

**MINUTES of MEETING of the
FINANCE COMMITTEE of**

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**Held at The Cairngorms National Park Office, Grantown-on-Spey
On 15th February 2013**

Present:

Eleanor Mackintosh (Chair)
Duncan Bryden
David Green

John Latham
Gregor Rimell

In Attendance:

Jane Hope, Chief Executive
David Cameron, Corporate Services Director
Murray Ferguson, Sustainable Rural Development Director

Apologies:

None

Minutes of Previous Meetings

1. Minutes of the meeting of the 9th November 2012 were approved with no changes.

Matters Arising

2. Paragraph 5(a): it was confirmed that additional revenue funding of £100,000 was being provided by the Scottish Government to cover costs of the new CEO recruitment and the cost of the Local Plan Challenge. It was noted in passing that because the case was deemed to be in the public interest, there was a cap on the appellant liability for CNPA costs in the event that the case was unsuccessful.
3. An update was provided on the "Common Good Fund". Legal advice had confirmed that a CGF could in theory be used to distribute money from Planning Gain. Meetings had been held with CLOAF and CBP. A further discussion was planned for the Sustainable Tourism Forum at the end of February. A paper would be brought back to the Board in the Spring. A decision had not yet been made but if the idea ended up taking the form of a charitable trust that could handle revenues collected from a range of sources, the memorandum and articles would need to clarify precisely what the fund could/would do. The point previously made remained valid notably that there was a risk that running costs of such a trust could exceed the income received. That would be built into further consideration, but the point was made that the CNPA may have to accept this would be the position in the early years of such a trust given that it would take some years to become fully operational.

Election of Committee Chair

4. Eleanor Mackintosh was nominated by Duncan Bryden, and seconded by David Green and was duly elected as the continuing Chair of the Finance Committee. Eleanor accepted on the basis that consistency was important when other changes were happening in the organisation, but suggested that someone else should take over the role the following autumn when the post would come up for consideration as part of the normal cycle of elections to Committees. **(Action: election of Committee Chair to be included on October Finance Committee agenda.)** It was also noted that for the duration of Eleanor's Chairmanship Finance Committees should be organised for days which were not also Planning Committee days.

Declarations of Interest

5. None.

Review of 9 Months to 31st December 2012 (Paper 2)

6. David Cameron introduced the paper and explained the highlights:
 - a) At the end of December there was a variance of £53,000 from the expected position.
 - b) Additional capital grants of £1.5million were being managed on top of the normal allocations.
 - c) The expected outcome to the end of the financial year was a small surplus of £9,000 (0.1% of projected income).
7. The pattern of expenditure was similar to previous years with the bulk being in the last quarter of the year, albeit there had been some slight acceleration of spend compared with previous years. To some extent this pattern reflected the extent of partner involvement in many of the CNPA's projects and the fact that it took time to coordinate a number of partners.
8. It was noted there was considerable pressure on Programme Managers to ensure expenditure of Shovel Ready capital by the end of the financial year. Board Members were happy to help, particularly in discussion with communities where this could help to speed negotiations. It was also noted that we may need to spend some revenue on external help in order to ensure completion of projects on time, given the huge workload. That said, David Cameron was confident that for 2012/13 the organisation had everything in place to spend the Shovel Ready money. Close monitoring would continue and there were contingency plans in place.
9. The additional £100,000 for affordable housing continued to be the highest risk. Three months had been lost because of delays within the Scottish Government decision making machinery.
10. The Committee confirmed its support for revenue expenditure in bringing in more help to ensure the capital spend on good projects, as well as in helping to ensure

that we could demonstrate delivery on outcomes/benefits. David Cameron reported that some work was in hand to establish a baseline and monitoring arrangements. Informally, programme managers were establishing a baseline through getting information from the recipients of the Shovel Ready funding. On a more formal basis, a piece of work was being commissioned reviewing impact of the last six years worth of delivery through leader, and added into that was a review of the capital investment processes and benefit.

11. The Committee confirmed the importance of flagging up politically our appreciation of what the Shovel Ready investment was managing to achieve locally but also nationally. Ministerial visits would be arranged in the summer in connection with key projects.
12. David Cameron highlighted to Committee that COAT was likely once again to seek an additional grant allocation for 2012/13 in order to help manage its delivery of an increasing profile of externally funded and “shovel ready” infrastructure projects. This additional grant payment had not yet been factored into the current budget monitoring figures. David indicated that, as with previous years, any additional grant awarded to COAT for 2012/13 would be removed from 2013/14 planned grant awards and would only be payable to COAT given submission from them of a request to support their organisational running and cash flow requirements. David would also assess affordability to the organisation.
13. **The Committee agreed the recommendations as follows:**
 - a) **Noted the results for the nine month period to the end of December 2012, and the projected outcome for the twelve months to the 31st March 2013.**
 - b) **Noted the further analysis of Operational Plan net expenditure by programme for the nine months to the 31st December 2012 and the projected outcome by programme for the year to the 31st March 2013.**
 - c) **Agreed award of additional 2012/13 grant funding to COAT, within the envelope of their allocated 2013/14 grant allocations, should the Trust need additional financial support to cover their organisational needs over the end point of the year.**

2013/14 Budget and Operational Plan (Paper 3)

14. David Cameron introduced the paper and highlighted the main points as follows:
 - a) A reduction in Grant-in-Aid of £80,000;
 - b) An ongoing cost increase from an estimated 3% inflationary pressure, and pay award;
 - c) The overspend in the Corporate Plan of £150,000 had been narrowed to £100,000 in the Operational Plan. This was based on previous years experience and it was suggested we should be comfortable with this as a start point for the year. In practice it was difficult to be totally precise at this point and as with the previous ten years, the CNPA used in-year flexibility to ensure that the organisation ended the year with income and expenditure balanced.

