

## Potential Costs of the National Park Authority

**7-1** Under Section 3(2) of the National Parks (Scotland) Act 2000, the reporter is required to provide advice on "... the likely annual costs and capital expenses of the National Park Authority in exercising its functions". As part of our advice to Government in 1999, SNH provided cost estimates for a National Park in the Cairngorms area. In this section, we review these figures in the light of the new legislation and Ministers' proposal for a National Park in the Cairngorms area.

### SNH's earlier advice

**7-2** In our advice to Government in 1999, we made estimates of the core costs of a National Park Authority (i.e. what the organisation costs to run itself) and its programme costs (i.e. what it spends on projects, grants, and special initiatives). In developing these estimates we made several assumptions – for example, that the area of the Park may be considerably smaller than the Cairngorms Partnership area, that the Park Authority would not be the planning authority (in line with our advice at that time) and that many visitor management activities would continue to be provided by other bodies operating in the area. All figures were quoted in 1998 prices.

**7-3** On the basis of these assumptions we suggested that in its third year of operation, the Park Authority would have a total staff of 68 and have core operating costs of £1.96 million. However, we thought around half of this might come from existing funds and staff, transferred from other bodies, including the Cairngorms Partnership which is funded through SNH, so that the net additional cost to the public purse would be around £1 million.

**7-4** Estimating the programme spend for the National Park Authority was more difficult but we suggested that, in its third year, the Authority would need some £1.5 to £2.5 million to implement the National Park Plan.

### Comments generated

**7-5** We were not required to consult on the matter of costs but, to allow for discussion of our

previous estimates, the consultation document contained a summary of our advice and invited others to give assistance and to make comments.

**7-6** The comments received indicate that there is concern that the National Park must be properly funded. A common refrain at meetings, both locally and outwith the area, was that if the initiative was not given significant new resources, then the Government might as well not bother to proceed with the project. For some individuals and organisations this strengthened the case for a smaller Park, as it was felt that the money would go further. But the alternative view, put forward by the majority who commented, was that the costs of the National Park should only be determined once the area and functions have been agreed. There should be no predetermined budget, stretched to fit the area.

**7-7** Many respondents also argued that the money must be "new" money and should not be taken from other projects in the area. Some similar concerns were expressed by those adjacent to the proposed National Park and who feared that their area may be deprived of resources in future. Some concerns were expressed about the long term funding the Park, for example that, while there may be funds at the start, a different administration may starve the National Parks in years to come, and those living locally will be left to pick up the costs.

**7-8** There was a spectrum of comments on whether the Park Authority could, at least in part, be self financing. Suggestions for sources of additional funding included the introduction of levies on businesses deriving a benefit from being located in the Park and the selling of "branding rights" associated with designation. A few respondees considered that if such measures were successful, central government funding could be phased out over the long term. But most of those who responded, particularly from the local area, were opposed to any increase in local taxation, through residential or commercial trading rates, to pay for the higher quality services that would be expected in a National Park.

**7-9** There was a general consensus from those who had considered SNH's advice in 1999 that the figures we had presented seemed to

underestimate the level of funding that would be required, particularly for programme costs. Similarly, a small number of responses were critical of the balance between staff costs and programme spend which we had suggested, believing that the latter should have greater priority. Many respondents stressed the need for more investment in facilities to meet visitors' raised expectations and perhaps greater numbers. Other specific suggestions for the allocation of funding towards certain activities included:

- a Cairngorms-wide dedicated, agri-environment scheme;
- promotion and enhancement of the cultural heritage of the area;
- research and the monitoring of change in ecosystems;
- support for land management including support for fisheries and other aquatic issues; and
- affordable housing and accessible transport, education and training.

**7-10** Despite these suggested priorities, an even spread of expenditure across the four aims of the National Park was favoured by most of those who commented on this issue.

**7-11** Some respondents considered that existing agencies and local authorities who work in the Cairngorms area should receive additional funding, to be able to provide for the expected increase in visitors, or for the higher standards of management that would be required in a National Park. For example, Highland Council estimated that they would require a further £400k to improve the delivery of their own current services within the National Park area.

### SNH view as natural heritage adviser

**7-12** In line with our 1999 advice, we consider that the benefits of National Parks for the natural heritage will only arise if sufficient funding is made available. While some of this may come from redirection of existing expenditure in Park areas, new resources will be necessary, and the Park Authority will require

additional funding for core operating and programme costs.

### Discussion

**7-13** Clearly, there is a strong agreement among consultees that the National Park should be properly funded, and that funding for it should be additional to the public money that is currently being spent in the area. Little consensus emerged on the scale of the funding that would be required although this is perhaps to be expected given the uncertainties over many issues, such as size and location of the Park and, particularly, how a new Park Authority would work alongside existing agencies.

