

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

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**Held at Grant Arms Hotel, Grantown-on-Spey
On 31 August 2012**

Present:

Eleanor Mackintosh (Chair)
Marcus Humphrey

David Green
Gregor Rimell

In Attendance:

Jane Hope, Chief Executive
David Cameron, Corporate Services Director
Bob Grant, Recreation and Access Programme Manager
Alistair Hight, Head of Finance and IT
Andy Ford, Cairngorms Nature Manager

Apologies:

Mary McCafferty
Allan Wright

Minutes of Previous Meetings

1. Minutes of the meeting of the 11th May 2012 were approved.

Matters Arising

2. In respect of Paragraph 6 (Old Logging Way Maintenance Funding) it was noted that as a point of principle the CNPA's Capital Expenditure should not be incurring undue revenue costs in the future. Clearly in specific cases exceptions may have to be made in order to ensure the project would go ahead, but it was important these were recognised very clearly as being exceptions to the general principle. This was agreed and noted for further discussion.

Declarations of Interest

3. None.

Review of 4 Months to 31st July 2012 (Paper 1)

4. Alistair Hight introduced the paper, which noted that income and expenditure was on track. The point was made in passing that monitoring of income and expenditure

was continuing with a view to managing expenditure in relation not only to the current year but with a view to years 2 and 3 given that the budget for years 2 and 3 had been deliberately over programmed to enable account to be taken of adjustments in timing to delivery of projects as the years progressed.

5. **The Committee approved the recommendations as follows:**
- a) **Noted the result for the 4 month period to the end of July 2012 and the projected income from 12 months to the 31st March 2013.**
 - b) **Noted the further analysis of Operational Plan net expenditure and projected outcome by programme for the year to 31st March 2013.**

2012/13 Capital Expenditure: Additional Scottish Government Funding (Paper 2)

6. Alistair Hight and David Cameron introduced the paper which outlined proposals for dealing with current and any future allocation of additional capital funding.
7. In discussion the following points were made:
- a) The CNPA financial regulations still applied in the usual way, so that individual expenditure items would still come forward to the Finance Committee as appropriate. There would therefore be input from the Committee to particular proposals.
 - b) The list of projects in the paper was in two parts. The first part in table 2 showed fourteen projects which formed the original submission to the Scottish Government amounting to just under half a million pounds. The second list at table 3 comprised an additional three projects amounting to just under £200,000; these projects had not been in the original list but were being brought forward for the additional £197,000 of capital funding which had been passed to the Scottish Government allocation unexpectedly.
 - c) Both lists together largely comprised projects which delivered or helped to deliver visitor services infrastructure. The Biomass Boiler and the Housing Project while not obviously directly delivering visitor infrastructure were nevertheless part of the bigger story of a National Park economy which had to be looked at in the round, namely that an economy based largely on tourism was highly reliant on housing for workers. It was also highly reliant on skills and the housing project was as much about skills development as it was about housing per se. The Committee therefore agreed that we should write back to the Scottish Government Sponsor Team explaining the conclusion of the Committee.
 - d) The point raised under matters arising was acknowledged again that in agreeing capital expenditure it was important to take account of revenue implications.
 - e) It was important to have robust argumentation, based on economic modelling, to back up the justification for this capital expenditure. This would also, of course, provide the story behind the benefits generated by the project upon their completion. This argumentation needed to focus on the economic return on investments, and the promotion of sustainable economic growth etc.

- f) A list should be developed for the future which would allow rapid agreement of the priorities for project if additional capital should become available in the future. It was agreed that the criteria set out at Paragraph 7 were a good start but this should be further refined in light of the comment made in the point above. It was also noted that to generate potential list of projects for the future. Thinking should not be constrained to the usual notion of capital expenditure, but should be as broad as possible to include all aspects of “capital” including for example intellectual.

8. The Committee approved the recommendations as follows:

- a) **Approved the allocation of the proposed £685,000 of capital budget for 2012-13 against the nominated projects.**
- b) **Approved arrangements for allocating future additional capital funding against suitable projects, on the basis that the criteria listed at Paragraph 7 would be further refined and brought back to the Finance Committee**

9. Actions:

- a) **Develop a narrative around the list of projects based on contribution to sustainable economic growth as the basis of a letter to the Scottish Government. (David Cameron).**
- b) **Refine the list of criteria at Paragraph 7, to bring back to the Finance Committee in due course (David Cameron, Alistair Hight).**

Proposed Common Good Fund for the Cairngorms National Park (Paper 4 – Paper 5 to the Board)

- 10. David Cameron introduced the paper which sought agreement in principle to establishing a “Common Good Fund” for the Cairngorms National Park. If approval was given in principle, this would allow further work to be taken forward, in particular consultation with partners. The paper set out how a fund might work, and what the legal structures might be, and also noted the other lines of activity on voluntary contributions which this proposal would need to compliment. In discussion the following points were made:
 - a) Another name would be needed which did not imply any attachments to Common Good Law – this was just a working title.
 - b) It was noted that the proposal would mean an institution that was completely separate from the CNPA and not controlled by the CNPA.
 - c) The aim behind the proposed fund was to fill a gap which would compliment other voluntary contributions. It was suggesting a fund for general contributions and not one for specific purposes. It would provide an opportunity for corporate responsibility donations as well as legacies.
 - d) It was noted that the charity was not necessarily the way to grow the economy and further consideration was needed on what the best institutional structure would be.
 - e) It was suggested that at the Board meeting later that day agreement was being sought simply to consult and it was suggested that the Finance Committee be given oversight on the detail on how proposals developed

through that consultation. Ultimately a final proposal would come back to the full Board.

- f) As a basis for that consultation a paper setting out the pros and cons of various options would be helpful. The current paper was very useful in setting out some proposals for one particular approach but this may need to be widened through consultation.

11. The Board agreed the recommendation:

- a) **Agreed the principle of establishing a Common Good Fund, and that consultations with other interested parties should be taken forward on this basis.**
- b) **The Finance Committee would have a role in overseeing the detail of the developing proposals emerging from that consultation with the final proposal to go to the Board in due course.**

Review of Operation Plan Expenditure Commitments 2012-2015 (Paper 4)

- 12. Alistair Hight introduced the paper which set out the spending commitments made in the Corporate Plan for the next two years. Overall this was running at 22% for 2013/14 and 21% for 2014/15, well within the guideline limit for future commitment of 30%. It was noted that when forward commitments were looked at on a programme by programme basis, the percentage of forward commitment was quite variable and was particularly high for programme 5 (opportunities for recreation) and for programme 7 (organisational excellence). It was however, noted there was an obvious explanation in both cases and therefore no particular reason for concern. For programme 5, the high percentage reflected the forward commitment of a three year funding package to COAT, and in the case of programme 7 a forward commitment to administrative support for the LEADER programme.

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- 13. The Committee asked that a paper be brought to the next Committee meeting about the ownership of assets, and allowing discussion and endorsement of the principle around ensuring the revenue implications of capital expenditure are properly taken into account. In particular, the Committee wish to make sure that the principle that the CNPA should not be taking on ownership of assets/liabilities should be enshrined in operating policies.

Date of Next Meeting

- 14. 26th October 2012, CNPA Boardroom, Grantown-on-Spey.