

CAIRNGORMS NATIONAL PARK AUTHORITY FINANCE COMMITTEE

FOR DISCUSSION

Title: SCOTTISH GOVERNMENT GUIDANCE ON PUBLIC SPENDING

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Purpose

To highlight the current guidance emerging from Scottish Government on the management of resources and to outline the Authority's current approaches to ensure it is ready to respond to anticipated future funding reductions.

Recommendations

The Finance Committee is invited to consider the current Scottish Government guidance on resource management and to highlight any actions members feel should be taken to respond to the current financial climate in addition to those already being implemented.

Executive Summary

The Authority has implemented a number of controls over budgeted expenditure, staffing levels and forward financial commitments over the past few years.

In the context of current public sector funding reductions, Scottish Government has issued additional guidance on their expectations of sponsored bodies approach to resource management.

This paper summarises the controls in place within the Authority and highlights that existing management control frameworks already meet latest expectations set out in the Scottish Government guidance.

The paper invites Committee members to consider whether any additional controls or actions require to be implemented.

SCOTTISH GOVERNMENT GUIDANCE ON PUBLIC SPENDING – FOR DISCUSSION

Background

1. In anticipation of future reductions across public sector budgets, Scottish Government has issued a number of letters of guidance to public sector bodies on the management of resources and future commitments.
2. The purpose of this paper is to:
 - a) Update Committee members on the guidance issued by Scottish Government;
 - b) Highlight controls already in place within the Authority in order to give some assurance of the Authority's capacity to respond to changing financial circumstances;
 - c) Provide an opportunity to members to consider the guidance in light of existing controls in order to identify any further action that may be taken or controls that could be implemented.
3. General guidance issued on the management of resources asks the Authority to:
 - a) Scrutinise the means of current service provision to identify further efficiencies – preserving service outcomes at reduced costs.
 - b) Looking critically at staffing and vacancies;
 - c) Focusing on administrative and back office functions to identify how to share or amalgamate these, or otherwise reduce costs;
 - d) Review purchasing and procurement processes to take advantage of opportunities to improve buying powers;
 - e) Rigorously reviewing the costs of running our operations – including travel and accommodation – and seeking opportunities to reduce these costs;
 - f) Avoiding new commitments to spend money that may simply not be there in the future.
4. Further guidance has been issued by Scottish Government, specifically on the management of staff numbers. This guidance requests that the Authority controls its staffing number to not exceed the headcount number in place at the start of the financial year, to seek to manage any vacancies arising from within existing internal staffing, with a strong presumption against external recruitment.

The Authority's Current Management and Control Environment

Efficiency Savings and Forward Financial Planning

5. To date, the Authority has been successful in driving efficiencies within its operations. The existing efficiency target of 2% cash-releasing savings each year has been significantly exceeded. Plans are in place to deliver the 2% efficiencies targeted for the current year, 2010/11. Target 2% efficiencies over the 3 years to 31/03/11 are £284k and with £245k already achieved over the 2 years to 31/03/10, the Park Authority is currently £58k ahead of target. Cash-releasing savings are used to cover the costs of inflation and any new staff, with the balance being available to increase Operational Plan spending.

6. The Authority's Management Team is also in the process of reviewing and revising our current corporate plan strategic objectives, to ensure these remain focused on current and immediate future (to March 2012) priorities. We aim to present this work to the Board in September / October 2010 in order to establish a revised strategic framework that will extend to the end of the next financial year, 2011/12. The Management Team intends that the revised Corporate Plan will seek to maintain a clear service focus over the period to the end of the current National Park Plan – and over a period where there is significant risk of financial uncertainties causing a loss of focus on delivery priorities.

Staffing Levels

7. In terms of staffing management, Committee members will be aware that a control over staffing levels has been in place since the inception of the Authority. Initially this was set at a specific FTE level, and subsequently set at a target ceiling of 53% of total income. Consequently, our total staffing levels are relatively low as a proportion of income compared with many other public sector organisations.
8. The Authority, following discussion through the Staff Consultative Forum, has also already implemented a process of internal recruitment as the first stage in all recruitments other than for Management Team posts. This has been in place since summer 2009.
9. The Management Team will now consider all vacancies prior to their going out to internal recruitment, in order to identify opportunities from staff turnover to reduce total staffing. The presumption, in the short term, is that we do not replace vacancies as they arise, except by internal re-organisation. It may be appropriate to look at a voluntary severance scheme in future, with reference to the fact that Scottish Government still has a no compulsory redundancy policy in place.

Administration, Shared Services and Procurement

10. The Committee will already be aware of the work being led by the Director of Corporate Services on developing shared corporate services with Loch Lomond and the Trossachs National Park Authority, and of the associated shared policy and project activity being undertaken. Information on this work was set out in a paper to the Board in July 2010.
11. This work will increasingly focus on the potential for efficiencies to be made by the National Park Authorities (NPAs), in addition to the original focus of establishing more robust services.
12. In addition to developing a joint procurement resource between both NPAs, the Authority is also making increased use of central contracts established by the Scottish Government's Centre of Procurement Expertise in order to tap into efficiencies of collective buying-power.

Forward Financial Commitments

13. Officers highlighted controls in place over forward expenditure commitments at the previous Committee meeting. We are seeking to control forward financial

commitments within 30% of the current programme level. A report on the application of this control system is now being presented as a standing item to each Finance Committee meeting.

Conclusion

14. Overall, the controls and actions already put in place by the Authority fully meet the expectations of Scottish Government as they have emerged in recent guidance.
15. This does not mean that the Management Team is in any way complacent about the significant impact that the changes in public spending may have on the future levels of funding allocation to the Authority and the consequent changes that may have to be made to the activities undertaken by CNPA.
16. While this paper presents information on controls in place and already taken or underway, the Committee are invited to consider the adequacy of these controls and whether any additional action may be taken.

Future Action

17. We will continue to monitor closely developments in the public sector funding environment and work with colleagues in Scottish Government, to ensure we are able to respond appropriately to any future guidance and to information on revised funding allocations when they begin to emerge following completion of the Comprehensive Spending Review (CSR) in the autumn.
18. In addition to the standing report to Finance Committee on the level of forward financial commitments, we will also present updates on forward funding information as it emerges.

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