**7-14** To meet the requirement on us to consider this issue, we have re-considered our previous estimates, giving attention to the comments expressed during the consultation period, and to other information which has become available since we first undertook this work. To build a picture of the costs it was necessary to draw up a revised list of assumptions. Many of these concern matters which can only be decided once the governing Board of the National Park Authority is in place. The key assumptions are listed below.

- The area of the National Park will be similar to Option B as set out in the consultation document and covers around 4000km<sup>2</sup>. The Park will include Laggan, most of Badenoch and Strathspey in the Highland Council area, part of Moray (including Glenlivet and Strath Avon), part of Aberdeenshire, (including Strathdon and Upper Deeside), the Upper Angus Glens in Angus and, in Perth and Kinross, the area east of the A9 transport corridor.
- The powers and functions of the Park Authority will be based on those set out the National Parks (Scotland) Act 2000 and in Ministers' proposal (i.e. assuming that the National Park Authority would be involved in, but would not lead on, statutory town and country planning matters).
- The Park Authority will adopt a devolved area-management structure so that functions such as countryside management services (including rangers), and community

development activities can be delivered locally, through area teams. Three management units were envisaged in:

- Badenoch, A9 corridor and Atholl
  - Strathspey, Moray and the Cairngorms Plateau
  - Deeside, Donside and the Angus Glens.
- Appropriate functions currently undertaken by some staff, for example in the Cairngorms Partnership, local authorities and other public bodies (for example, providing ranger services) will be transferred to the Park Authority within its first 3 years of operation. It is assumed that, within this early period, no land management responsibilities from existing agencies (for example, Forest Enterprise and SNH), nor rangers employed by voluntary or private sector organisations, will be transferred to the Park Authority.
  - The National Park Authority will wish to develop a balanced programme of projects and initiatives reflecting the four aims of National Parks. These initiatives will require to fit closely with and complement, rather than duplicate, the programmes of activity already delivered in the area by existing authorities and agencies.
  - For the purpose of calculating staff costs, it is assumed that staff will be appointed at grades and salary scales broadly comparable with the proposed Loch Lomond and Trossachs National Park and the Highland Council.
  - In the short-term, the Park Authority will not develop or operate any substantial visitor centres but it will be involved in co-ordinating and improving the delivery of visitor information.
  - Existing public sector bodies operating in the area will continue to invest their resources in a way which contributes to the delivery of the National Park aims.
  - The governing Board of the National Park Authority will have 25 members and they will be remunerated in a similar way to Board members of organisations such as SNH or the Scottish Environment Protection Agency.

- The Park Authority will seek VAT exemption and charitable status. All costs quoted exclude VAT and are at 2001 prices.

**7-15** As the circumstances underlying these assumptions change over time, they may well require revision as appropriate.

**7-16** In preparing these estimates for the Cairngorms it should be noted that there are still many uncertainties. There is not currently any organisation in place which undertakes a similar range of functions at a pan-Cairngorms scale with which meaningful comparisons can be provided. There is no integrated data on the functions, staff and related expenditure which are devoted to the area at present by the principal relevant agencies and land-management organisations. Also, unlike the situation in Loch Lomond and the Trossachs where the Interim Committee has a substantial programme of projects carried out by dedicated staff, the Cairngorms Partnership works to initiate projects in partnership with other bodies, and only has a very modest budget for project development. However, the extent and the range of existing work undertaken in the area by many of the existing partner organisations and landowners is illustrated in the Cairngorms Partnership Work Plan 1999-2001 where it is estimated that during this period, the organisations will invest some £123m, all of which will go some way towards delivery of the Partnership Management Strategy.

**7-17** It is not for SNH to decide upon the staff structure of the National Park Authority, but it was necessary to construct an illustrative example to determine staff numbers and their associated costs. This exercise resulted in an organisation which, by its third year of operation, would employ 63 full time staff, with an additional complement of part time staff, totalling around 80 full time equivalent staff. It was estimated that the functions of around 24 staff may already be provided by existing organisations whose functions could be transferred to the National Park Authority within its first three years. Additional costs associated with staff were estimated to be 30% of salaries, including elements for superannuation, national insurance, travel and subsistence, recruitment and protective clothing.

**7-18** An estimate of other core operating costs in the third year of operation was based on payments to Board members; accommodation; office services; publications and PR; specialist support (for legal, accountancy, IT purposes); and vehicles, equipment and materials. Estimates were prepared from comparison with existing organisations and are based on standard administrative costs. This sum was calculated to be between £0.8 and £1.0 million.

