

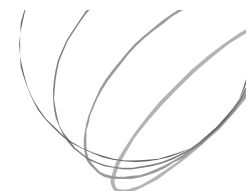
Cairngorms National Park Authority

Report on the 2009/10 Audit to Cairngorms National Park Authority
and the Auditor General for Scotland



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Key messages

In 2009/10 we looked at the key strategic and financial risks being faced by Cairngorms National Park Authority (the Park Authority). We audited the financial statements and we also reviewed the use of resources and aspects of performance management and governance. This report sets out our key findings.

Financial statements

We have given an unqualified opinion on the financial statements of the Park Authority for 2009/10. We have also concluded that in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with applicable enactments and relevant guidance, issued by Scottish Ministers.

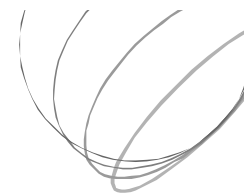
Financial position and use of resources

Scotland's economy is in recession and the public sector is under the greatest financial pressure since devolution ten years ago. It will be very challenging to maintain current levels of public services and meet new demands when resources are tight. It remains unclear what impact the current recession will have beyond 2010/11. The Scottish budget is likely to reduce in real terms but the full extent of this is not yet known. Two per cent efficiency savings will not be sufficient beyond 2011 to bridge the gap between public spending and the smaller budget available. In the current economic climate difficult decisions will have to be made across the public sector about priority spending programmes.

The Park Authority has reviewed its operational programme and classified future planned expenditure across a number of tiers, to assist prioritisation of future spending commitments within funding constraints. It has also implemented a two year rolling budget for operational expenditure, to allow programme managers to develop investments over a longer time period.

The Park Authority reported a deficit of £0.057 million for the year. This is the difference between the net expenditure for the year of £4.874 million, adjusted for notional costs of £0.012 million and the funding received from the Scottish Government of £4.805 million. Non-cash expenditure was contained within the budget limits set by the Scottish Government. However, cash expenditure exceeded the resource budget by £0.055 million. The Park Authority did not draw down additional Grant in Aid funding but utilised existing cash balances to cover the difference.

Scottish Ministers have agreed an initial resource budget for the Park Authority of £4.913 million for 2010/11. This comprises cash operating expenditure of £4.793 million and capital expenditure of £0.033 million, and non-cash resource cover of £0.087 million.



Governance and accountability

Corporate governance is concerned with the structures and process for decision making, accountability, control and behaviour at the upper levels of an organisation. Overall the corporate governance and control arrangements for the Park Authority operated satisfactorily during the year, as reflected in the Statement on Internal Control.

We examined the key financial systems which underpin the organisation's control environment. We concluded that financial systems and procedures operated sufficiently well to enable us to place reliance on them.

Performance

The Park Authority shares the same four statutory aims with Loch Lomond and the Trossachs National Park Authority, and they continue to work in partnership to help with the achievement of these aims which are set out in the National Parks (Scotland) Act 2000.

The Park Authority continues to make good progress towards the 46 achievements set out in the Corporate Plan. However, as in previous years, there are some programmes of activity at a higher risk of non-delivery because of the status of individual achievements:

- integrating public support for land management
- making tourism and business more sustainable
- Making housing more affordable and sustainable
- planning and development management.

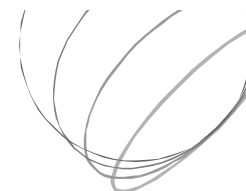
The Park Authority has also set out a number of key performance indicators that demonstrate their contribution to the Scottish Government's Strategic Outcomes. They have demonstrated improved performance against the prior year in most of the key performance indicators, the exception being a slight drop in the proportion of affordable housing within approved developments from 23.6% in 2008/09 to 21.0% in 2009/10.