- d) The Operational Plan also included a proposed pay award in line with Scottish Government pay policy guidance. Outline proposals had been approved by the Staffing and Recruitment Committee and it had also gone to the Staff Consultative Forum. The overall cost to the organisation was £65,000; this was an increase overall of 2.5% and included pay as well as progression. The headline was a 1% increase to all pay points. Once the Finance Committee were content, these proposals would be submitted to the Scottish Government.
15. In discussion the following points were made:
- a) At Paragraph 7 the figure of £0.80m should really be £0.080m.
 - b) The CNPA had a small staffing compliment and the importance of keeping them motivated through pay awards was noted.
 - c) At Paragraph 18 in response to a question it was explained that the total staff fulltime equivalent requested of 67 represented Managements estimate of the number of FTEs needed to deliver the Operational Plan. In reality of course this was somewhat greater than the actual staffing levels of 55 but it was felt that one had to be careful about attaching too much precision to the estimate of 67: but assuming as a working estimate it was the best we had, in practice the organisation would bring in additional help on a contract/temporary basis as required.
 - d) In reality there was always a degree of flexibility in year as some projects inevitably slipped over programming was a very pragmatic way of ensuring that we made maximum use of the funds available and did not miss out on opportunities through an overly restrictive approach. It remained the case, however that all expenditure was constantly monitored through the Finance Committee and through Management Team and the Operational Management Group.
 - e) There was some discussion about the detailed lines of activity in Annex I on cycling, the Enterprise Forum, COAT. Cycling potential were growing and there was huge interest in this; it was identified in the National Park Plan. There would be a paper to the Board in April. The setting up of the Enterprise Forum remained for some concern; it was being led by the CBP and the CBP were aware that this was now a year behind schedule. This was being kept closely under review. In respect of COAT, it was noted that the CNPA provided the finance and HR support as it did to the LAG.
 - f) As a general point it was noted that there was always a judgement to be made on how best to use resources, given that there was the possibility of using internal resources for providing funds for external resources.
 - g) The paper was commended.
16. **The Finance Committee approved the recommendations of the paper as follows:**
- a) **Endorsed the 2013/14 budget figures for core and operational plan activities for presentation to the Board in February 2013;**
 - b) **Endorsed the 2013/14 budget figures subject to any amendment at Committee or subsequently at the Board for use in ongoing financial management and monitoring.**

A Review of the Direct Responsibility of CNPA for Management of Infrastructure within the National Park (Paper 4)

17. Murray Ferguson introduced the paper which reviewed the CNPA responsibility for the management of infrastructure and made recommendations to improve the management of associated risks. There were broadly two types of situation where the CNPA had assumed direct responsibility for the management of infrastructure: Point of Entry Markers, and Path Agreements/Path Orders. The overriding policy remained that the CNPA only took on responsibility for these liabilities if it absolutely had to as the only way of ensuring a project could go ahead. Expenditure justifications (EJs) were used to approve expenditure on these items in the usual way. The paper provided a listing of the agreements in place and their associated value. It also proposed a few aspects of process which could be improved to ensure the CNPA managed these responsibilities effectively, the principle amongst these being a running list of these responsibilities attached to the new risk register (including details of the agreement review date, annualise cost).
18. In discussion the following points were made:
- a) On the Speyside Way it was noted that the new extension may need agreements and if so it would fall to the CNPA to make these happen. As far as old agreements on the existing Speyside Way were concerned, when these ran out the CNPA would consider what to do next. Continuing agreements may be needed but not necessarily. If they were needed, it would fall to the CNPA to arrange.
 - b) It was important the CNPA continued its policy of not owning assets unless absolutely necessary. This had been considered at a recent informal discussion and would come forward again for formal decision in a Board paper in the Spring.
 - c) David Cameron declared an interest as a Director of COAT. He then went on to explain that COAT were content to build an asset base on their Balance Sheet, and were therefore content to take on, for example the Strathdon Bridge and maintain responsibility for that, provided the CNPA put in a capital allowance.
19. **The Finance Committee agreed the recommendations of the paper as follows:**
- a) **Noted the findings of the review and the general issues raised;**
 - b) **Agreed that a Register of Agreement is produced for regular review as part of CNPA Risk Management processes.**

Review of Operational Plan Expenditure Commitments 2012 - 2015 (Paper 5)

2012/13 and 2013/14 Capital Projects: Additional Scottish Government Funding for Shovel Ready Projects (Paper 6)

20. Papers 5 and 6 were for information only and were noted.

AOCB

21. The whole Committee and staff put on record their profound thanks to Alistair Highet and the support he had given to the Finance Committee. He had built excellent working relationships with partners and with Government and had made a huge contribution to the successful and effective running of the CNPA. He would be greatly missed.

Date of Next Meeting

22. Friday 24th May 2013, Small Meeting Room, CNPA Offices, Grantown-on-Spey.
[Venue subsequently amended.]