**7-19** As noted above, there is no substantive basis on which to form an estimate of programme costs. The approach we took was to develop, with assistance from some other bodies, a list of potential generic projects under the following headings:

- National Park Planning and Research – including preparation of the Park Plan, consultation, publication and monitoring.
- Community Liaison and Development – including community enhancement schemes, training provision, youth programmes, transport provision.
- Natural and Cultural Heritage – including landscape enhancement schemes, biodiversity action planning and arts, crafts and folk-lore activities.
- Land and Water Management – including promotion of Forest of Spey and Deeside Forest projects, involvement in catchment management schemes and other land management measures.
- Access and Visitor Recreation Management – small scale facilities such as parking, signs, services, maintenance repair and provision of paths, and the visitor management infrastructure.
- Information, Interpretation and Understanding – including Park awareness programmes, maps, guides, information points and training schemes.

**7-20** An estimate was made of the funding likely to be required by the Park Authority for each of the likely projects, based on experience from similar schemes in the Cairngorms and elsewhere in Scotland. Specific reference was made to reflect the fact that the Park Authority will have to build on the experience of the

Cairngorms Partnership, where the vast majority of the projects in the Work Plan have been developed with contributions from a number of agencies. We estimate that, by its third year of operation, the Park Authority may be managing a broad range of programmes at a cost of £1.6 to 2.0m, but that the overall value of such programmes may be in the region of £4.5 to 5.5m with contributions from other partners.

**7-21** SNH has estimated that the likely additional establishment costs of the National Park in years 1 and 2 would include items such as members' elections and appointments; staff recruitment and induction; office development costs; IT and communications equipment; and professional services. These were estimated to be £1.2 – 1.4m.

**7-22** These elements of the funding of the National Park Authority described are displayed in Table 7-1 along with comparative figures from other National Parks in the UK, which have been in existence for some 50 years. The range of costs reflected in this table is largely derived from differences in the number of staff and their associated costs. The estimated cost per unit area in the Cairngorms is notably lower than other National Parks, reflecting the very extensive areas of wild and remote land with low levels of infrastructure provision the proposed area contains and relatively low staff complement. It should be noted that because the Cairngorms Park Authority would be starting to create its structure, administrative base and its programme of action from a much smaller base than the Loch Lomond and the Trossachs Park Authority, its level of expenditure is less likely to have reached a point of levelling out by the end of year 3.

**7-23** After year three it would be reasonable to expect overall programme costs to increase as the Park Authority gains experience in managing this part of its work, and it also becomes more effective in securing external sources of funding.

**Table 7-1:** Cost comparison of the proposed National Park with other National Parks in the UK

Annual budget	Number of staff (fte)	Staffing Costs £ million	Other Core Operating Costs £ million	Programme costs £ million	Total Cost £ million	Area Km <sup>2</sup>	Average cost by unit area* £k per Km <sup>2</sup>
Proposed National Park for Cairngorms (by year 3 at 2001 prices)	76–84	1.7–2.1	0.8–1.0	1.6–2.0	4.1–5.5	4580	0.9–1.2
Proposed Loch Lomond & The Trossachs National Park	110–120	2.4–2.9	0.7	2.2	5.3–5.8	1764	3.0–3.3
Lake District National Park* (1999-2000)	154	3.4	2.9		6.3	2290	2.7
Snowdonia National Park* (1999-2000)	No data	No data	No data	No data	5.0	2142	2.3
Average of English and Welsh National Parks*	120	2.3	No data	No data	4.6	1280	3.6

\* Data for English & Welsh National Parks from *Funding, Costs and Staffing of National Parks in England & Wales - a Working Paper*, Peter Scott Planning Services for SNH, 2001. Comparative data for all National Parks were not readily available.

### Reporter's Advice

**On the basis of the assumptions we have made and the views we received during the consultation, we conclude that the likely annual costs and capital expenses of the National Park Authority in the Cairngorms will be in the region of £4.1 to 5.5 million (comprising £2.5 to £3.1 million core operating costs, supporting some 80 FTE staff, and £1.6 to £2.0 million programme costs).**

**These costs are for the third year of operation of the Park, at 2001 prices. We do not consider that by its third year the Park expenditure will have started to level out. In addition we estimate that establishment costs in the first and second years of operation could amount to £1.2 to 1.4m.**

**These figures do not include all of the expenditure required from public bodies for successful operation of the Park. Therefore we recommend to Ministers that sufficient additional resources to cover these requirements, including agri-environment measures and visitor management, are made available to the appropriate authorities.**

SNH advice as natural heritage adviser

SNH supports the above recommendations.