

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

**THE CAIRNGORMS NATIONAL PARK AUTHORITY
held in The CNPA Office, Ballater
on 18th February 2011, at 9.00am**

Present:

Eleanor Mackintosh (Chair) Mary McCafferty
David Green

In Attendance:

Jane Hope, Chief Executive
David Cameron, Corporate Services Director
Bob Grant, Senior Outdoor Access Officer
Alistair Hight, Finance Manager

Apologies

Marcus Humphrey
Gregor Rimell

Election of Convener of Committee

1. It was agreed that the election of Convener of the Finance Committee would be deferred to the next meeting, in view of the forthcoming CNPA elections which could result in changes to Board Membership, and the fact that bad weather was preventing a full complement of Members attending the Committee.

Minutes of Meeting 29th October 2010

2. The minutes of the meeting were agreed with no changes.

Matters Arising

3. Paragraph 7: David Cameron to follow up with Claire Ross on progress with the Laggan Forest Initiative Project and the need to build in appropriate milestones/conditions to the grant offer.
Paragraph 8: It was noted for clarification that the reference to Community Action Plans completed referred to the current year – in practice rather more than the four communities listed had completed community action plans since the initiative had started.

Expenditure Proposal: New CNPA Telephone System (Paper 1)

4. Andy Rinning introduced the paper which sought approval for the funding of £40,000 to replace the current telephone system for Grantown-on-Spey and Ballater. The current system was old in terms of information technology and the recent failure of the Ballater system highlighted its fragility. The organisation needed a modern, robust and reliable telephone system. The proposed new system would be compatible with that installed at Loch Lomond and the Trossachs on the basis that the networks could well be shared at some future point. The proposal was anticipated to achieve annual savings of some £5,000 per year over the current call package.
5. It was noted this was phase I of a bigger project to integrate the telephone and IT networks of the two National Park Authorities.
6. **The Committee approved the commitment of £40,000 as set out in the paper.**

New CNPA Biomass Woodfuel Boiler (Paper 2)

7. Andy Rinning introduced the paper which sought approval to the expenditure required to meet the costs of the installation of a Biomass Woodfuel Boiler for the CNPA Grantown office. On following the conclusion of the Strategic Accommodation Review that the CNPA should remain in its existing premises in both Grantown and Ballater, an earlier consideration of a Biomass Boiler for Grantown became a more realistic proposition. The boiler serving no. 14 had been replaced recently by the landlord; the boiler serving nos. 15 and 16 had been in place since the CNPA took over the premises in 2003 and its life expectancy was becoming short and would need to be replaced soon. Increases in oil prices and the need for the Authority to reduce its carbon footprint made the installation of a Woodfuel boiler the preferred option. This option would also deliver ongoing financial savings in the Authority's fuel budget. The proposal was for a wood pellet boiler, not a wood chip boiler because of the storage complications of woodchip. The only realistic option currently was a wood pellet boiler which would mean the supply coming at least initially from outside the Cairngorms National Park. Nevertheless, it was important that the CNPA should be seen as helping to develop the supply chains to encourage the uptake of wood fuel boilers and wood fuel supply throughout the National Park. It was agreed however that it was important to ensure the CNPA were not tied in for too long to a single supplier so that as soon as it was possible the opportunity to tender for a local contract could be set up. An initial fuel supply contract of around 2 years was felt to be appropriate. It was also agreed that the option for green tariff should be looked into.
8. **The Committee approved funding of £80,000 as set out in the paper.**

Funding to Support Cairngorms Outdoor Access Trust (COAT) (Paper 3)

[David Cameron declared an interest as a Director of COAT].

9. Bob Grant introduced the paper which comprised two parts. First, the Committee were asked to support the proposal that funding up to £35,000 be awarded to the COAT to help deal with a VAT difficulty. This had arisen as a result of changes in the

VAT status when the Upper Deeside Access Trust became the COAT. The action to address the two different VAT processes had taken some time to deal with and the consequence now was some VAT arrears were payable, as well as some costs being ineligible for project funding. The Access Trust had taken steps internally to manage the additional costs as far as possible but a significant funding gap remained. The Finance Committee was therefore requested to consider the award of up to a maximum of £35,000 to cover a proportion of these VAT and project costs.