Looking forward

The final part of our report notes some key risk areas and issues for the Park Authority going forward including the delivery of the National Park Plan and the impact of board restructuring. The Park Authority also faces significant financial challenges over the coming period and we will continue to monitor its financial position and the achievement of efficiency savings.

The assistance and co-operation given to us by staff during our audit is gratefully acknowledged.

Audit Scotland
August 2010



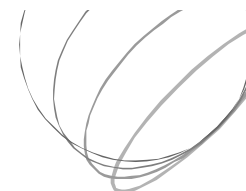
Introduction

1. This report summarises the findings from our 2009/10 audit of the Park Authority. The scope of the audit was set out in our Annual Audit Plan in accordance with the Code of Audit Practice, which was presented to the Audit Committee on 11 December 2010. This plan set out our views on the key business risks facing the organisation and described the work we planned to carry out on financial statements, performance and governance.
2. We have issued reports this year, and we briefly touch on the key issues we raised in this report. Each report set out our detailed findings and recommendations and the Board's agreed response.
3. Best value duties apply across the public sector and are a formal duty on all accountable officers. Audit Scotland has adopted a generic framework for the audit of best value across the public sector and this has been further developed during 2009/10 with the completion of its bank of best value toolkits which, although primarily designed for audit use, are available to all public bodies for reference.

Exhibit 1: Framework for a best value audit of a public body

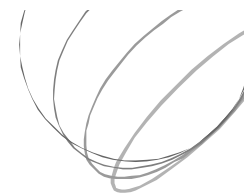


4. A linked development here has been the Scottish Government's work to refresh its 2006 best value Guidance for Public Bodies. This latter initiative, due for issue later in 2010, will result in clearer



guidance to public bodies, and particularly those in the Central Government and Health sectors, on securing continuous improvement in performance, with due regard to the balance between cost and quality.

5. Throughout this report we comment on aspects of the Park Authority's arrangements in this area. Our comments are made on the basis of information made available in the course of the annual audit. We do not make an overall best value judgement because we do not yet have enough evidence to conclude on all relevant areas. Our intention is to build up the corporate assessment over time. This report represents a further step towards that goal.
6. Another building block for our assessment of best value is the national study programme carried out by Audit Scotland on behalf of both the Auditor General for Scotland and the Accounts Commission. Where these have a bearing on the activities, risks or performance of the Park Authority, we make reference to these reports in this document. Full copies of the study reports can be obtained from Audit Scotland's website, www.audit-scotland.gov.uk.
7. We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by Board members and staff of the Park Authority during the course of our audit. This report will be submitted to the Auditor General for Scotland and will be published on our website.



Financial Statements

8. In this section we summarise key outcomes from our audit of the Park Authority's financial statements for 2009/10 and the accounting issues faced. The financial statements are an essential means by which the organisation accounts for its stewardship of the resources available to it and its financial performance in the use of those resources.

Our responsibilities

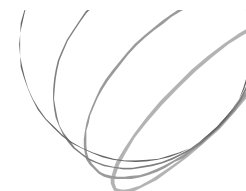
9. We audit the financial statements and give an opinion on:
- whether they give a true and fair view of the financial position of the Park Authority and its expenditure and income for the period in question
 - whether they were prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements
 - the consistency of the information which comprises the Management Commentary, within the financial statements
 - the regularity of the expenditure and receipts.
10. We also review the statement on internal control by:
- considering the adequacy of the process put in place by the Chief Executive as Accountable Officer to obtain assurances on systems of internal control
 - assessing whether disclosures in the statement are consistent with our knowledge of the Park Authority.

Overall conclusion

11. We have given an unqualified opinion on the financial statements of the Park Authority for 2009/10.
12. As agreed the unaudited accounts were provided to us on 10 May 2010, supported by a working paper package. Some sections of the accounts had not been finalised at that date, however additional working papers and information were provided the following week. We concluded our audit within the agreed timetable and provided our opinion to the Audit Committee on 25 June as timetabled.

Issues arising from the audit.

