

## CAIRNGORMS NATIONAL PARK AUTHORITY

---

**Title: DELEGATED AUTHORITY: SYSTEMS OF  
FINANCIAL AND POLICY APPROVAL**

**Prepared by: JANE HOPE, INTERIM CHIEF EXECUTIVE**

### **Purpose**

To seek the Board's approval to a system which clarifies the terms under which authority is delegated to staff for spending money and implementing policy on behalf of the CNPA.

### **Recommendations**

- That the Board approve this paper as a basis for delegation of functions to staff, and in particular, approve the proposed scheme at paragraph 17 which determines delegated expenditure limits.

### **Executive Summary**

The Board is expected to offer strategic direction to the organisation, and retains ultimate responsibility for the CNPA's activities (and most notably its expenditure). For the organisation to operate efficiently, there needs to be a scheme which enables the Board to delegate responsibility to staff for taking forward policy and for spending CNPA funds. Such a scheme needs to strike an appropriate balance between the Board being comfortable with taking responsibility for all the CNPA's activities, and yet not getting unduly involved in time consuming day-to-day activities.

A scheme of, and guidance on, delegation to, staff is set out in the paper, together with an explanation of the supporting internal arrangements that ensure the Board can have confidence that decisions on expenditure and policy development are being made properly and with the appropriate authority.

## DELEGATED AUTHORITY: SYSTEMS OF FINANCIAL AND POLICY APPROVAL

### Introduction

1. The CNPA Board is ultimately responsible for the activities of the CNPA. To quote from the Scottish Executive guidance “On Board”:  
*“All Boards have a collective responsibility for ensuring that the statutory purposes of the organisation and the Scottish Executive policies and priorities are being fulfilled and that the use of resources by the public body is appropriate and effective. Boards should provide leadership, direction, support and guidance, continuity of direction and management and promote commitment to its core values, policies and objectives.”*
2. It is clear from this guidance that boards are expected to give strategic direction rather than getting involved in day to day operational matters, and this is reflected in the expected time input of Board members (except for Convener and Deputy Convener), which Scottish Ministers have limited to 3 days a month. Nevertheless, if they are expected to take ultimate responsibility for the CNPA and its activities, there must be in place a scheme which allows work and expenditure to be delegated to staff; which provides for regular reporting back to the Board; and which provides for the Board to exercise a questioning/challenge function.
3. A scheme is set out in this paper which:
  - provides for the Board to approve a policy framework within which staff can then develop and implement policy and can spend money;
  - provides clarity on what matters are expected to be brought to the Board for approval, or for information.

It is essential that Members are comfortable with the proposed arrangements, as they underpin the development of effective and efficient working relationships between board and staff.

### Overall Scheme of Delegation to Staff

4. At its very first formal meeting on 15 April 2003, the Board approved a scheme of delegation of functions to staff. This is replicated at Annex 1 for reference. This is a very general scheme, and provides for the Chief Executive (or other senior manager) to have delegated responsibility for all expenditure and matters in respect of the operation, development and implementation of policy unless specifically reserved to the Board, or contrary to some basic principles. The most significant of these is that the decision under delegated authority would represent a departure from or a significant development of NPA policy or procedure.
5. There will always remain an element of judgement on what constitutes “a departure or significant development”, and a good working relationship and close understanding between senior staff and Board Members will help make those judgements sound. However, in the interests of clarity, this paper sets out further guidance to inform

those judgements – guidance to cover decisions on policy/operations and guidance to cover decisions on items of expenditure.

## Decisions on Policy and Operations

### *Operations*

6. The Corporate plan sets out the broad framework for spending money over the coming 3 years, with the operational plan setting out more detail for year 1. Once approved by the Board, the corporate plan and the associated operational plan will be taken as a basis for delegated authority on most routine operational matters. So, for example, it will be taken as giving approval for the payment of staff, training, office running costs (rent, heat furniture etc), office services, provision of support services (HR, Legal, IT) etc.
7. Generally, Board (or Board Committee) approval would not be sought unless an operational matter had significant presentational or policy implications. Examples would include: decisions on location of offices; decisions on corporate ID; decision on a fundamental alteration in the way corporate services were provided (e.g. to contract everything out, or to arrange to share services with one or two other public agencies); decision on pension scheme; decision on a pay and grading structure. Such decisions would be informed by advice on the budgetary implications, and once taken, would be assumed to give delegated authority to staff to commit expenditure accordingly.
8. The Corporate Plan sets out assumptions about staffing levels, and will generally be taken as giving delegated authority to the Chief Executive to recruit and deploy staff as judged necessary to best deliver the objectives set out in the corporate and operational plans. However, the Board's approval would be sought on recruitment of senior staff (in the form of the Staffing & Recruitment Committee), and for any significant departures from approved staffing levels.

### *Policy*

9. The Corporate plan (as it currently stands) provides very generalised and high level indications on how policy will be developed and implemented, and on how money will be deployed to this end. A slightly more detailed and structured approach is needed to ensure that the Board is content with, and able to offer direction on, how policy is being developed and implemented. It is proposed that this will be done as follows:
10. *Operational plans* will be prepared by each of the 7 Groups, detailing how the main themes of the Corporate plan will be taken forward and the money spent. Taken together these will provide a detailed plan to guide the work of staff, and against which the Senior Management Team will monitor progress. They will also provide the basis for the job plans for each individual member of staff setting out what is expected of them. The operational plan will be a living working document. The full operational plan will be very detailed, and a summary of it, drawing out the significant issues, will be presented to the Board for approval.

