

# CAIRNGORMS NATIONAL PARK AUTHORITY

## Minutes of the Finance Committee

Held at CNPA Board Room, Grantown  
On Friday 10 February 2006, 9:00 am

### Present

Eleanor Mackintosh (Chair)  
Joyce Simpson

David Selfridge  
Bruce Luffman

### In Attendance

David Cameron  
Denby Pettitt

Jane Hope

### Apologies

Gregor Rimell

### Welcome and Apologies

1. The Chair welcomed everyone present to the meeting and noted apologies as listed above.

### Minutes of Previous Meeting

2. The minutes of the previous meeting were agreed with no amendments.

### Matters Arising

3. Officers updated members that the Authority had been informed that the proposed development of a Ranger Base in the Angus Glens would not now be progressing in 2005/06, as a result of Angus Council's bid for European funding being unsuccessful. The Committee had previously approved a contribution of £82,000 to the project, which would now not be going ahead in the year.
4. It was noted that a note outlining the Authority's VAT position was still to be issued.

5. With reference to point 32 of the previous minute, members of the Committee requested that the Head of Corporate Services issue to External Auditor's final report on the 2004/05 accounts.

**Draft Outturn for 2005/06 Financial Year (Paper 1)**

6. Denby Pettitt introduced the paper, which set out budget monitoring information, comparing budget figures with actual expenditure to the end of December 2005, along with a projected outturn position as at 31 March 2006.
7. Denby indicated that the budget was being actively managed in order to seek to maximise the use of the finances available to the Authority in the year. Situations such as that previously discussed on the Angus Glens Ranger Base, with fairly significant changes being made in intended budget commitments late in the year, resulted in Corporate Services having to deal as flexibly as possible with budget allocations in order to ensure that budget allocations were routed to activities most likely to be committed before the end of the year.
8. At the meeting in December, members had been provided with a schedule of the most significant projects on which sizeable budget allocations had yet to be committed. Denby highlighted the current expenditure position on these key projects. In line with year-end management requirements, action plans had been drawn up by staff to indicate remaining actions to be undertaken on each of these key projects, and when associated expenditure would be committed. These action plans gave some reassurance that budgets would be used by the end of the financial year, despite the fact that actual expenditure levels at the end of December remained below the projected level, with expenditure of only 30% of projected year end total.
9. Officers also reminded members that total budget allocations remained slightly over-programmed, with some £118,000 more expenditure budgeted for than was covered by income. It was anticipated that further slippage in the lead up to the end of the financial year would bring expenditure back within total resource levels. Officers would continue to monitor the situation closely and provide updates to members.
10. In discussion, members indicated they were comfortable that expenditure could come close to budget level by the end of the year, as supported by evidence from the previous year. It remained a matter of some concern that budget phasing was so far skewed towards the year end. There was some hope that this position could be corrected to some extent by the introduction of the revised management and monitoring processes to be used for the coming year, 2006/07.

11. Members also sought to ensure that the push to commit budgets did not mean that staff were being encouraged to spend money without good justification. Officers responded that budget was being managed to attempt to maximise the use of resources allocated to activities approved within the Operational Plan for the year. They were also seeking to ease pressure on the forthcoming year's budget position by bringing forward activities such as training, where this was feasible. Existing budget allocation processes also were intended to ensure that justifications were in place to support expenditure undertaken.
12. Members noted that the Authority received resource allocations across a three year period, which assisted with longer term planning. However, the limited capacity to carry available resources between years did impede longer term budget management.
13. Members discussed the format of the financial information presented in budget monitoring reports. Members agreed that it would be helpful to see a more detailed breakdown of some budget heads in order to assist in considering the Authority's financial position. The Income and Expenditure account summary should also show a project outturn against full year budget, while information currently provided on activity over the previous month was not considered important in informing the Committee's discussions.
14. The Committee noted the projected outturn figures for 2005/06 set out in the paper, and noted its concern on the ongoing difficulty for the Committee in monitoring the financial management process with so great a proportion of expenditure phased to fall towards the end of the year.

#### **Pool Car Usage and Running Costs (Paper 2)**

15. Denby introduced this paper, which set out an evaluation of the Authority's value for money of its pool cars, following acquisition of additional vehicles at the end of the previous financial year.
16. Members welcomed the paper, indicating that savings had been made in ongoing travel costs as a result of the investment in the additional vehicles.
17. Members agreed that option appraisals would be required on a case by case basis prior to any further vehicle replacements.
18. Members thanked officers for a very good, clear paper.

### **Ratification of Previously Approved Expenditure Proposals (Paper 3)**

19. The Committee ratified Expenditure Justifications previously dealt with by correspondence.
20. Members discussed a potential shortcoming in the process, in that all Board members did not receive requests for approval of expenditure when these were circulated to Committee members between meetings. Part of the reason for the paper seeking ratification of approvals given by correspondence was to summarise activities on which expenditure had been approved in a paper that would be circulated to all members.
21. Overall, the system worked well, with members responding to requests and supporting the smooth flow of the Authority business. Members could consult with colleagues if they wished prior to responding. Members agreed that the system should remain in place, while wider information to other Board members may have to be reviewed in due course.

### **2006/07 Budget: Operational Plan (Paper 4)**

22. David Cameron introduced this paper, which outlined the proposed approach to managing the budget planning and monitoring process in the coming year. The paper also set out budget allocations made within the operational Plan for 2006/07 and compared these allocations with original forecasts included in the Corporate Plan agreed by the Board in February 2005.
23. David indicated that actions plans were now required to be completed for all activities in receipt of a budget allocation for the coming year. These would provide a series of key dates against which progress of activities over the course of the year could be assessed, and give an early indication of any slippage in activity prior to this being shown in finance monitoring processes.
24. Members noted that the budget for 2006/07 included an element of over-programming, of up to £0.25m, in line with their previous approvals on the budget for the coming year. In discussion, it was noted that the process of monitoring delivery of activities against action plans would allow early identification of projects which were unlikely to progress. Slippage in expenditure plans could therefore be monitored from an early stage in the year and the level of over-programming reduced as the year progressed through recovery of budgets from activities not progressing. Members recognised that introducing this level of over-programming into budgets did increase the risk of an over-spend in the coming year. On the evidence of the last two years, it was expected that there would be sufficient slippage in expenditure plans to recover the over-programming built into initial budgets and hence avoid any overspend.

25. Members considered the budget allocations set out across each of the 20 Corporate Plan goals, and the comparison of these allocations with the original estimates made in the Corporate Plan itself. In discussion, members accepted that it was expected that financial requirements to deliver activities would change over time and it was, therefore, not unexpected that allocations now proposed for 2006/07 varied from the original estimates developed over a year ago.
26. Members indicated that it would be necessary to have clear bases for these revised allocations should questions be posed on any of the variation in financial allocations between areas of activity.

**Any Other Business**

27. The Chair highlighted that this would be Joyce Simpson's last Finance meeting before stepping down from the Board at the end of March. The Chair expressed her and the Committee's thanks to Joyce for the very valuable contribution made to the work of the Committee over the last years.

**Date and Time of Next Meeting**

28. 21 April 2006, at Dalwhinnie (subsequently revised)