13. As required by auditing standards we reported to the Audit Committee on 25 June 2010. No significant issues were identified during the audit that required reporting to the Audit Committee.

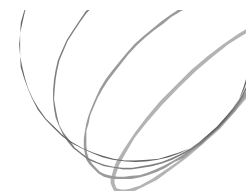


Regularity

14. The Public Finance and Accountability (Scotland) Act 2000 imposes a responsibility on auditors that requires us to certify that, in all material respects, the expenditure and receipts shown in the accounts were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers. We have been able to address the requirements of the regularity assertion through a range of procedures, including written assurances from the Accountable Officer as to her view on adherence to enactments and guidance. No significant issues were identified for disclosure.

International financial reporting standards (IFRS)

15. UK Government departments and other public sector bodies prepared their accounts in accordance with International Financial Reporting Standards (IFRS) for the first time in financial year 2009/10. The transition arrangements to IFRS required bodies to prepare IFRS shadow accounts for 2008/09, including revised opening balances as at 1 April 2008.
16. During 2009/10 we were required to review the shadow accounts and report on them to the Park Authority by 28 February. The purpose of this exercise was to consider whether the shadow accounts had been properly prepared and report any matters that might prevent them forming a reliable basis for the first set of IFRS based accounts in 2009/10.
17. The shadow accounts and supporting documentation for the 2008/09 financial year were submitted by the Park Authority for audit for review by the deadline date of 28 November 2009.
18. We noted one error in the statement of cashflows in the shadow accounts, and highlighted the need for a disclosure note showing the reconciliation between UK GAAP accounts and IFRS accounts on first time adoption. Both of these issues were addressed by the Park Authority in the submitted unaudited 2009/10 accounts.



Use of Resources

19. Sound management and use of resources (people, money and assets) to deliver strategic objectives is a key feature of best value. This section sets out our main findings from a review of the Park Authority's:

- financial position
- procurement arrangements
- management and use of information and communications technology (ICT).

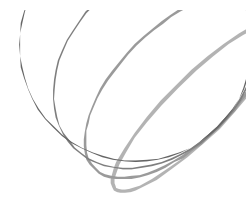
Financial Position

Outturn 2009/10

20. The Park Authority is required to work within its resource budget set by the Scottish Government. The Park Authority reported a deficit of £0.057 million for the year. This is the difference between the net expenditure for the year of £4.874 million, adjusted for notional costs of £0.012 million and the funding received from the Scottish Government of £4.805 million.
21. The Park Authority's statement of financial position at 31 March 2010 shows net assets of £0.251 million (2008/09 net assets £0.308 million). The movement is mainly caused by the drawdown of cash balances to meet the deficit in the year.
22. The Park Authority contained non-cash expenditure within the budget limits set by the Scottish Government. However, cash expenditure exceeded the resource budget by £0.053 million as set out in exhibit 2 below. The Park Authority did not draw down additional Grant-in-Aid funding but utilised existing cash balances to cover the difference.

Exhibit 2 – Performance against resource budget 2009/10 (£ million)

Limits	Budget	Actual Outturn	Difference
Operating	4.747	4.800	(.053)
Non Cash	0.087	0.074	.013
Total	4.834	4.874	(.040)
Capital	0.058	0.060	(0.002)



Scotland's public finances

23. The Auditor General's report on *Scotland's public finances, published in November 2009*, contained an overview of the financial environment in Scotland and the pressures and challenges facing the public sector. The aim of this report was to help to inform the debate on the future of public finances in Scotland. The key messages from this report were:

Extract from Auditor General's report *Scotland's public finances*

The public sector is coming under the greatest financial pressure since devolution.

- Scotland's economy is in recession and the public sector is under the greatest financial pressure since devolution ten years ago. It will be very challenging to maintain current levels of public services and meet new demands when resources are tight.
- The Scottish Government and the wider public sector need to work together to develop better activity, cost and performance information. This information is needed to enable informed choices to be made between competing priorities, and to encourage greater efficiency and productivity.