11. *Board Meetings and Papers.* It is proposed that three types of papers will be provided for the Board to enable them to approve policy developments and receive updates on progress:
- Briefing papers: not formal board papers, these will be for background information. While staff will propose topics which appear important from their perspective, I would expect and hope Member would offer their suggestions.
  - Strategy papers: formal board papers, setting out a proposed strategic approach to a subject, and seeking approval to this (e.g. paper on Tourism at January Board).
  - Policy papers: formal board papers seeking approval to the Board adopting a specific policy (e.g. windfarms)
12. These papers (in particular the strategy papers) will be used at appropriate milestones to seek approval for the general thrust of how policy work is taken forward, and approval for items of significant expenditure where appropriate.
13. A forward plan of papers coming to the Board over the next 12 months will be prepared and circulated to the Board very shortly, and will be continually updated as part of trying to ensure that the Board can take a long term and strategic approach to the issues facing the Park. The input of Members to this list will be very helpful.

## Decisions on Expenditure

14. Clearly decisions on policy and operations on the one hand, and decisions on expenditure on the other, are intertwined. The distinction being drawn here is that once the Board has given approval to a particular approach to developing policy, or to the operational part of the corporate plan, there may still be a need to seek the Board's endorsement of a particularly significant item of expenditure. This is simply good practice to ensure the Board has confidence that decisions on spending relatively large sums of money can be fully justified.
15. This paper therefore sets out proposed levels of financial delegation, above which proposals must be approved by the Board. Three categories of expenditure are identified: grants, consultancies and projects.
16. There is an additional tier of approval/delegation to be taken into account. The Scottish Executive sets out in our Management Statement/Financial Memorandum the levels above which certain categories of expenditure must have prior approval of the Scottish Executive.
17. Taking account of these, and the proposals put forward in Paper 2 approved by the Board on 12/9/03, the following table sets out proposed delegation limits:

	<b>Grants/Loans (total value of scheme)</b>	<b>Consultancies</b>	<b>Projects</b>
Approval by Scottish Executive above:	£10,000	£10,000	£50,000
Approval by Board above:			£25,000
Approval by Finance Committee above:	£10,000	£10,000	£10,000

18. The three different categories of expenditure approval are explained as follows:
- **Grants/Loans:** Grants and loans are paid to a third party to achieve something in line with the CNPA's objectives, but from which the CNPA will not derive *direct* benefit. There therefore need to be conditions attached to the payments, and criteria for eligibility which enable judgements to be made on who to pay grants or loans to. The recently launched CNPA Communities Grants scheme is a good example.
  - **Consultancies:** These are discrete items of work which are contracted out, usually by inviting tenders and selecting the bid which represents best value for money (the conduct of such tendering exercises by officers would follow the Treasury guidance on procurement). Good examples would be the work commissioned on Gateway signage, and the work on preparing a State of the Park Report.
  - **Projects:** In this context, "projects" are taken to mean relatively large and complex items of expenditure, not routine, and often because of their complexity involving several discrete consultancies. A good example would be the purchase of a new office.
19. The levels of delegation set out above are very much driven by the current requirements of the Scottish Executive's Management Statement/Financial Memorandum. The levels set for consultancy expenditure approval are rather low. We still have scope to seek amendments to the Financial Memorandum, and the next meeting of the Finance Committee will be invited to consider how we take that discussion forward with the Executive. But in the meantime, we have to live with the levels as set.
20. The logic behind these proposed delegations is that once the Board has given approval in broad terms for a particular approach in taking forward policy, the further approval is to ensure that in cases of relatively large sums of money, there is a second check on what officers are proposing so that the Board can be content that:
- a) The appropriate policy approval really has been given;
  - b) The proposed item of expenditure is within the bounds of the Corporate Plan (i.e. the funds have been budgeted for);
  - c) The proposal has been properly justified in terms of cost/benefit appraisal. [Note that the approval is not being sought on the successful bid – just on the intention to go ahead and commit money.] A standard Expenditure Justification form has been developed for this reason.
21. It is proposed that these expenditure approvals should most logically be conducted by the Finance Committee as shown in the Table. The one exception is that project proposals over £25,000 should be taken to the whole Board, simply in view of the amount of money involved.
22. As arrangements currently stand, the Board meets much more frequently than the Finance Committee. Quarterly meetings will not be sufficient to ensure speedy approvals on proposed consultancies. It is therefore suggested that if the Board is content with these proposed delegation arrangements, that the Finance Committee considers how best to accommodate these.

## **Other Supporting Arrangements on Financial Delegations**

23. There are internal arrangements in place to ensure that decisions delegated to staff are appropriately handled. There is an internal system of authorising expenditure, and an Expenditure Justification form which is required to be completed to demonstrate that an analysis has been made of the Value for Money of any piece of work being purchased or grant given.
24. The rigour of these (and other) systems is the responsibility of the CNPA's Audit Committee, who will be informed by the assessments done by both the internal and external auditors.

**Jane Hope**  
**23 April 2004**

**[janehope@cairngorms.co.uk](mailto:janehope@cairngorms.co.uk)**