

**CAIRNGORMS**  
NATIONAL PARK AUTHORITY

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ÙGHDARRAS PÀIRC NÀISEANTA A'  
MHONÀIDH RUÀIDH

**ANNUAL REPORT AND  
ACCOUNTS 2016/17**

**AITHISG BHLIADHNAIL AGUS CUNNTASAN  
2016/17**

**...AN OUTSTANDING NATIONAL  
PARK, ENJOYED AND VALUED BY  
EVERYONE, WHERE NATURE AND  
PEOPLE THRIVE TOGETHER**

**...SÀR PHÀIRC NÀISEANTA, A THA A'  
CÒRDADH RIS A H-UILE DUINE AGUS  
AIR A BHEIL IAD UILE A' CUR LUACH,  
AGUS FAR A BHEIL NÀDAR AGUS  
DAOINE A' SOIRBHEACHA**

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# KEY PERSONNEL AND SPONSORING BODY

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## BOARD MEMBERS

Peter Argyle – Convener

Rebecca Badger

Geva Blackett – appointed 31 March 2017

Angela Douglas

Paul Easto

Dave Fallows – Convener Audit and Risk Committee

Katrina Farquhar – resigned 31 December 2016

Jeanette Gaul – resigned 30 September 2017

Kate Howie – Convener Finance and Delivery Committee – resigned 30 September 2017

Janet Hunter

Gregor Hutcheon

John Latham

Bill Lobban – resigned 30 September 2017

Eleanor Mackintosh – Convener Planning Committee

Willie McKenna

Fiona Murdoch – resigned 30 September 2017

Gordon Riddler

Gregor Rimell – resigned 30 September 2017

Judith Webb

Brian Wood – Deputy Convener and Convener of Staffing and Recruitment Committee

Board member profiles can be found at <http://cairngorms.co.uk/authority/board/>

## CHIEF EXECUTIVE AND ACCOUNTABLE OFFICER

Grant Moir

## DIRECTORS

David Cameron – Director of Corporate Services

Murray Ferguson – Director of Planning & Rural Development

Hamish Trench – Director of Conservation & Visitor Experience (resigned 31 July 2017)

## SPONSORING BODY

Directorate of Environment and Forestry, Natural Resources Division, Scottish Government

# OVERVIEW

## Chief Executives Statement on Performance

I have pleasure in presenting the Cairngorms National Park Authority's (the Park Authority) annual report and accounts covering its thirteenth year of operation, from 1 April 2016 to 31 March 2017.

The Authority has worked during a year of public sector funding restrictions to achieve our priority objectives set out in our Corporate Plan covering 2015 to 2018 and also to make the contribution expected of us by our partners in our collective delivery of the objectives of the Cairngorms National Park Partnership Plan for 2012 to 2017. Some of the highlights of our work will be covered in this Annual Report and Accounts document, with more detail available separately in our Annual Review of 2016/17.

The 2016/17 operational year covered by these accounts was also the last of the current five year Cairngorms National Park Partnership Plan (NPPP). We plan to produce a separate report to the Authority's Board in September 2017 on the achievements in delivery of the NPPP and this report will be available to the public. We have co-ordinated the development of the next NPPP for 2017 to 2022 which, after approval by Scottish Ministers, was launched on 1 June 2017.

Crucially, the Authority has made its expected contribution to the Scottish Government's wider National Outcomes set out in the National Performance Framework. In particular, in the context of this document, we have contributed to the Outcome that "our public services are high quality, continually improving, efficient and responsive to local peoples' needs" through delivering high standards of service within our planned and agreed budget outcome of a broadly break even financial outturn position.

## Purposes and strategy

The Designation Order for the National Park, approved on 7 January 2003, defined the boundaries of the National Park, confirmed the constitution of the Park Authority and its functions, and identified the establishment date as 25 March 2003, and operational date of 1 September 2003. The boundaries of the Cairngorms National Park were further extended on 4 October 2010 to include areas of the North Perthshire glens.

The Park Authority is a Non-Departmental Public Body working to the provisions of a Management Statement and Financial Memorandum agreed with its sponsoring body within Scottish Government, the Environment and Forestry Directorate, Natural Resources Division.

## Purpose

The purpose of the Park Authority is to promote partnership working and give leadership to all the bodies and agencies involved in the sustainable growth and development of the Cairngorms National Park. Through co-ordinating development and collective agreement of the Cairngorms National Park Partnership Plan, the Park Authority aims to ensure the 'collective and co-ordinated delivery' of the four aims of the National Park.

Section I of the National Parks (Scotland) Act 2000 [NP(S)A] sets out the four aims of the Park:

- 1) to conserve and enhance the natural and cultural heritage of the area;
- 2) to promote sustainable use of the natural resources of the area;
- 3) to promote understanding and enjoyment (including enjoyment in the form of recreation) of the special qualities of the area by the public; and
- 4) to promote sustainable economic and social development of the area's communities.

## Strategy and Business Model

The Park Authority leads in coordinating development and delivery of a five year National Park Partnership Plan (NPPP) – a strategic planning document prioritising and co-ordinating activity of all public, private, community and voluntary organisations active in delivering services and activities within the Cairngorms National Park. The current NPPP runs from 2012 to 2017.

Our own priorities in making direct contributions toward the National Park Partnership Plan outcomes are set out in the Park Authority's Corporate Plan which spans the period April 2015 to March 2018. This Corporate Plan covers the period to completion of the existing NPPP and also the leadership and co-ordination of the third five-year NPPP for the Cairngorms which will span 2017 to 2022.

In 2016, following engagement with its full staff group, the Park Authority adopted a set of values, and vision and mission statements, as part of its corporate planning processes, which are central to its purpose:

### Values

“The CNPA is an **open, inclusive, innovative** and **professional** organisation that behaves with **integrity.**”

### Vision

An outstanding National Park, enjoyed and valued by everyone, where nature and people thrive together.

### Mission

“To lead the way in delivering for the Cairngorms National Park by:

- bringing people together towards a common purpose
- enhancing the Park for everyone
- inspiring new generations to be Park Champions”

To achieve its mission the work of the Park Authority is set around three themes, each of which are further divided into four priorities for the Park:

**Conservation** – to be a special place for people and nature with natural and cultural heritage enhanced

- 1) support habitat restoration and expansion of native and montane woodland on a connected landscape scale;
- 2) delivery priority species conservation, particularly securing for the long term Scotland's remaining stronghold for Capercaillie;

- 3) address issues of sustainable moorland management to deliver greater habitat diversity, landscape enhancement and peatland restoration;
- 4) support catchment management collaboration to reduce flooding, improve water quality and improve wetland and river habitats.

**Visitor Experience** – to enable people to enjoy the Park through outstanding visitor and learning experiences

- 1) develop and help implement the long term strategy for Cairngorm and Glenmore;
- 2) deliver key access infrastructure, including completion of Speyside Way extensions, delivery of upland paths project, core paths and start the Deeside Way extension;
- 3) increase participation and use of the Park through development and implementation of the Active Cairngorms strategy;
- 4) development of the National Park as a tourism destination through investment in the quality of the core product and visitor experience.

**Rural Development** – to develop a sustainable economy supporting thriving businesses and communities

- 1) develop comprehensive approach to conservation and development as part of the preparation for the Cairngorms National Park Partnership Plan 2017 and Local Development Plan 2019;
- 2) co-ordinate delivery of the Cairngorms Economic Strategy and work with partners on delivery of key actions with specific focus on tourism;
- 3) support the regeneration and enhancement of Tomintoul and Glenlivet;
- 4) support communities through capacity building specifically focussing on the most fragile communities to deliver transformational change.

The delivery of the themes and priorities is supported by Communications and Corporate Services teams. Our Communications team works with visitors, communities and stakeholders to raise the profile of the Park and create a connection and commitment to care for it. Our Corporate Services team ensure the delivery of effective, efficient and sustainable services in addition to promoting the highest standards of governance, both within the Park Authority itself and also in working with community and voluntary organisations involved in delivery of NPPP priorities.

## Key issues and risks

Risk management and consideration of issues arising that may impact on the delivery of our strategic corporate priorities are central to our management activities within the Park Authority. The Management Team reviews strategic risks at least quarterly, and we have developed and embedded risk and project management processes to take full cognisance of these core aspects of effective strategic management.

The Park Authority has developed a Strategic risk register and corporate performance and monitoring system which details the key issues and risks around delivery of our Corporate Plan and the strategic objectives set out in that plan. The Board receives detailed reports and comments on key issues and risks twice annually, with the Board's Audit and Risk Committee reviewing strategic risk management between these Board meetings. The most recent review of key issues and risks considered by the Board can be found at: <http://cairngorms.co.uk/wp-content/uploads/2017/09/170929AuCtteePaper10Annex1RiskRegister4.1.pdf>

Significant projects will also have their own embedded risk registers and risk mitigation plans. More information on risk and internal controls can be found in the Governance Statement.

# PERFORMANCE ANALYSIS

## Financial Performance Summary

The main sources of the Park Authority's funding for the year were the resource budgets and grant-in-aid funding from the sponsoring body the Environment and Forestry Directorate, Natural Resources Division, of the Scottish Government.

The Park Authority's total expenditure for the year was £5,022,620 (2016: £4,849,745). Grant-in-aid of £4,335,000 (2016: £4,436,000) was received against operational activities from its sponsoring body within the Scottish Government, together with capital grants of £115,000 (2016: £215,000). Third party contributions to the Operational Plan and other income were £612,989 (2016: £735,992).

The accounts show net income of £40,369 (2016: £537,247) which is taken to Taxpayers' equity. After accounting for capital investment creating £114,478 in new tangible and intangible assets from this net income, the revenue deficit for 2016/17 was £16,400 as compared with our breakeven financial target for the year. This deficit represents a variance of 0.32% of total income for the year and 0.37% as a proportion of the grant-in-aid made available for the year.

