

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

**THE CAIRNGORMS NATIONAL PARK AUTHORITY**

**Held at The Duke of Gordon Hotel, Kingussie  
On 24 May 2013**

**Present:**

Eleanor Mackintosh (Chair)  
Duncan Bryden  
David Green

Gregor Rimell

**In Attendance:**

David Cameron, Corporate Services Director  
Daniel Ralph, Interim Finance Manager

**Apologies:**

John Latham,  
Grant Moir

**Minutes of Previous Meetings**

1. Minutes of the meeting of the 15 February 2013 were approved with no changes.

**Matters Arising**

2. An update was provided on the "Common Good Fund". Consultative work had been undertaken with partners, including the Cairngorms Business Partnership and Cairngorms Outdoor Access Trust, with some discussion also on this subject at the Sustainable Tourism Forum in February. The aim was to take a decision paper on the creation of a Common Good Fund to the Board in September 2013.

**Expenditure Proposal – Cairngorms National Park Estates Survey 2013  
(Paper I)**

3. Members considered the expenditure proposal put forward by Will Boyd-Wallis for a contribution to a survey of estate management across the Cairngorms National Park (CNP). The survey was proposed to be undertaken in partnership with Scottish Land and Estates (SLE). Approval for a funding contribution of £26,038 including VAT was sought. The project sought to obtain, through survey work, a better understanding of the contribution that estate owners and managers make to the economy, environment and social fabric of Scotland and specifically to the CNP. The contribution made by the Authority to the partnership sought to increase the

survey coverage from a sample basis to be used nationally to as close to 100% response rate from CNP estates as possible.

4. In discussion, members of the Committee made the following points:
  - a) Members were disappointed that the proposal had not come to the Committee at an earlier stage in its development in order that the design of the process and the project could be more open to consideration and input from Committee members. In this regard, it was recognised that there is a balance to be struck between having projects sufficiently well developed to inform the potential budget / cost estimates, while allowing sufficient scope with project design to allow political and strategic sensitivities identified by Board members to be addressed.
  - b) There is a need to ensure robustness of data and information drawn from that data, as with any survey, and to ensure therefore that the survey is undertaken from a standpoint which is not seeking to prove any particular points or substantiate a case.
  - c) Noted that the survey would only cover estates and estate managers and the farming sector, including tenant farmers, would not be covered by the survey.
  - d) Scottish Government community resilience work needs to be reflected in the conduct of the survey and a need to ensure the survey covers points around estates interactions with their neighbouring communities.
  - e) It is worth considering an independent member of the project steering group if this would add weight to the perceived independence and robustness of the survey results.
  - f) Recognised that there was a balance to be struck in working with partners, such as SLE in this instance, which could be very beneficial to improving the response rates to the survey, while ensuring the outcomes from the survey work would be seen as entirely independent of any inherent interests within the sector.
  
5. Following on from a detailed discussion around these points, members agreed that the Committee Chair should have delegated Authority to agree the proposed project investment on behalf of the Committee once follow up information to the Committee's discussion points had been seen and reviewed.

## **2012/13 Draft Outturn Figures (Paper 2)**

6. Daniel Ralph and David Cameron presented the draft outturn figures for the Authority's management of financial resources over the course of 2012/13. At this point in time, and prior to the external audit process, the Authority's management accounts indicate a net income for the year of £8k on the basis of a total income of £7.149 million (-0.1% variation from target break even).
  
7. Daniel highlighted that the main outstanding piece of work in completion of the final accounts position would be on finalising the LEADER grant debtor balances due to the Authority, with some potential that a reduction in provisions and resulting charge against income in the year of up to £49k may be required.

8. Daniel also highlighted that core operating costs showed a reduction of £85k (2.8%) against the approved budget, making further financial savings in running costs and therefore supporting increased project investment in National Park projects. As the budget figure already made provision for the Scottish Government's target 3% efficiency savings, the result is that management of running costs had delivered a level of financial saving well above the efficiency target for the year.

### **Review of 9 Months to 31<sup>st</sup> December 2012 (Paper 2)**

9. 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).
10. 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.
11. 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.
12. 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.
13. 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.
14. 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.

15. 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.
16. **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 31<sup>st</sup> March 2013.**
  - b) **Noted the further analysis of Operational Plan net expenditure by programme for the nine months to the 31<sup>st</sup> December 2012 and the projected outcome by programme for the year to the 31<sup>st</sup> 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)**

17. 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.
18. 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.

**19. 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)**

20. 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).

21. 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.
22. **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)**

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

**AOCB**

24. The whole Committee and staff put on record their profound thanks to Alistair Hight 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**

25. Friday 24<sup>th</sup> May 2013, Small Meeting Room, CNPA Offices, Grantown-on-Spey.  
[Venue subsequently amended.]