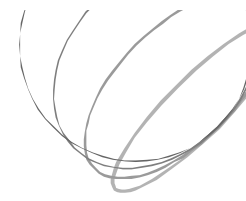
The Scottish Government faces significant challenges in balancing the budget while also delivering on its commitments and meeting increasing demands for public services.

- It remains unclear what impact the current recession will have beyond 2010/11. The Scottish budget is likely to reduce in real terms but the full extent of this is not yet known.
- In many cases, the public sector uses income from various sources to pay for services. Income levels anticipated before the recession are unlikely to be realised, reducing the amount available to spend.
- The Scottish public sector faces significant challenges in balancing its budget while also delivering on its commitments. Changes in Scotland's population and rising unemployment rates will increase demand for public services.
- Two per cent efficiency savings will not be sufficient beyond 2011 to bridge the gap between public spending and the smaller budget available.

In the current economic climate difficult decisions will have to be made about priority spending programmes.

- The Scottish Government's annual budget is largely developed on an incremental basis which involves making adjustments at the margin to existing budgets. This approach is not suitable for budgeting in a financial downturn because it does not easily allow informed choices to be made about priorities, based on robust information about activity, costs and performance.
- The Scottish Parliament has an important role in scrutinising the government's spending plans. Better information linking spending to costs, activities and service performance, and a rolling programme of performance reviews, would support the Scottish Parliament in fulfilling this role.

24. The Park Authority has revised its approach to the development of the Operational Plan in 2010/11. Total expenditure proposals for the plan have been set at 100% of available budget, whereas in previous years an element of over-programming was included. In addition, a two-year rolling budget



process has been implemented, to allow programme managers to develop investments over a longer time period.

- 25. Future planned expenditure has also been classified across three tiers, covering contractual commitments, approved spend with no contract in place, and planned activities where there is no board approval or contractual commitment. This tiered approach has been used to help prioritise future spending commitments within funding constraints.

Financial sustainability and the 2010/11 budget

- 26. Scottish Ministers have agreed an initial resource budget for the Park Authority of £4.913 million for 2010/11. This comprises cash operating expenditure of £4.793 million and capital expenditure of £0.033 million, and non-cash resource cover of £0.087 million.
- 27. The Park Authority has set a cash-based budget of £4.856 million for 2010/11. This will be funded by the £4.793 million from Scottish Government, and an estimated £0.066 million income from fees and charges.
- 28. The Park Authority's expenditure plans include:

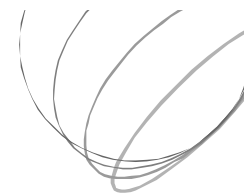
Exhibit 3 – 2010/11 Resource Plan

Budget	
Core Budget	£million
board and staff costs	2.623
Office Running Costs	0.218
IT and professional support	0.116
Operational Plan expenditure	1.899
Total	4.856

- 29. The Park Authority, in line with other central government bodies, is expected to achieve 2% efficiency savings per year from 2008/09 to 2010/11. Grant-in-Aid has not been uplifted for pay or general inflation over this period. The Park Authority has already achieved £0.254 million efficiency savings towards the 3 year target of £0.284 million, and 2010/11 spending plans include a further £90,000 efficiency savings on top of those achieved in prior years.

ICT

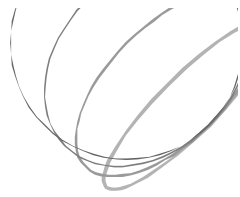
- 30. As part of our agreed audit activity during the year we conducted a high level review of the Park Authority's ICT arrangements and concluded that the governance arrangements in place were appropriate to the size of the organisation.