Income and expenditure levels for the year have relatively small variations on 2016 levels, with these variations primarily a consequence of planned phasing of activity on the LEADER program and the transition from Development to Delivery Phase on the Tomintoul & Glenlivet Landscape Partnership.

The Authority's expenditure is broken down over key themes and priorities of operational activity in note 4 to the Financial Statements.

The accounts for the year to 31 March 2017, set out on pages 34 to 48, which are prepared on a going concern basis, are prepared in a format directed by Scottish Ministers in accordance with the National Parks (Scotland) Act 2000. A copy of the Accounts Direction is reproduced in Appendix I.

## Outturn to budget

A budget is agreed with the sponsoring department (Departmental Expenditure Limited [DEL]) which covers all expenditure net of income from all other sources. DEL is further split between cash allocations (resource [RDEL] and capital [CDEL]) and non-cash allocations. Non-cash DEL covers depreciation and impairment of non-current assets, which are tangible and intangible assets capitalised and included in the Statement of Financial Position at the year end.

The initial Resource DEL allocation was £4,315,000. This was increased by £20,000 specifically for engineering consultancy on a bridge at the proposed An Camas Mòr development.

The initial Capital DEL allocation was £55,000. This was increased by £60,000 for additional costs on Scenic Routes projects and to meet initial payments on the Grantown office extension.

Non-cash DEL was set at £81,000.

The following table summarises the budget allocations to the final outturn:

<b>Table 1</b>	<b>Resource DEL</b>	<b>Cash Capital DEL</b>	<b>Total DEL</b>	<b>Non-Cash DEL</b>	<b>Total DEL</b>
	£,000	£,000	£,000	£,000	£,000
<b>Budget</b>					
Original allocation	4,315	55	<b>4,370</b>	81	<b>4,451</b>
Agreed increases	20	60	<b>80</b>	-	<b>80</b>
Revised allocation	<b>4,335</b>	<b>115</b>	<b>4,450</b>	<b>81</b>	<b>4,531</b>
<b>Outturn</b>					
Net expenditure per accounts	4,351	-	<b>4,351</b>	-	<b>4,351</b>
Depreciation	-	-	-	59	<b>59</b>
Non-current assets bought	-	115	<b>115</b>	-	<b>115</b>
	<b>4,351</b>	<b>115</b>	<b>4,466</b>	<b>59</b>	<b>4,525</b>
(Over)/underspend	(16)	-	<b>(16)</b>	22	<b>6</b>
(Over)/underspend %	0.37%	0%	0.37%	28.5%	0.15%

The transfer to Taxpayers' equity for the year is summarised as follows:

<b>Table 2</b>	£,000
Resource and capital DEL received	4,450
Less net expenditure	(4,351)
Less depreciation	(59)
Transfer for year to Taxpayers' equity	<b>40</b>

## Net Incoming Resources

The net incoming resources for the year to 31 March 2017 comprises income received from partners reimbursing costs incurred, including costs incurred on the Cairngorms LEADER programme 2014-20 and the Tomintoul and Glenlivet Landscape Partnership, and a proportion of planning fees on called in planning applications to the five local authorities within the National Park's boundaries.

## Changes in Non-Current Assets

Movements in non-current assets are shown in note 8.

Property, Plant and Equipment, and Intangible Assets: key additions in the year related to £29,838 of Information Technology equipment and £21,478 of Software, £230,525 Operational Plant and Equipment which includes £223,273 in respect of the completed work on the on Phase 2 of the Scenic Routes project at Tomintoul ("Connecting Contours") and the Devil's Elbow by Glenshee ("Language of Stone"). £58,564 was incurred as initial and enabling works on the Grantown office extension which is due to complete in mid-2018.

Financial assets: in 2016 contributions were made to the operating costs incurred of partnership working with 15 other UK national parks. These costs were expensed during the year to 31

March 2016. In 2017 a corporate body was set up to pursue these partnership activities i.e. the commercialisation of the national parks; broadly to seek sponsorship, licensing and savings on operational costs for all members. The new body, National Parks Partnerships LLP, recognised in the Limited Liability Partnership Agreement the contributions to operating costs as contributions to capital and therefore gave rise to a financial investment in the LLP. It was decided, on review at the year end, given that the capital contribution was non-refundable and that costs incurred will outweigh any income in the partnership in its first period of trading that it was prudent to make full provision against the financial asset.

## **Future development**

The Authority signed an Agreement to Lease for the extension to its offices in which its landlord, Seafield Estates, who are investing capital resources to build the extension and which thereafter the Park Authority will rent. We currently expect that practical completion will be in the middle of 2018 and the increased rental costs will commence after 1 April 2018. There are no additional liabilities for the 2016/17 financial year and practical completion dates are not yet sufficiently certain as to warrant inclusion in Non-Current Liabilities.

## **Charitable Donations**

There were no charitable donations made by the Park Authority in the year or previous year.

## **Relationship with suppliers and partners**

The Park Authority's payment policy complies with the terms of the Better Payment Practice Code. During the year to 31 March 2017, the time taken to pay creditors achieved an average of 8.2 days (2016: 7.8 days) against a target of 10 days (2016: 10 days), with 84.9% (2016: 82.8%) of payments being made by the target date.

## **Financial instruments**

Due to the non-trading nature of the Park Authority's activities, and the way in finance is provided by Scottish Government, the Park Authority is not exposed to the degree of financial risk faced by commercial entities.

# **Operating Performance Summary**

## **2016/17 Activity Highlights**

Against the backdrop of the revised strategic context of the Park Authority's Corporate Plan for 2015 to 2018 and our Vision and Mission, our achievements over the course of the second of the three years of the Corporate Plan have included the following:

## **Conservation**

- **Cairngorms Nature:** the Cairngorms Nature Strategy Group continues to keep an overview of conservation work by partners across the Park and to stimulate action where it is needed most. For example, Plantlife Scotland is currently advertising for a Cairngorms project officer to help deliver land management advice relating to the Cairngorms

'Important Plan Area'. Work is also starting on refreshing the Forest and Woodland Strategy, which will now replace previous local authority woodland strategies for the Park area;

- the East Cairngorms Moorland Partnership continues to progress with strong commitment from the 6 estates. Funding from the Environmental Co-operative Action Fund has been confirmed and the partnership has started to take forward collaboration work on collating baseline data. The Cairngorms Connect initiative is also now developing to an implementation phase. This is a collaboration between Glenfeshie Estate, RSPB Inch Marshes and Abernethy Reserves, Forest Enterprise and the SNH Invereshie National Nature Reserve to deliver landscape scale conservation outcomes including woodland expansion, peatland restoration, and river restoration;
- Tomintoul and Glenlivet Landscape Partnership Project: the Park Authority has successfully acted as the project lead and has secured investment from the Heritage Lottery Fund for the delivery phase of the project together with a range of other partners. Work started on the flagship project, the refurbishment of the Tomintoul Museum in 2016/17.

## Visitor Experience

- the Park Authority, with support from Paths for All and NHS Highland has been successful in obtaining three year LEADER Funding to support volunteering and Health Walks in the Cairngorms;
- the last of the three Scenic Routes installations was completed on the 31 March 2017. The three installations are on the "Snow Road" at Glenshee ("Language of Stone"), Corgarff – ("the Watchers") and Tomintoul ("Connecting Contours") and were launched in spring 2017. Cairngorms Business Partnership are finalising the details with Scottish Enterprise for a two year grant to support a £314,000 project to work with partners to develop the route;
- Backbone's Community Leadership Programme has 11 trainees working with over 2,500 people from black and minority ethnic backgrounds and marginalised communities through events, projects and volunteering, and through visiting the National Park amongst other areas;
- the HLF funded Mountains and People Project, covering both Loch Lomond & the Trossachs National Park and the Cairngorm National Park, started in summer 2015. Path improvements were undertaken in 2016 on Lochnagar, the Mayar path in Angus Glens, and Beinn a'Ghlo in Perthshire. Work will continue on mountain paths in Deeside, Angus and Highland Perthshire for the next three years along with education and public engagement work. The first group of six Cairngorm based trainees completed their training in November 2016. The project has generated 216 volunteer days repairing paths across both National Parks;
- the Cairngorm and Glenmore Strategy was approved by the Park Authority Board in September 2016 with work now progressing on transport and visitor service activity strands.

## Rural Development

- Cairngorms Community Broadband: the Authority continued to co-ordinate a working group of Community Broadband Scotland and a range of community based partners to develop a sustainable approach for delivery of super-fast broadband services to rural communities who will not benefit from the national roll-out of these services during the year. This led to the formation by community representatives of Cairngorms Community Broadband Limited, a company limited by guarantee, and progress on specification,

tendering and delivery of community broadband services to the relevant areas of the National Park;

- LEADER and Community Development: we continue to support the Cairngorms Local Action Group (LAG) and act as accountable body for European LEADER funding supporting community led local development activity. The first LEADER funding decisions in the 2014-2020 Cairngorms LEADER programme were made in 2016/17, with over 60% of available funds committed by the end of the financial year and the first claims from applicants paid by the Park Authority as the Accountable Body. We have also set out a three year strategy for working with communities and local community development organisations on community development activity, with 2016/17 being the second of this three year strategic partnership;
- supporting the Cairngorms LAG in its incorporation as a charitable entity, the Cairngorms Trust;
- the dualling of the A9, the major road transport artery through the National Park, led by Transport Scotland, represents a key issue for the Park Authority. We have been heavily engaged in consultation work, seeking to make sure that the proposals take full account of the various landscape and ecological sensitivities, the concerns now and in the future for our local communities, and tourism needs;
- Park Authority staff have reviewed delivery of the Sustainable Tourism Strategy and led the review of the Tourism Action Plan through the Cairngorms Tourism Partnership (CTP). A new Tourism Action Plan has now been developed with the CTP and the reapplication process is underway. A Regional Marketing Strategy for the Cairngorms National Park has been produced by VisitScotland in a similar format to other Regional Strategies it has produced. This is a first for the National Park and has been developed with Park Authority staff in conjunction with the Cairngorms Business Partnership and CTP;
- the Make it Yours Project has delivered a range of materials and presentations to businesses.