10. Secondly, the Committee was asked to consider the provision of any grant support approved by the Board as part of its 2011/12 Operational Plan considerations on the 18th March 2011, to be payable prior to commencement of the financial year in order to assist the cash flow for the Trust. It was noted that this did not constitute additional total grant funding, but was merely a matter of the timing of funding support. Grant funding for 2010/11 would be increased with grant funding in 2011/12 reduced accordingly. There was no assessed risk to delivery of outputs in 2011/12 from this potential funding position.
11. In both cases (the VAT, and the cash flow support) it was proposed that if the Committee were agreed, the details of the exact level of funding should be delegated to the Chief Executive and Corporate Services Director in order to ensure that the Authority was able to be responsive to the Trust's short term cash flow support requirements while taking full account of the Authority's cash flow and affordability considerations.
12. It was noted that the CNPA would in future be providing accountancy support to the COAT and would therefore be well placed to monitor cash flow, and ensure that payments from the CNPA's Operational Plan were tied in with the COAT requirements. It was also noted in passing that SNH were similarly increasingly looking to deploy funding in a pump priming approach.
13. **The Committee approved funding up to the maximum as set out in the Committee paper with the final decision on amount to be delegated to the Chief Executive and Corporate Services Director.**

2011/12 Budget and Operational Plan (Paper 4)

14. David Cameron introduced the paper which sought approval from the Committee to the budget figures for the 2011/12 Budget and Operational Plan. Agreement for the Plan as a whole would be sought from the Board in March 2011, but the Committee were asked to consider the general shape of the proposals, including the important split between Operational Plan expenditure and Core expenditure. The total budgeted cash based income for the coming year was £4.796 million, representing funding available to the CNPA to support its activities and spending plans. In addition a further £0.55million of additional funding support was expected to be received to support projects led by the organisation's staff. It was noted that the funding levered in by the existence of the CNPA was in practice much larger than this, as the consequence of the CNPA providing funding to other projects and organisations, enabling them in turn to lever in funding to the National Park. It was agreed it would be helpful to work out the extent of this leverage to demonstrate the effectiveness of the CNPA as a small body. The

question was also asked whether the CNPA were maximising their income – it was suggested further thought be given to the scope for this.

15. On the expenditure side, as well as the cash allocation to the CNPA being reduced, the Authority was expected to deliver a 3% efficiency saving against 2010/11 expenditure levels. This typically means finding capacity to reduce aspects of core expenditure and recycling savings into Operational Budget. Despite the reduction of Grant in Aid, there were significant savings in core expenditure for 2011/12, primarily from staffing reductions, with the result that the CNPA was able to put as much into its Operational Plan for 2011/12 as for the previous year.
16. This was commended, while recognising that further savings would be required in future years beyond 2011/12. It was also noted that the Operational Plan had to be one that could be delivered with a reducing staff compliment, and that future budget reductions may well result in changes to the level of investment within the Operational Plan in addition to continuing to look for further slimming down in core expenditure.
17. In discussion, members considered whether plans submitted had provided for sufficient potential levels of support to the Cairngorms Business Partnership (CBP) for the coming year. Members also questioned whether adequate provision had been made in 2011/12 for the legal costs associated with the challenge to the local plan. David Cameron confirmed that provisions had been made for both these activities, and were sufficient as far as current activity levels in both areas were currently known. There was also risk of under-spending in the year if financial provisions were too high. All financial allocations would be monitored closely, and there was typically room for some flexibility in expenditure plans particularly over the first 3 to 4 months in the year.
18. **The Finance Committee endorsed the 2011/12 Budget figures for Core and Operational Plan activities for presentation to the Board in March 2011, and for use in ongoing financial management and monitoring.**

Review of 10 Months to 31st January 2011 (Paper 5)

Review of Operational Plan Expenditure Commitments 2010-2013 (Paper 6)

19. The above two papers were for information and were noted without further discussion.

Alignment of CNPA's Website (Paper 7)

20. This paper was approved by email correspondence as a result of time constraints due to adverse weather affecting the meeting.
21. Following clarification of the budgeted sum for the activity and a number of other items that were not clear from the written proposal, members approved the proposal.

AOCB

22. There were no other items of business.

Date of Next Meeting

23. 13th May 2011, Blair Atholl.