31. We did note some areas during the review where improvements could be incorporated into current operational practice, including:
 - developing high level information systems/information management (IS/IM) strategies and finalising shared service agreements with key stakeholders, including continuity arrangements
 - formalising off-site back-up arrangements and developing a testing strategy
 - establishing an information management culture by providing staff awareness training and encrypting key personal and sensitive data to help reduce risk of a data incident.
32. The Authority has already addressed some of the issues, with data protection and data handling training provided to all staff earlier in the year. An action has been developed to address the remaining issues over the coming year.

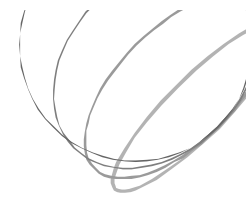
National Studies

33. Audit Scotland published a national study on procurement relevant to the Park Authority's use of resources.
34. *Improving public sector purchasing* was published on 23 July 2009 and provided a position statement on progress made by the Public Procurement Reform Programme, which aimed at improving purchasing practice and making savings of about three per cent a year.
35. The report found that the public sector in Scotland is improving its purchasing and estimated it had saved a total of £327 million in the first two years of the Programme, which has cost £61 million so far to implement.
36. Because of the public sector's size and combined purchasing power, there is potential for it to buy goods and services more efficiently and deliver more significant savings through increased collaboration and better management. There has been progress in recent years but it has varied across the country and been slower than planned.
37. The report recommended that the use of collaborative contracts in the public sector should increase. These are a key feature of the Programme, but are being developed more slowly than expected. The health sector has been the most successful in this, introducing 150 new contracts and saving £54 million in the two years to 2007/08. Public bodies also need to ensure that staff have the appropriate skills and that better information and management systems are in place to facilitate more effective purchasing.
38. Audit Scotland will follow up this report with further audit work on public sector purchasing.



39. The Park Authority's purchasing requirements are relatively low in comparison to the wider public sector environment. However, it has been actively working to ensure its procurement arrangements are fit for purpose and deliver best value. A self assessment was undertaken against the Scottish Government's good practice checklist, and procurement arrangements have been assessed as satisfactory by the SG's procurement unit.

40. In addition, the Park Authority and Loch Lomond and the Trossachs National Park Authority have established a shared procurement role, as part of a harmonisation programme agreed in May 2009. This role includes responsibility for managing the procurement processes and ensuring best value for money across both organisations. Joint procurement exercises are also underway for services such as external legal advisers, lone working support, and Board induction training.



Governance and Accountability

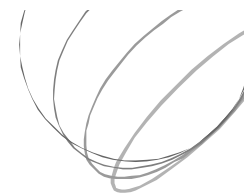
41. High standards of governance and accountability, with effective structures and processes to govern decision-making and balanced reporting of performance to the public, are fundamental features of best value. This section sets out our findings arising from a review of the Park Authority arrangements.
42. Increasingly services are being delivered across the public sector through partnership working, sometimes involving complex governance and accountability arrangements. Best value characteristics also include effective partnership working to deliver sustained improvements in outcomes.

Overview of arrangements

43. This year we reviewed:
 - partnership working
 - key systems of internal control
 - internal audit
 - arrangements for the prevention and detection of fraud and irregularity, including standards of conduct.
44. Our overall conclusion is that arrangements within the Park Authority are sound and have operated throughout 2009/10.

Partnership working

45. In June 2007 Ministers challenged the organisations delivering the rural affairs and environment portfolio to create a single environment and rural delivery service (SEARS). SEARS brings together nine delivery-focused bodies within the Environment and Rural Affairs sector to provide more joined-up services, initially to rural land managers.
46. A key area of partnership working for the Park Authority continues to be joint working with Loch Lomond and the Trossachs National Park Authority in the following areas:
 - collaboration to host online local development plans for both organisations within Loch Lomond's network
 - development of standardised HR procedures



- the establishment of a joint initiative on land management support
- formal agreement and funding arrangement with Loch Lomond for dedicated support from the Head of Corporate Service Group
- joint funding of a Learning Teaching Scotland post to promote best practice outdoor learning projects
- joint representation at meetings or conferences resulting in economies of staff time and travel costs.