## Corporate and Communications Activities

- the Cairngorms Nature Campaign continues to gain support following a very successful Cairngorms Nature Festival which hosted 80 events across the Park with 1635 attendees (a 92% increase over last year);
- Active Cairngorms 'Wee Walks Week' was a great success with 455 people undertaking at least one short walk (1-4 miles) during the week 5-11 September. This resulted in a total of 1,199 miles being walked. Many people shared their experiences via social media and Active Cairngorms has over 1,800 social media followers on AC Twitter and AC Facebook;
- the 'Make it Yours' campaign has been rolled out to 126 visitor facing staff across the Park along with the online Communicating Cairngorms toolkit;
- the National Park Partnership Plan consultation ran from June–September and was very well received resulting in 319 responses being received;
- we have designed and begun implementation of the second phase of the Park Authority's Organisational Development Strategy, seeking to build on previous years' changes and implement further innovation and digital enhancements of service design;
- we have continued to provide effective corporate support to the Cairngorms Local Action Group and the Outdoor Access Trust for Scotland (OATS) [formerly Cairngorms Outdoor Access Trust], while taking on lead responsibility for delivery of the Tomintoul and Glenlivet Landscape Partnership Project. We led on the development of Cairngorms Community Broadband Limited as an incorporated entity to take forward the aspirations of the Cairngorms communities on access to broadband.

## Sustainability and climate change

The Park Authority voluntarily participated in the Scottish Government's revised climate change modelling and measuring exercise in 2015/16, detailing emissions and carbon management performance for 14/15. We revised and updated our internal monitoring methodology to fit with this new reporting process, and have enhanced it further over 2016/17 in reporting against these standards for the second year.

Sustainability and addressing climate change factors remain key underlying themes within our Corporate Plan and also within the new National Park Partnership Plan, establishing a key focus underpinning strategic work of the Park Authority and all its partners within the Cairngorms National Park.

## Future Activities

Moving into the final year of a three year Corporate Plan, many of our activities over the course of the previous two years have initiated programmes of work that will continue through the full three year corporate plan period, and in some cases beyond this. Many of our activities for 2017/18 will therefore comprise continuation of the excellent work already started.

The main project priorities for 2017/18 are as follows:

- ongoing delivery of phase two of the Capercaillie Framework and in supporting a funding application to the Heritage Lottery Fund;
- delivery of Sustainable Moorland Management and Catchment Management Projects;
- Cairngorms Nature programme delivery, including project and communications support;
- continuing oversight of the proposed development at An Camas Mòr;
- supporting delivery of the Cairngorms LEADER programme through the Cairngorms Trust and support for delivery of broadband services through Cairngorms Community Broadband Limited;
- supporting the Tomintoul and Glenlivet Landscape Partnership through the delivery phase following the award of £2,338,100 from Heritage Lottery Fund on 13th September 2016;
- supporting Active Cairngorms and access infrastructure improvements, including participating in delivery of the OATS led "The Mountains and The People Project";
- work to develop and seek funding supporting implementation and improvement of Long Distance Routes within the Cairngorms National Park;
- continued support for implementation of the Cairngorms Economic Strategy, specifically on Tourism.

The main internal priorities for 2017/18 are as follows:

- supporting the Cairngorms LAG in its wider delivery of the LEADER programme as the Accountable Body for LEADER in the Cairngorms;
- supporting the Cairngorms Trust in achieving its charitable objectives;
- supporting Cairngorms Community Broadband in its work on community broadband initiatives and implementing appropriate organisational structures to deliver this key rural development priority;
- deliver the second phase of the Organisational Development Strategy (ODS) and commission the bi-annual staff survey to assess progress in maintaining and enhancing previous areas of good practice-while addressing any identified shortcomings;

- delivery of the Grantown office extension project in collaboration with the landlord, Seafield Estate;
- focusing communication activities on the agreed campaigns established in the communications strategy;
- building on Planning Service Improvement actions and delivering best value planning services;
- supporting the Outdoor Access Trust for Scotland in delivery of its programme of access works and in particular The Mountains and the People project.

More information on our budget and operational plan for the 2016/17 year can be found at:  
<http://cairngorms.co.uk/resource/docs/boardpapers/10032017/170310CNPABdPaper2BoardBudgetPaper.pdf>

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' REPORT

The Directors' Report sets out the key aspects of the internal organisational change and development within the Park Authority over the course of the year to 31 March 2017.

### The Senior Management Team and Board

The Chief Executive, who is also the Accountable Officer, is Grant Moir who has been in post since 2013. The names of the Directors, who all served throughout the year, are listed on page 2. The Chief Executive and the Directors are referred to as the Senior Management Team.

Board members who served throughout the year are listed on page 2. Profiles of the Board members are noted on the Park Authority's website. Fees paid to Board members are noted in Table 3 together with the total amount of reimbursed expenses paid in the year which is not subject to audit. No pension contributions are made for any Board member.

### Staff Development and Management

The Park Authority continues to recognise the importance of training and development to ensure that all staff and Board members have the skills required to deliver their role in the context of the organisation's enabling and partnership ethos. Conversations on staff development are held regularly as part of the appraisal review process and a reasonable training and development budget has been retained to support delivery of identified training requirements.

The Park Authority maintains oversight of its management of sickness absence through regular review of performance at Board and Management team level. Sickness absence is included as a key performance indicator in the Park Authority's balanced scorecard performance measurement tool. In 2016/17 the average number of days lost through sickness absence was 5.2 days per person (2016: 5.5 days).

### Sustainability Reporting and Environmental Matters

A key purpose of the Park Authority is to promote partnership working and give leadership to all the bodies and agencies involved in the sustainable development of the Cairngorms National Park. Through coordinating development and collective agreement of the Cairngorms National Park Partnership Plan, the Park Authority aims to ensure the collective and co-ordinated delivery of the four aims of the National Park. Thus the Park Authority leads others in ensuring that we are all living in, or working and caring for, the Cairngorms National Park in such a way that it remains, and wherever possible is enhanced, to be enjoyed by future generations.

Sustainability and environmental considerations are therefore at the heart of everything this organisation does. Illustrations of our priority to deliver sustainability are presented throughout this document.

## Social, Community and Human Rights Issues

Our work on sustainability and the environment is also central to our activities around social and community development. Conserving and enhancing the special qualities of the Cairngorms National Park is essential if the Park is to build and maintain a diverse and vibrant economy.

The Park Authority's work in this area spans support for sustainable business development within the National Park, to promoting development of affordable housing, to establishing partnerships with individual communities in developing and delivering these communities' action plans, and more widely to engage with community planning partnerships.

Our "Make It Yours" campaigns seek to engage people and communities in the work required to protect and enhance the special qualities of the National Park, seeking to make residents and businesses own their role in and for the National Park.

Our various community development activities, support for community action planning and community led local development through LEADER all seek to engage communities in identifying both needs and solutions to ensure their long term sustainability.

## Diversity

The Park Authority continues to embed its approach to ensuring equality. Five Equalities Outcomes are published to provide a framework promoting equality within the work of the Park Authority and in the work undertaken to deliver the Cairngorms National Park Partnership Plan. These five Equalities Outcomes are:

- eliminating discrimination, harassment, victimisation or any other prohibited conduct;

and advancing equality of opportunity by having due regard to:

- removing or minimising disadvantage;
- meeting the needs of particular groups that are different from the needs of others;
- encouraging participation in public life; and
- fostering good relations – tackling prejudice and promoting understanding.

A second mainstreaming report on 30 April 2017, which sets out how to embed equalities into our day to day operations. The report can be access at - <http://cairngorms.co.uk/wp-content/uploads/2015/06/170430-CNPA-Mainstreaming-Outcome-Report-2017.2021-V1.0.pdf>

The Park Authority's on-going work on equalities and creating 'A Park for All' is overseen by an internal working group comprising staff drawn from across the organisation and is chaired by a senior manager. The Park Authority is accredited within the 'Positive about Disabled People' scheme.

## Information and Data Security

The Park Authority has continued with implementation of its updated Records Management Scheme and associated records management policies over the course of 2016/17 to modernise and improve our records management and retrieval systems. Our Records Management Plan was

submitted toward the end of 2016/17 to the Keeper of the Records for review, the results of which are expected in the first half of 2017/18.

The Park Authority has had no instances of loss of data or personal information over the course of the year. The Governance Statement included in this Annual Statement and Accounts sets out more information on the Park Authority's range of internal controls and review mechanism to ensure data security amongst other things.

## **Statement of the National Park Authority's Responsibilities**

Under section 25(1) of the National Parks (Scotland) Act 2000, the Cairngorms National Park Authority is required to keep proper accounts and accounting records, prepare an account of its expenditure and receipts for each financial year in accordance with directions issued by the Scottish Ministers, and send the account to the Scottish Ministers by such time as they may direct.

The financial statements are to be prepared on the accruals basis and must give a true and fair view of its expenditure and cash flow for the financial year, and of the state of affairs as at the end of the financial year.

### **Auditors**

The accounts of the Park Authority are audited by an auditor appointed by the Auditor General for Scotland in accordance with paragraph 25(2) of the National Parks (Scotland) Act 2000. During the year the Auditor General appointed Grant Thornton UK LLP for a five year period.

The costs relating to the statutory audit work for the financial year were £10,780 (2016: £10,600). No other fees for non-audit related services were paid.

The Independent Auditor's report is on pages 31-33.

## **Statement of the Board and Accountable Officer's Responsibilities**

### **The Board**

The Board has a corporate responsibility for ensuring that the Park Authority fulfils the aims and objectives set by the Scottish Ministers and for promoting the economic, efficient and effective use of staff and other resources in accordance with the principles of Best Value.

