no effect on the benefits or the contributions of scheme members, their benefits or their contributions.

Our employer contribution level will remain at 10.1% for the next 3 years after which it is expected to increase back up to 17.5%. However, this will not be certain until the next triennial review which will be due in 2026.

This reduction translates to our staff costs being approximately £500K lower than our original budget. We have been in discussion with our sponsor team about ring-fencing this saving and using to deliver a programme of efficiencies in line with the current focus on Public Sector Reform. Unfortunately after 6 months and several versions of an Accountable Officer form detailing our plans we received confirmation in August that we are required to return these funds.

We will update our budget to reflect this change during the Q2 review.

- 6.4.3. **2024/25 Pay Award:** Scottish Government has now published its pay guidance for public bodies and we are currently assessing how we will apply this. The current salary budget approved includes an estimate based on the 2023/24 pay award. This will be updated during the Q2 review.

When compared to a salary budget that is adjusted to reflect employer contributions of 10.1% and is before applying pay award assumptions YTD staff costs are in line with budget.

- 6.4.4. **Current year project activity:** Key project activity in the first 5 months of the year is capital spend on our multi-year projects at Tarbet, Conic and relating to our Mission Zero work at HQ.

7. Budget 2025/26

7.1. We will commence our budget planning process for next financial year (2025/26) in November. In advance of the Scottish Government's budget announcement on 4 December we will create a high level budget based on several scenarios.

7.2. Following the budget announcement we will refine with a view to presenting the budget for approval at the March 2025 Board meeting.

8. Appendices

Appendix 1 – Management Accounts to 31 August 2024

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