47. We will continue to monitor the work undertaken through the harmonisation programme over the coming year.

Systems of internal control

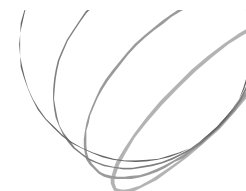
48. Key controls within systems should operate effectively and efficiently to accurately record financial transactions and prevent and detect fraud or error. This supports a robust internal control environment and the effective production of financial statements. In their annual report for 2009/10 Deloitte LLP, the internal auditors, provided their opinion that based on the internal audit work undertaken during the year, adequate internal controls were in place within the Park Authority over the course of 2009/10.
49. As part of our audit we reviewed the high level controls in a number of the Park Authority's systems that impact on the financial statements. This audit work covered a number of areas including cash and banking, trade payables and receivables, payroll and assets. Our overall conclusion was that key controls were operating effectively and that the Park Authority has adequate systems of internal control in place.

Statement on Internal Control

50. The Statement on Internal Control provided by the Accountable Officer reflected the main findings from both external and internal audit work. This recorded management's responsibility for maintaining a sound system of internal control and set out the Park Authority's approach to this.

Internal Audit

51. The establishment and operation of an effective internal audit function forms a key element of effective governance and stewardship. We therefore seek to rely on the work of internal audit wherever possible and as part of our risk assessment and planning process for the 2009/10 audit we assessed whether we could place reliance on the Park Authority's internal audit function. We concluded that Deloitte LLP operates in accordance with the Government Internal Audit Manual and



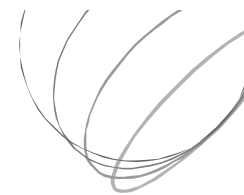
therefore placed reliance on their work in a number of areas during 2009/10, as we anticipated in our annual audit plan. This included reliance on aspects of internal audit's systems work to avoid duplication of effort.

Prevention and detection of fraud and irregularities

52. The Park Authority has appropriate arrangements in place to prevent and detect fraud, inappropriate conduct and corruption, including policies and codes of conduct for staff and Board members. There were no losses or special payments during the financial year.

National Studies

53. In September 2010 Audit Scotland will be publishing a national study on *The Role of Boards* which will be relevant to the governance of the Park Authority. Boards play a crucial role in ensuring that governance standards are maintained in public sector organisations. Feedback relating to the Park Authority will be provided in due course where appropriate.

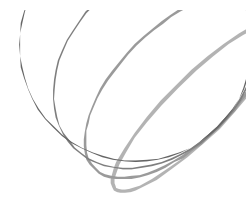


Performance

54. Public audit is more wide-ranging than in the private sector and covers the examination of, and reporting on, performance and value for money issues. Key features of best value include:
- setting a clear vision of what the organisation wants to achieve, backed up by plans and strategies to secure improvement, with resources aligned to support their delivery
 - a performance management culture which is embedded throughout the organisation and a performance management framework which is comprehensive and supports the delivery of improved outcomes.
55. In this section we comment on:
- vision and strategic direction
 - performance against targets
 - performance management arrangements
 - risk management
 - the Park Authority's efficiency programme.

Vision and strategic direction

56. The Park Authority published its corporate plan for 2008–2011 in August 2008. The plan focuses on ten strategic priorities:
- Conserving and enhancing biodiversity and landscapes
 - Integrating public support for land management
 - Supporting sustainable deer management
 - Providing high quality opportunities for outdoor access
 - Making tourism and business more sustainable
 - Making housing more affordable and sustainable
 - Raising awareness and understanding of the Park
 - Strategy and communications
 - Planning and development management
 - Corporate support functions.