### **The Convener of the Board**

The Convener is responsible to Scottish Ministers. The Convener is responsible for ensuring that the Park Authority's policies and actions support the wider strategic policies of the Scottish Ministers; and that the Park Authority's affairs are conducted with probity.

The Convener has a particular leadership responsibility on:

- formulating the Board's strategy;

- ensuring that the Board, in making decisions, takes proper account of guidance provided by the Scottish Ministers/Department;
- promoting the efficient and effective use of staff and other resources;
- encouraging high standard of propriety;
- representing the view of the Board to the general public.

The Convener also ensures that all Board Members, when taking up office, are fully briefed on the terms of their duties, rights and responsibilities, and receive appropriate training. The Convener also advises the Scottish Ministers when Board vacancies arise, with a view to ensuring an appropriate spread of balance of professional and financial expertise. The Convener also assesses the performance of individual Board Members on an annual basis.

## **Accountable officer**

The Chief Executive of the Park Authority is designated as the Accountable Officer by the Principal Accountable Officer of the Scottish Administration in accordance with sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000. The Accountable Officer is personally responsible for safeguarding the public funds for which he has charge; for ensuring the propriety and regularity in the handling of those funds; and for the day-to-day operations and management of the Park Authority. He should act in accordance with the Management Statement/Financial Memorandum for the Park Authority and within the terms of the relevant guidance in the Scottish Public Finance Manual (SPFM) and other instructions and guidance issued by Scottish Minister, in particular the Memorandum to Accountable Officers for Other Public Bodies, and in particular

- observe the financial statements direction issued by Scottish Ministers, including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether the applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Park Authority will continue in operation.

## **Disclosure of information to auditors by the Accountable Officer**

So far as the Accountable Officer is aware, there is no relevant audit information of which the Park Authority's auditors are unaware. The Accountable Officer has taken all reasonable steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Park Authority's auditors are aware of that information.

## **Accountable Officer's statement on the Annual Report and Accounts**

The Accountable Officer takes personal responsibility for the annual report and accounts and the judgements required for determining that the annual report and accounts are fair, balanced and understandable. The Accountable Officer confirms that he believes the annual report and accounts as a whole are fair, balanced and understandable.

## Governance Statement

### Governance Framework

The Accountable Officer has responsibility for maintaining a sound system of internal control that supports the achievement of Cairngorms National Park Authority's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which he is personally responsible. These responsibilities are in accordance with the Management Statement agreed between the Park Authority and Scottish Government. In discharging this responsibility the Accountable Officer is held accountable by the Park Authority's Board, and by Scottish Ministers.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety. An element of Accountable Officer's responsibility is to ensure the Park Authority's internal control systems comply with the requirements of the SPFM.

The Management Statement sets out the central role of the Park Authority's Board in the leadership and governance of the organisation. The governance responsibilities of the Board are supported by Standing Orders last revised and adopted in 2014; a Code of Conduct revised and adopted in 2014; a group of professional senior staff advisors and appropriate Board training and development processes.

Other than the resource allocation letters issued over the course of the year, there are no other written authorities provided to the Accountable Officer in 2016/17 beyond those documents referred to above.

### The Operation of the Board and Sub-committees

The full Board meets regularly to consider items of business in pursuance of its strategic objectives, set out in the approved Corporate Plan. Meetings are scheduled quarterly, with additional meetings convened as required. Agendas and papers are published and placed in the public domain and meetings open to public attendance wherever possible.

In addition to these full formal meetings, Board members have also given their time to participate in a number of informal discussion sessions in which emerging policy issues and proposals can be discussed and a preferred strategic direction identified prior to fuller, open consideration at formal meetings.

### Corporate Governance

Since the Park Authority's inception, the Board has put Committees in place and delegated responsibility to oversee and scrutinise the Park Authority's deployment and management of resources, with both a Finance and Delivery Committee and a Staffing and Recruitment Committee in place. The Board has also put a Planning Committee in place to deal with all aspects of the Cairngorms National Park Authority's statutory planning responsibilities.

The Park Authority's Audit and Risk Committee leads on the oversight of all aspects of the organisation's operations and internal management control systems, the process of annual accounts and audit, and, in addition takes a lead on strategic risk management. The Committee

takes responsibility for ensuring that risk potentially impacting on the organisation's strategic objectives are identified and acted upon and that risk management approaches are embedded throughout the organisation's operations.

The Audit and Risk Committee is supported by the Park Authority's internal and external auditors, who also have rights of independent access to the Committee Convener. The Audit and Risk Committee is tasked with monitoring the operation of the internal control function and bringing any material matters to the attention of the full Board. Detailed findings of all audit reviews are made available to both management and the Audit and Risk Committee. The Audit and Risk Committee meets quarterly and reports annually to the Board on the adequacy and effectiveness of the Park Authority's internal controls, and more widely on the work of the Audit and Risk Committee during the preceding year.

The Board has continued a process of self-evaluation of effectiveness and governance over the course of 2016/17, these processes having been initiated under the "Leadership" element of the first Organisational Development Strategy in 2015/16. The Board has reviewed its system of governance and wider roles, and undertaking governance training on the Code of Conduct and the Scottish Government's "On Board" guidance.

The Board has also adopted a set of Corporate Performance Indicators through which to improve its oversight of delivery against key strategic objectives and monitor achievement of the Park Authority's Corporate Plan. The Board receives a detailed report twice a year on delivery against Corporate Plan and National Park Partnership Plan priorities and the delivery against performance indicators adopted.

Periodic reports from independent internal and external auditors forms a key and essential element in informing the review of the effectiveness of the systems of internal control within the Park Authority. The Board's Audit and Risk Committee also plays a vital role in this regard, through its consideration of audit recommendations arising from reviews of internal control systems and its scrutiny of proposed management action to address any improvements required.

The internal audit function is an integral element of scrutiny of the Park Authority's internal control systems. BDO LLP was appointed as the Park Authority's internal auditors in 2016 as a result of a joint procurement of internal audit services with Loch Lomond led by Scottish National Heritage. As internal auditors, BDO have undertaken a comprehensive review of key internal control systems since their appointment. Over the course of the year to 31 March 2017, the internal auditors have reported to the Audit and Risk Committee on their independent reviews of risk management, the LEADER Programme administration, project financing, financial processes, grant funding and management, ICT general controls and pension administration.

In addition, the external auditors have reviewed key systems, to form a view on the effectiveness of control arrangements and support their audit opinion on the financial statements. Recommendations made as part of this process have been taken on board and actions taken where appropriate.

## **Best Value**

The Audit and Risk Committee continues to monitor the Authority's adherence to Scottish Government Best Value guidelines. A self-evaluation of services against Best Value guidelines will be undertaken in the early part of 2017/18, in conjunction with a review of the Park Authority's Organisational Development Strategy phase two.

## Risk Management

All bodies to which the SPFM is directly applicable must operate a risk management strategy in accordance with the relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

The Board recognises the importance of risk management in the activities of the organisation. The Management Team led on the development of a revised Strategic Risk Register for the Park Authority during the 2015 in the context of the 2015 to 2018 Corporate Plan adopted by the Board and Scottish Ministers. The strategic risk register records planned action to mitigate those risks identified and senior management's responsibility for leading on mitigation of each risk area. The strategic risk register will continue to be reviewed and updated by both Audit and Risk Committee and Senior Management Team three to four times each year.

The Board's Audit and Risk Committee and Senior Management Team are involved in leading on embedding risk management processes throughout the organisation. Both these groups consider the management of strategic risk in line with the Risk Strategy and seek to ensure that the required actions to manage risk at a strategic level are appropriately reflected and incorporated in operational delivery plans. A revised Risk Management Strategy was adopted by the Audit and Risk Committee in 2016, with the Committee also receiving an internal audit report on the effectiveness of operations of risk management within the organisation. This report gave both a good degree of assurance while highlighting the areas in which improvements could be made.

Through adoption of risk based monitoring reports for delivery of Corporate and Operational Plan objectives, National Park Partnership Plan delivery, and for wider assessment of organisational performance, the Board has provided leadership on the importance of risk management at the highest level within the organisation. Any increased risk to achievement of targets is assessed, reported to the Operational Management Group and Senior Management Team, and, where required, remedial action determined and implemented.

## Data Security

Procedures are in place to ensure that information is being managed in accordance with legislation and that data is held accurately and securely. The Authority has had no reported or recorded instances of data loss over the course of the year.

Shared services arrangements with Loch Lomond & Trossachs National Park Authority have been implemented to enhance the Authority's data back-up arrangements and improve overall data security.

The Authority's Corporate Services team have reviewed and revised the Disaster Recovery Planning in light of various improvements made over the last year to ensure these plans are up to date and also to take account of changing risk profiles around data losses amongst other significant organisational risks.

The Park Authority submitted its new Records Management Plan to the Keeper of the Records for review in the latter part of 2016/17.

## Conclusion

The Accountable Officer is responsible for reviewing the effectiveness of the system of internal control. His review is informed by:

- a) the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework and who provide assurance on systems within regular Management Team meetings;
- b) internal monitoring of control systems by staff against SPFM requirements;
- c) the work of the internal auditors, who submit to the Audit and Risk Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the systems of internal control together with recommendations for improvement;
- d) comments made by the external auditors in their management letter and other reports.

The Park Authority has a professional Corporate Services Director in place, supported by a professional staff group, who provides senior management leadership on the financial management, internal controls and governance arrangements. The Accountable Officer takes assurance from the effectiveness of internal control systems, financial management and planning processes and risk management from the assurances received from the Corporate Services Director.

The Accountable Officer has also been advised on the implications of his review of the effectiveness of the system of internal control by the Board and its Audit and Risk Committee. Appropriate action is in place to address any weaknesses identified and to ensure continuous improvement of the system, although the internal auditors have concluded that the controls tested were found to be strong with suggestions for only minor improvements being made.

The internal auditor's annual report for 2016/17 states that, based on the work undertaken over the course of the year, the Authority's systems provide a reasonable basis for maintaining control and that the control framework provides reasonable assurance regarding the effective and efficient achievement of strategic objectives.

# REMUNERATION AND STAFF REPORT

The Remuneration and Staff Report is subject to audit except for the sections on pay policies, staffing and recruitment, and Board members' expenses which are reviewed by the auditor for consistency with the audited accounts.

## Pay Policies

The fees and expenses paid to Board members comply with guidance issued by Scottish Ministers. Board members' fees are approved annually each April by the Scottish Government.

Staff salary levels, including the Chief Executive, are reviewed by the Staffing and Recruitment Committee and the overall pay remit is subject to with its sponsoring department within Scottish Government, the Environment and Forestry Directorate, Natural Resources Division. Approval is normally annually, unless a multi-year arrangement has been agreed. The remit is within the terms and conditions set out in the Scottish Government Public Sector Pay Guidance.

Members of staff covered by this report hold appointments which are either open-ended or fixed term. Early termination, other than for misconduct would result in the individual receiving compensation. As fixed term contracts normally end automatically when the agreed end date is reached, unless the contract is for 4 years or more which may lead to the employee being treated as permanent, provision is made for the expected redundancy costs incurred on an individual basis.

Performance of all staff members is monitored and reviewed through the annual staff appraisal arrangements

## Staffing and Recruitment

The Park Authority has a Staffing and Recruitment Committee (five Board members) which meets throughout the year. Its membership and remit are agreed annually by the Board.

The Committee's remit includes:

- oversight and monitoring the Park Authority's human resource policies, including in particular the pay and grading, performance appraisal and the associated performance related pay systems when in available;
- advising the Board on annual pay awards;
- providing an interface between staff representative group(s) and the Board, and participation in arbitrating on staffing issues as set out in the Authority's procedures, and as otherwise required; and
- oversight of recruitment of senior staff (Directors and Chief Executive) including agreeing the job descriptions, adverts and salary, to take responsibility for interviewing and selecting the successful candidates and seeking the endorsement of the Board, and, in the case of the Chief Executive, of Scottish Ministers.

For the purposes of this report, persons in senior positions having authority or responsibility for directing or controlling the major activities of the Park Authority are taken to comprise the Board members, and the Chief Executive and Directors (the Management Team).

In reaching its recommendations, the Committee has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- to take account of regional/local variations in labour markets and the effects on the recruitment and retention of staff;
- funds available to the sponsoring department as set out in the Scottish Government's departmental expenditure limits;
- to take account of Scottish Government policies for improving the public services including the requirement to meet the output targets for the delivery of departmental services; and
- The Scottish Government's Public Sector Pay Guidance.

## Board members' fees and expenses

The Park Authority has a non-executive Board, which is supported by a Planning Committee, Finance and Delivery Committee, Audit and Risk Committee and a Staffing and Recruitment Committee. Members of the Board are appointed by Scottish Government by open recruitment (7); appointed by local authorities with boundaries within the National Park (7), and by direct election from 5 wards within the National Park. Board members appointed by Scottish Government and directly elected are appointed for 4 years. Board members nominated by local authorities are normally appointed for 5 years. Board members have no pension entitlement. The expenses disclosed in Table 3 are not subject to audit.

<b>Table 3</b>	<b>Date of most recent appointment</b>	<b>End of term or date stepped down</b>	<b>Fees £</b>	<b>2017 Expenses £</b>	<b>Fees £</b>	<b>2016 Expenses £</b>
<b>Scottish Government appointees</b>						
Duncan Bryden	08 09 2012	07 09 2015	-	-	9,310	1,769
Angela Douglas	01 10 2014	30 09 2018	<b>7,467</b>	<b>964</b>	7,394	1,618
Paul Easto	20 03 2014	28 02 2018	<b>7,467</b>	<b>288</b>	7,394	263
Janet Hunter	08 09 2015	07 09 2018	<b>7,467</b>	<b>2,297</b>	4,169	1,001
Gregor Hutcheon	01 10 2014	30 09 2018	<b>7,467</b>	<b>401</b>	7,394	684
Gordon Riddler	01 10 2014	30 09 2018	<b>7,467</b>	<b>1,372</b>	7,394	1,007
Judith Webb	01 03 2015	28 02 2019	<b>7,467</b>	<b>1,619</b>	7,394	568
Brian Wood	01 10 2014	30 09 2018	<b>10,786</b>	<b>1,953</b>	10,680	1,945
<b>Local Authority nominees</b>						
Peter Argyle	08 09 2015	07 09 2018	<b>21,580</b>	<b>3,343</b>	15,125	3,626
Jeanette Gaul	01 10 2012	30 09 2017	<b>7,467</b>	<b>2,118</b>	7,394	1,958
Kate Howie	01 10 2012	30 09 2017	<b>7,467</b>	<b>1,579</b>	7,394	1,391
John Latham	01 10 2012	30 09 2017	<b>7,467</b>	<b>16</b>	7,394	189
Bill Lobban	01 10 2012	04 05 2017	<b>7,467</b>	<b>254</b>	7,394	479
Fiona Murdoch	01 10 2012	30 09 2017	<b>7,467</b>	<b>668</b>	7,394	453
Gregor Rimell	01 10 2012	30 09 2017	<b>7,467</b>	<b>587</b>	7,394	806
<b>Locally elected</b>						
Rebecca Badger	20 03 2015	19 03 2019	<b>7,467</b>	<b>310</b>	7,394	260
Geva Blackett	31 03 2017	19 03 2019	-	-	-	-
Dave Fallows	20 03 2015	19 03 2019	<b>7,467</b>	<b>732</b>	7,394	887
Katrina Farquhar	20 03 2015	31 12 2016	<b>5,601</b>	<b>1,276</b>	7,394	661
Eleanor Mackintosh	20 03 2015	19 03 2019	<b>10,786</b>	<b>1,762</b>	10,680	1,776
William McKenna	20 03 2015	19 03 2019	<b>7,467</b>	-	7,394	70
			<b>160,758</b>	<b>21,539</b>	160,874	21,411

A register of interest can be found on the National Park's website at <http://cairngorms.co.uk/wp-content/uploads/2017/03/170306BoardMembersRegisterOfInterestsV0.1.pdf>

## Senior Management Team Salary and Pension Entitlements

### Chief Executive

The Chief Executive, Grant Moir, took up the post on 4 March 2013. His contract of employment, signed on 4 January 2013, contains a three months' notice period.

### Senior Management Team Remuneration

	Salary	2016/17 Pension benefits	Total	Salary	2015/16 Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Grant Moir (Chief Executive)	75-80	30	105- 110	75-80	29	100- 105
David Cameron (Director of Corporate Services)	60-65	20	80-85	60-65	30	90-95
Hamish Trench (Director of Conservation & Visitor Experience)	55-60	26	80-85	55-60	28	85-90
Murray Ferguson (Director of Planning & Rural Development)	55-60	13	70-75	55-60	17	75-80

No member of the management team received a bonus payment or benefits in kind in the year (2016: £nil). The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

### Senior Management Team Pension Entitlements

	Accrued pension at age 65 as at 31 03 2017 £'000	Real increase in pension at age 65 £'000	CETV at 31 03 2017 £'000	CETV at 31 03 2016 £'000	Real increase in CETV £'000
Grant Moir	5-10	0-2.5	62	46	9
David Cameron	25-30	0-2.5	456	428	8
Hamish Trench	10-15	0-2.5	143	125	9
Murray Ferguson	20-25 + lump sum 55-60	0-2.5+ lump sum 0-2.5	397	364	10

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers.

The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### **Cash Equivalent Transfer Value (CETV)**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **The real increase in the value of the CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in the accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### **Exit Packages**

There were no exit packages agreed under the Civil Service Compensation Scheme in the year to 31 March 2017 (2016: nil).

## Staff Report

### Average number of employees during the year

Table 6	2017	2016
Board members	19	20
Senior Management Team	4	4
Core staff (full time equivalent)	52	51

All core staff are permanently employed staff. No staff were seconded to the Authority in the year (2016: 1) nor were any members of the staff seconded to other parties during the year (2016: nil)

### Staff Costs (including Board members and Senior Management Team)

Table 7	2017 £	2016 £
<b>All staff</b>		
Board members	163,353	163,371
Management Team	346,100	334,920
Staff – Core	2,247,467	2,192,672
Staff – seconded	-	8,512
	<u>2,756,920</u>	<u>2,699,475</u>
<b>Board members</b>		
Fees	160,758	160,874
Social security costs	2,595	2,497
	<u>163,353</u>	<u>163,371</u>
<b>Senior Management Team</b>		
Salaries	257,149	252,654
Social security costs	30,273	24,636
Pensions	58,678	57,630
	<u>346,100</u>	<u>334,920</u>
<b>Core Staff</b>		
Salaries	1,723,477	1,710,619
Social security costs	163,450	123,763
Pensions	360,540	358,290
	<u>2,247,467</u>	<u>2,192,672</u>

### Project Staff

Project Staff are employed on projects within Operational Plan activities. Operational Plan expenditure includes the following salary costs paid to staff directly employed on projects:

Table 8	2017 £	2016 £
Salaries	126,089	180,348
Social security costs	11,088	11,581
Pension costs	26,086	37,684
	<u>163,263</u>	<u>229,613</u>

The average number of full time equivalent Project staff employees in the year was 5 (2016: 5).

## Number of staff earning with salaries above £50,000

Table 9	2017	2016
£75,001 - £80,000	1	1
£70,001 - £75,000	-	-
£65,001 - £70,000	-	-
£60,001 - £65,000	1	1
£55,001 - £60,000	2	3
£50,001 - £55,000	-	-

## Fair Pay Disclosure

The Authority is required to disclose the relationship between the total remuneration of its highest paid director and the median remuneration of its staff (the mid-point of banded remuneration). Total remuneration includes salary, non-consolidated performance-related pay, and any benefits in kind and severance payments. It does not include employer pension contributions and the cash equivalent value of pensions.

Table 10	2016/17 Total Remuneration £'000	2015/16 Total Remuneration £'000
Band of highest paid Director's total remuneration	75-80	75-80
Median total remuneration	£30,606	£31,584
Ratio	2.5	2.4

## Compensation for loss of office

During the year 1 voluntary exit package was agreed amounting to £3,362. (2016: 1, £8,848)

## Sickness Absence

The average numbers of days lost to sickness absence during the year was 5.2 per employee (2016: 5.5).

## Staff Involvement

The Park Authority has a Staff Consultative Forum (SCF) in place, through which it ensures effective two-way communications with staff and Prospect Trade Union representatives in resolving any issues arising and consulting on new initiatives. During 2016/17 key matters on which staff were consulted through the Staff Consultative Forum were:

- pay awards for the year commencing 1 April 2017;
- internal communication and consultative mechanisms;
- implementation of the staff survey and evaluation of the results;

- review and update of a range of employment policies;
- refreshing the process of staff consultation and terms of reference of the SCF.

To complement the standard consultative processes in place through the SCF, the Park Authority has also established a series of staff working groups to help implement the Organisational Development Strategy.

## Equality and Diversity

The Park Authority is an equal opportunities employer with policies against discrimination and to ensure no unfair or illegal discriminatory treatment or barriers to employment or advancement. We are committed to meeting our duties under the Equality Act 2010. The Park Authority is accredited as a Positive about Disability employer.

The equalities policies ensure that all staff should be treated equally irrespective of their sex, marital/civil partnership status, age, race, ethnic origin, sexual orientation, disability, religion or belief, work pattern, employment status, gender identity (transgender), caring responsibility or trade union membership. Employment and promotion are on merit on the basis of fair and open competition.

At the end of the financial and operational year our gender split of staff, including project staff was:

Table II	Male		Female	
	2017	2016	2017	2016
Chief executive and directors	4	4	-	-
Senior managers	3	3	2	3
Employees	25	24	28	35
	<u>32</u>	<u>31</u>	<u>30</u>	<u>38</u>

# PARLIAMENTARY ACCOUNTABILITY REPORT

## Fees and Charges

During the year the Authority received 60% of planning fees for called in planning applications to the 5 local authorities within the National Park boundaries.

## Losses and special payments

There were no special payments in the year to 31 March 2017, or the previous year. The loss on the disposal of non-current assets in the year was £1,343 (2016: gain of £1,000).

## Significant Remote Contingencies

The Authority is not aware of any ongoing actions against it at this time that could lead to any form of financial claim against it.

## Signed on behalf of the Cairngorms National Park Authority



### **Grant Moir**

Chief Executive and Accountable Officer  
29 September, 2017

# INDEPENDENT AUDITOR'S REPORT TO CAIRNGORMS NATIONAL PARK AUTHORITY, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

## Report on the audit of the financial statements

### Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Cairngorms National Park Authority for the year ended 31 March 2017 under the National Parks (Scotland) Act 2000. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2016/17 Government Financial Reporting Manual (the 2016/17 FReM).

In our opinion the accompanying financial statements:

- Give a true and fair view in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2017 and of its net expenditure for the year then ended;
- Have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 FReM; and
- Have been prepared in accordance with the requirements of the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Board and the Accountable Officer Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair

view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor’s responsibilities for the audit of the financial statements**

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Financial Reporting Council’s Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Other information in the annual report and accounts**

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK&I), our responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Report on regularity of expenditure and income**

### **Opinion on regularity**

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

### **Responsibilities for regularity**

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance

with the Public Finance and Accountability (Scotland) Act 2000.

## Report on other requirements

### Opinions on other prescribed matters

We are required by the Auditor General for Scotland to express an opinion on the following matters.

In our opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- Adequate accounting records have not been kept; or
- The financial statements and the auditable part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **Gareth Kelly, (for and on behalf of Grant Thornton UK LLP)**

Grant Thornton UK LLP  
110 Queen Street  
Glasgow  
G1 3BX  
29 September, 2017

## Statement of Comprehensive Net Expenditure

for the year ended 31 March 2017

	notes	£	2017 £	£	2016 £
Operational Plan income	4	579,816		709,512	
Other operating income	4	33,173		26,480	
<b>Total operating income</b>	7		<b>612,989</b>		735,992
Board members and staff costs	4	2,756,920		2,699,475	
Operational Plan expenditure	4	1,591,097		1,470,346	
Other operating costs	6	615,029		601,194	
			<b>4,963,046</b>		4,771,015
			<b>4,350,057</b>		4,035,023
Depreciation and amortisation	8	58,231		79,730	
Loss/(gain) on disposal		1,343		(1,000)	
			<b>59,574</b>		78,730
<b>Net expenditure for the year</b>			<b>4,409,631</b>		4,113,753

No activities were discontinued during the year.

The notes on pages 38 to 48 form part of these accounts.

# Statement of Financial Position

as at 31 March 2017

	notes	£	2017 £	£	2016 £
<b>Non-current assets</b>					
Property, plant and equipment	8	519,375		474,999	
Intangible assets	8	41,864		31,016	
Financial assets	9	-		-	
<b>Total non-current assets</b>			<b>561,239</b>		506,015
<b>Current assets</b>					
Trade and other receivables	10	272,975		275,232	
Cash and cash equivalents	11	745,633		467,482	
<b>Total current assets</b>			<b>1,018,608</b>		742,714
<b>Total assets</b>			<b>1,579,847</b>		1,248,729
<b>Current liabilities</b>					
Trade and other payables	12	605,818		332,749	
Other liabilities		88,957		58,675	
<b>Total current liabilities</b>			<b>694,775</b>		391,424
<b>Total assets less current liabilities</b>			<b>885,072</b>		857,305
<b>Total non-current liabilities</b>	13		-		12,602
<b>Total assets less total liabilities</b>			<b>885,072</b>		844,703
<b>Taxpayers' equity</b>			<b>885,072</b>		844,703

The Accountable Officer authorised these financial statements for issue on 29 September, 2017.



## Grant Moir

Chief Executive and Accountable Officer  
29 September, 2017

The notes on pages 38 to 48 form part of these accounts.

## Statement of Cash Flows

for the year ended 31 March 2017

	notes	2017	2016
		£	£
<b>Cash flows from operating activities</b>			
Net expenditure for year	(4,409,631)	(4,113,753)	
Adjustment for non-cash transactions	59,574	78,730	
Write down of investment	22,000	-	
Decrease in trade and other receivables	2,257	2,084	
Increase in trade and other payables	303,351	(196,896)	
(Decrease) in non-current liabilities	(12,602)	(16,519)	
<b>Net cash outflow from operating activities</b>	<b>(4,035,051)</b>		<b>(4,246,354)</b>
<b>Cash flows from investing activities</b>			
Purchase property, plant & equipment	(93,320)	(318,186)	
Purchase of intangible assets	(21,478)	(25,054)	
Investment	(22,000)	-	
Proceeds from the disposal of assets	-	1,000	
<b>Net cash outflow from investing activities</b>	<b>(136,798)</b>		<b>(342,240)</b>
<b>Cash flows from financing activities</b>			
Grant-in-aid from sponsoring department	4,450,000		4,651,000
<b>Net increase in cash and cash equivalents</b>	<b>278,151</b>		<b>62,406</b>
<b>Cash and cash equivalents at 1 April, 2016</b>	<b>467,482</b>		<b>405,076</b>
<b>Cash and cash equivalents at 31 March, 2017</b>	<b>745,633</b>		<b>467,482</b>

The notes on pages 38 to 48 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2017

	notes	2017 £	2016 £
<b>Taxpayers' equity at 1 April, 2016</b>		<b>844,703</b>	307,456
Grant-in-aid from sponsoring department	5 4,450,000	4,651,000	
Comprehensive net expenditure	(4,409,631)	(4,113,753)	
		<b>40,369</b>	537,247
<b>Taxpayers' equity at 31 March, 2017</b>		<b>885,072</b>	844,703

The notes on pages 38 to 48 form part of these accounts

# Notes to the Financial Statements

for the year ended 31 March 2017

## I General information

### I.1 Basis of preparation of accounts

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 these accounts have been prepared in accordance with the 2016-17 Government Financial Reporting Manual (FReM) issued by the Scottish Government. The accounting policies contained in the FReM apply International Finance Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Cairngorms National Park Authority for the purposes of giving a true and fair view has been selected. The particular policies adopted by the Cairngorms National Park Authority are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### I.2 Accounting convention

The accounts are prepared in sterling under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and, where material, current asset investments and inventories to fair value as determined by the relevant accounting standard.

### I.3 International Financial Reporting Standards

These financial statements have been prepared under International Financial Reporting Standards (IFRS).

### I.4 Accounting period

The accounting period commenced on 1 April 2016 and ended on 31 March 2017.

## 2 Significant judgements and estimates

Preparation of financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

**Investment** - in deciding whether the Park Authority's investment in National Parks Partnership LLP has been impaired in management's judgement as the capital contributions made to the LLP are non-returnable an impairment provision was recognised against the full value of the capital contributions made.

**LEADER irregularities** – as accountable body for the Cairngorms Local Action Group, which will deliver the Local Development Strategy, the Park Authority is liable for any funding advanced that may not be recoverable (irregularities) from funds made available from the EU through the LEADER rural development program.

Based on management's experience of the previous LEADER programme an estimate of the small percentage of costs found to be irregular has been used to make a provision against irregularities in

the current 2014-2020 programme. As LEADER funds are committed and advanced the level of provision for irregularities will be closely managed and adjustments made in future accounting periods when warranted.

### 3 Accounting policies

#### 3.1 Non-current assets – property, plant and equipment (PPE)

##### Recognition

All PPE assets are accounted for as non-current assets unless they are deemed to be held for sale.

##### Capitalisation

The minimum level for the capitalisation of individual non-current assets, other than information technology, is £500. Information technology systems are capitalised where the pooled value exceeds £500. Substantial improvements to leasehold properties are also capitalised.

##### Valuation

From 1 April 2007, plant and equipment assets that have short lives or low values or both are no longer revalued using indices but are reported at depreciated historic cost as a proxy for fair value. Losses in value reflected in valuations are accounted for in accordance with International Financial Reporting Standard 11: Impairment of assets. The consumption of economic benefits is taken to a revaluation reserve to the extent of any previous gain and any further loss is charged to the Statement of Comprehensive Net Expenditure.

##### Subsequent cost

Subsequent costs are included in the asset's carrying amount if recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial period in which they are incurred.

#### 3.2 Non-current assets – intangible assets

Copyrights and software licenses are disclosed as intangible assets in accordance with FReM guidance and written down on a straight line basis over their estimated useful lives.

#### 3.3 Depreciation

Depreciation is provided on all non-current assets at rates calculated to write down the cost or valuation by equal instalments over their estimated useful lives which are normally in the following ranges:

- |                                   |  |
|-----------------------------------|--|
| • park entry markers              | 25 years   |
| • operational plant and equipment | 5 years or over length of lease on land for “Scenic Routes” assets |
| • information technology          | 3 – 5 years  |
| • leasehold improvements          | over the length of the lease                                       |
| • motor vehicles                  | 5 years  |
| • assets under construction       | not depreciated  |

### **3.4 Financial assets – investments**

Investments comprise investments in unquoted equity instruments which are accounted for at cost, less, where appropriate, allowances for impairment.

### **3.5 Financial instruments**

The Authority does not hold any complex financial instruments. The only financial instruments included in the accounts are financial assets in the form of cash, trade receivables and accrued income and financial liabilities in the form of trade payables and accruals.

Financial instruments are recognised in accordance with International Accounting Standards 37, 39 and International Financial Reporting Standard 7 as interpreted and adapted by the FReM, initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that the Authority will be unable to collect an amount due in accordance with agreed terms.

### **3.6 Inventories**

The cost of stationery and publications is charged as an expense within the Statement of Comprehensive Net Expenditure.

### **3.7 Income**

Operating income is income that relates directly to the operational activities of Authority. It includes fees and charges for services provided to external customers.

### **3.8 Grant-in-aid**

The Authority receives grant-in-aid from the Scottish Government to finance its net expenditure.

### **3.9 Other grants and income**

The Authority receives other grants to finance its net expenditure, which are released to the Statement of Comprehensive Net Expenditure over the period of the related project.

Other income is income related to the operating activities of the Authority and represents fees and charges for services provided to third parties.

### **3.10 Impending application of newly issued accounting standards not yet effective**

At the date the accounts were signed the following IFRS Accounting Standards were issued but not yet effective: IFRS 9 Financial Instruments, IFRS 15 Revenue from contracts with customers and IFRS 16 Leases. All three standards are effective from 1 January 2018 and their impact is not anticipated to have a material impact on the Annual Accounts.

### **3.11 Pension costs**

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme. The Authority recognises the expected cost of providing pensions for their employees on a systematic and rational basis over the period during which they benefit from their services by payment to the PCSPS of amounts calculated on an accruing basis. Relevant disclosures are reported in Note 14. Liability for the payment of future benefits is a charge to the PCSPS.

### **3.12 Leases**

Operating leases rentals are charged to the Statement of Comprehensive Net Expenditure in the month in which the payment relates.

### **3.13 Value Added Tax (VAT)**

Most of the activities of the Authority are outside the scope of VAT, and in general output VAT does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or is included in the capitalised purchase cost of PPE when incurred.

### **3.14 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks.

### **3.15 Short-term employee benefits**

A liability, and expense, are recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employee render service that increases their entitlement to these benefits. An accrual has been made for those benefits earned but not taken at the year end.

### **3.16 Segmental reporting**

IFRS 8: Segmental Reporting, requires operating segments to be identified on the basis of internal reports about components of the Authority that are regularly reviewed by the decision makers to allocate resources to the segments and assess their performance. During the year the Authority adopted a new Corporate Plan covering the period 2015 to 2018. The Corporate Plan has 3 main themes, each with 4 priorities, and 2 support themes. The previous Corporate Plan reported over 8 segments: six drawn from Scottish Government's Cairngorms National Park Partnership Plan and 2 from the then Corporate Plan.

## 4 Analysis of net expenditure by segment

2017	Board member and staff costs £	Operational plan expenditure £	Other operating costs £	Operational plan income £	Other income £	Net segmental expenditure £	
<b>Conservation</b>							
1	Habitat restoration	146,033	43,291	32,578	(3,656)	(7,114)	211,132
2	Priority species	137,182	59,063	30,603	-	-	226,848
3	Moorland management	75,229	6,794	16,782	-	-	98,805
4	Catchment management	26,551	20,000	5,923	-	-	52,474
		<b>384,995</b>	<b>129,148</b>	<b>85,886</b>	<b>(3,656)</b>	<b>(7,114)</b>	<b>589,259</b>
<b>Visitor Experience</b>							
1	Glenmore	26,551	(597)	5,923	-	-	31,877
2	Infrastructure	39,827	210,865	8,885	(24,090)	(870)	234,617
3	Active Cairngorms	185,860	156,323	41,463	-	-	383,646
4	Visitor Experience	35,402	141,040	7,898	(69,224)	-	115,116
		<b>287,640</b>	<b>507,631</b>	<b>64,169</b>	<b>(93,314)</b>	<b>(870)</b>	<b>765,256</b>
<b>Rural Development</b>							
1	Planning	632,808	110,215	141,170	(46,436)	-	837,757
2	Economic strategy	207,986	65,346	46,399	-	(4,392)	315,339
3	Tomintoul & Glenlivet regeneration	106,206	290,792	23,693	(199,022)	(18,524)	203,145
4	Community support	39,827	378,335	8,885	(234,911)	-	192,136
		<b>986,827</b>	<b>844,688</b>	<b>220,147</b>	<b>(480,369)</b>	<b>(22,916)</b>	<b>1,548,377</b>
<b>Corporate Services</b>							
1	OD strategy	318,617	-	71,079	-	-	389,696
2	Facilities and accommodation	128,332	12,497	28,629	-	-	169,458
3	Service improvement	225,687	50,519	50,347	-	(2,273)	324,280
4	Governance and community	230,112	10,105	51,335	-	-	291,552
		<b>902,748</b>	<b>73,121</b>	<b>201,390</b>	<b>-</b>	<b>(2,273)</b>	<b>1,174,986</b>
<b>Communications</b>							
		<b>194,710</b>	<b>36,509</b>	<b>43,437</b>	<b>(2,477)</b>	<b>-</b>	<b>272,179</b>
		<b>2,756,920</b>	<b>1,591,097</b>	<b>615,029</b>	<b>(579,816)</b>	<b>(33,173)</b>	<b>4,350,057</b>

2016	Board member and staff costs £	Operational plan expenditure £	Other operating costs £	Operational plan income £	Other income £	Net segmental expenditure £
<b>Conservation</b>						
1 Habitat restoration	172,766	50,729	38,476	(19,938)	(1,503)	240,530
2 Priority species	184,644	73,853	41,122	(7,000)	(1,606)	291,013
3 Moorland management	74,505	44,027	16,593	(43,962)	(648)	90,515
4 Catchment management	11,878	25,628	2,645	(5,581)	(103)	34,467
	<b>443,793</b>	<b>194,237</b>	<b>98,836</b>	<b>(76,481)</b>	<b>(3,860)</b>	<b>656,525</b>
<b>Visitor Experience</b>						
1 Glenmore	23,485	10,039	5,230	-	(204)	38,550
2 Infrastructure	78,555	102,188	17,495	-	(683)	197,555
3 Active Cairngorms	74,506	230,912	16,593	(36,671)	(648)	284,692
4 Visitor Experience	133,624	89,847	29,759	(176,198)	(1,162)	75,870
	<b>310,170</b>	<b>432,986</b>	<b>69,077</b>	<b>(212,869)</b>	<b>(2,697)</b>	<b>596,667</b>
<b>Rural Development</b>						
1 Planning	777,449	108,754	173,144	-	(6,762)	1,052,585
2 Economic strategy	231,615	235,743	51,582	(200,108)	(2,016)	316,816
3 Tomintoul & Glenlivet regeneration	31,584	262,620	7,034	(193,896)	(275)	107,067
4 Community support	31,584	102,399	7,034	(25,000)	(275)	115,742
	<b>1,072,232</b>	<b>709,516</b>	<b>238,794</b>	<b>(419,004)</b>	<b>(9,328)</b>	<b>1,592,210</b>
<b>Corporate Services</b>						
1 OD strategy	168,717	5,772	37,575	-	(1,467)	210,597
2 Facilities and accommodation	39,142	6,620	8,717	-	(340)	54,139
3 Service improvement	282,635	53,370	62,945	-	(2,458)	396,492
4 Governance and community	180,595	10,000	40,220	-	(1,571)	229,244
	<b>671,089</b>	<b>75,762</b>	<b>149,457</b>	<b>-</b>	<b>(5,836)</b>	<b>890,472</b>
<b>Communications</b>	<b>202,191</b>	<b>57,845</b>	<b>45,030</b>	<b>(1,158)</b>	<b>(4,759)</b>	<b>299,149</b>
	<b>2,699,475</b>	<b>1,470,346</b>	<b>601,194</b>	<b>(709,512)</b>	<b>(26,480)</b>	<b>4,035,023</b>

## 5 Grant-in-aid

	2017 £	2016 £
Grant-in-aid allocated to meet operational expenditure	<b>4,315,000</b>	4,436,000
Grant-in-aid allocated to meet capital expenditure	<b>55,000</b>	55,000
Supplementary grant-in-aid operational expenditure	<b>20,000</b>	-
Supplementary grant-in-aid capital expenditure	<b>60,000</b>	160,000
	<b>4,450,000</b>	4,651,000

The Authority receives grant-in-aid from Scottish Government. This is also known as Departmental Expenditure Limit (DEL) and used to cover the cash costs of capital and operating expenditure net of income from partners and other sources. Net operating expenditure is disclosed in the Statement of Comprehensive Net Expenditure.

## 6 Other Operating Costs

	2017 £	2016 £
Office running costs	171,770	173,931
Board and staff costs (excluding salary/fee costs)	180,699	161,990
Information technology	51,842	39,938
Professional support fees	57,526	63,575
Land and buildings rentals	92,094	90,972
Vehicles and office equipment rentals	50,318	60,088
Independent auditor's fees	10,780	10,700
	<u>615,029</u>	<u>601,194</u>

## 7 Other Income

	2017 £	2016 £
Operational Plan income from EU sources	225,796	109,994
Operational Plan income from other sources	331,880	509,404
Planning fees and other income	55,313	116,594
	<u>612,989</u>	<u>735,992</u>

## 8 Tangible and intangible assets

	Leasehold improvements	Assets in the course of construction	Park entry markers	Operational plant and equipment	Motor vehicles	ICT	Total	Software	Total
	£	£	£	£	£	£	£	£	£
<b>Cost</b>									
At 1 April, 2016	419,465	229,373	56,882	166,539	22,595	274,388	1,169,242	44,327	1,213,569
Additions	-	58,564	-	4,918	-	29,838	93,320	21,478	114,798
Transfers	-	(223,273)	-	223,273	-	-	-	-	-
Disposals	(1,654)	-	-	(19,969)	-	(107,809)	(129,432)	(8,155)	(137,587)
At 31 March, 2017	417,811	64,664	56,882	374,761	22,595	196,417	1,133,130	57,650	1,190,780
<b>Depreciation</b>									
At 1 April, 2016	(334,933)	-	(20,476)	(88,506)	(22,595)	(227,733)	(694,243)	(13,311)	(707,554)
Charged for year	(12,447)	-	(2,275)	(8,873)	-	(24,006)	(47,601)	(10,630)	(58,231)
Disposals	1,654	-	-	18,980	-	107,455	128,089	8,155	136,244
At 31 March, 2017	(345,726)	-	(22,751)	(78,399)	(22,595)	(144,284)	(613,755)	(15,786)	629,541
<b>Net book value</b>									
At 31 March, 2017	72,085	64,664	34,131	296,362	-	52,133	519,375	41,864	561,239
At 31 March, 2016	84,532	229,373	36,406	78,033	-	46,655	474,999	31,016	506,015
<b>Cost</b>									
At 1 April, 2015	398,000	33,092	56,882	144,614	22,595	267,782	922,965	19,273	942,238
Additions	1,052	296,144	-	3,165	-	17,825	318,186	25,054	343,240
Transfers	20,413	(99,863)	-	79,450	-	-	-	-	-
Disposals	-	-	-	(60,690)	-	(11,219)	(71,909)	-	(71,909)
At 31 March, 2016	419,465	229,373	56,882	166,539	22,595	274,388	1,169,242	44,327	1,213,569
<b>Depreciation</b>									
At 1 April, 2015	(304,924)	-	(18,201)	(132,701)	(22,595)	(213,070)	(691,114)	(8,619)	(699,733)
Charged for year	(11,872)	-	(2,275)	(34,632)	-	(25,882)	(75,038)	(4,692)	(79,730)
Transfers	(18,137)	-	-	18,137	-	-	-	-	-
Disposals	-	-	-	60,690	-	11,219	71,909	-	71,909
At 31 March, 2016	(334,933)	-	(20,476)	(88,506)	(22,595)	(227,733)	(694,243)	(13,311)	(707,554)

At both year ends all assets were owned with no asset on finance lease.

## 9 Financial Assets

	2017 £	2016 £
Balance as at 1 April	-	-
Capital contribution to National Parks Partnerships LLP	<b>22,000</b>	-
Impairment provision	<b>(22,000)</b>	-
Balance as at 31 March	<u>-</u>	<u>-</u>

In 2016 payments were made towards the commercialisation of National Parks in the UK. The payments were expensed as incurred during the year. In 2017 National Parks Partnership LLP was established as the body to represent 15 National Parks in exploring ways to benefit jointly from pursuing commercial activities e.g. sponsorship, licensing. On incorporation the payments made were recognised by the LLP as capital contributions from the partners.

As the result of a review of the carrying value of the capital contributions, full provision against the carrying value of the financial asset was recognised as the capital contributions are non-returnable.

## 10 Trade Receivables and Other Current Assets

	2017 £	2016 £
Amounts falling due within one year:		
Project income debtors	<b>206,300</b>	161,268
Prepayments and accrued income	<b>66,675</b>	113,964
Total due within one year	<u><b>272,975</b></u>	<u>275,232</u>

## 11 Cash and Cash Equivalents

	2017 £	2016 £
Balance as at 1 April	<b>467,482</b>	405,076
Net change in cash and cash equivalent balances	<b>278,151</b>	62,406
Balance as at 31 March	<u><b>745,633</b></u>	<u>467,482</u>

The following year end balances were held at:

Commercial bank accounts	<b>745,383</b>	467,232
Cash imprest accounts	<b>250</b>	250
	<u><b>745,633</b></u>	<u>467,482</u>

## 12 Trade Payables and Other Current Liabilities

	2017 £	2016 £
Amounts payable within one year:		restated
Trade payables	58,320	55,326
Project income received in advance	-	1,675
Accruals and deferred income	547,498	334,423
Total due within one year	<u>605,818</u>	<u>391,424</u>

## 13 Non-current Liabilities

	2017 £	2016 £
Early departure costs arising from the Authority's voluntary severance scheme	12,602	29,121
Transferred to provisions	<u>(12,602)</u>	<u>(16,519)</u>
	<u>-</u>	<u>12,602</u>

The transfer of £12,602 (2016: £16,519) from non-current to accruals and deferred income represents the early departure payments due within the next twelve months.

## 14 Pensions

The Authority is a member of the Principal Civil Service Pensions Scheme (PCSPS) which is an unfunded multi-employer defined benefit scheme. The Authority is unable to identify its share of the underlying assets and liabilities of the scheme. A full actuarial valuation was carried out as at 31 March 2007, details of which can be found in the Resources Accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk))

For the year ended 31 March 2017 employer's contributions of £445,303 (2016: £448,404) were paid to the PCSPS. The contributions were payable at one of four rates, from 20% to 24.5% of pensionable pay, based on salary bands. All employees have the opportunity to join the scheme. In addition, the Authority paid employer contributions of £nil (2016: £nil) to other pension providers and were invoiced for employer contributions of seconded staff working for the Park Authority.

## 15 Capital Commitments

	2017 £	2016 £
Contracted capital commitments at 31 March 2017 not otherwise included in the financial statements		
Property, plant and equipment	<u>200,000</u>	<u>8,900</u>

The Park Authority is committed to making a contribution towards the fitting out of the office extension which will be built in 17/18. The new offices are due to be occupied in July 2018.

## 16 Commitments Under Leases

	Land and buildings		Motor vehicles and office equipment	
	2017 £	2016 £	2017 £	2016 £
Not later than one year	64,000	64,000	21,700	25,800
Later than one and less than five years	9,000	67,200	20,800	47,200
Later than five years	-	-	-	-
	<u>73,000</u>	<u>131,200</u>	<u>42,500</u>	<u>73,000</u>

## 17 Contingent Liabilities

The Park Authority is the lead body for the Tomintoul & Glenlivet Landscape Partnership and Accountable Body for Cairngorms LEADER. Given the nature of these arrangements advances are made to project applicants which are in turn reclaimed from funders. It is possible that funds advanced may fall to be irrecoverable. At this time there is uncertainty whether any liability will arise or its value.

## 18 Related Party Transactions

The Authority is a Non-departmental Public Body of the Scottish Government. The Authority's sponsoring body is the Natural Resources Division, Environment & Forestry Directorate.

The Scottish Government and the Natural Resources Division, Environment & Forestry Directorate are regarded as related parties with whom there have been various material transactions during the year in the normal course of operations.

In addition, the Authority has had a small number of material transactions with other Government departments and other Non-departmental Public Bodies.

No Board member, senior manager or other related parties has undertaken any material transactions with the Authority during the year.

# APPENDIX I

## Accounts Direction



### CAIRNGORMS NATIONAL PARK AUTHORITY

#### DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of The National Parks (Scotland) Act 2000, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRoM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 20 April 2004 is hereby revoked.

Signed by the authority of the Scottish Ministers

*IR Hooper* Head of Countrywide and  
National Heritage Division

Dated 12 January 2006

## APPENDIX II

### Board Members' Attendance at Meetings 2016/17

Board member	Board: 4 public meetings	Discussion: 11 meetings	Planning : 11 meetings
Peter Argyle (Convener)	4	11	10
Rebecca Badger	4	10	10
Geva Blackett*	-	-	-
Angela Douglas	3	7	8
Paul Easto	3	7	4
Dave Fallows	3	5	8
Katrina Farquhar**	2	5	7
Jeanette Gaul	3	8	7
Kate Howie	3	7	7
Janet Hunter	4	11	6
Gregor Hutcheon	4	9	6
John Latham	2	10	10
Bill Lobban	3	7	11
Eleanor Mackintosh	4	11	11
Willie McKenna	3	7	11
Fiona Murdoch	3	10	10
Gordon Riddler	3	9	9
Gregor Rimell	1	7	6
Judith Webb	4	10	6
Brian Wood (Deputy Convener)	3	9	9

\* Elected 30 March 2017.

\*\* Resigned as of 31 December 2016 and out of 3, 5 and 9 meetings respectively.