57. The Corporate Plan sets out 46 achievements based on these priorities which link to the Scottish Government's purpose of creating a more successful country. Along with Loch Lomond and the Trossachs National Park Authority, a business case has been set out which demonstrates their contribution to the Scottish Government's purpose. This is achieved through a collective contribution to seven of the Scottish Government's 15 strategic outcomes, with the Park Authority also contributing to a further two national outcomes. This performance is reported annually to the Board, with detailed performance reported every 4 months.

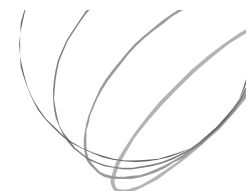
Performance overview

58. The Park Authority continues to make good progress towards the 46 achievements set out in the Corporate Plan. However, as in previous years, there are some programmes of activity at a higher risk of non-delivery because of the status of individual achievements, namely:

- integrating public support for land management
- making tourism and business more sustainable
- making housing more affordable and sustainable
- planning and development management.

59. The Park Authority has also set out a number of key performance indicators (KPIs) that demonstrate their contribution to the Scottish Government's strategic outcomes during 2009/10:

Scottish Government Strategic Outcome	Key performance indicator
<i>We realise our full economic potential with more and better employment opportunities for our people/ We take pride in a strong, fair and inclusive national identity</i>	211 businesses awarded use of the Park brand (2008/09 – 161)
<i>We live longer, healthier lives</i>	320 health walks led in the National Park (2008/09 – 225)
<i>We have tackled the significant inequalities in Scottish society and We live in well-designed, sustainable places where we are able to access the amenities and services we need</i>	The proportion of affordable housing within approved developments was 21.0% (2008/09 – 23.6%)
<i>We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others</i>	9 communities with action plans in place (2008/09 – 4)
<i>We value and enjoy our built and natural environment and protect it and enhance it for future generations</i>	Positive action is underway for 17 of the 32 species covered by the Cairngorms Biodiversity Action Plan (2008/09 – 15)
<i>We reduce the local and global environmental impact of our consumption and production</i>	A reduction of 5.6 tonnes of carbon emissions from vehicle based business travel has been achieved (2008/09 – 3.0 tonne reduction)
<i>Our public services are high quality, continually improving, efficient and responsive to local people's need</i>	Total efficiency savings of £242,000 against target of £182,000



60. The Park Authority has demonstrated improved performance against the prior year in most of the key indicators identified. We will continue to monitor the Park Authority's progress in these areas, and in meeting the achievements set out in the Corporate Plan over the 2010/11 audit year.

Risk management

61. There a number of key challenges and risks for the Board in delivering its plan. The Board has put in place robust systems for the identification and management of risk with the adoption of a single corporate risk register. This is reviewed and updated quarterly by management and is monitored by the Audit Committee. A risk management focus has been developed into key control processes and this includes quarterly organisational performance monitoring and project initiation and delivery documents.

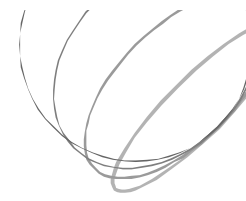
62. The main risk areas currently identified on the risk register reflect the same key risk as previous years:

- **Delivery of National Park Plan** – the Park Authority has lead responsibility for co-ordinating the delivery on the National Park Plan outcomes, however there is a risk that partners do not contribute the financial resources or support to deliver the outcomes, or do not commit to deliver on outcomes
- **Planning service** - dissatisfaction and loss of public confidence in planning services within the Park Authority.
- **Resourcing** – financial and staffing resources are too stretched by the 46 differing achievements in the corporate plan, leading to failure on a significant number of these achievements
- **Reduction in EU funding of future programmes** – there is a real risk that EU funding levels reduce, or match funding from potential partners cannot be secured, leading to reduced programme activity
- **Park profile** – there is a lack of public understanding or awareness of the Park and its objectives.

63. We will continue to monitor the Park Authority's progress in each of these areas over the course of the year.

Improving public sector efficiency

64. The Audit Scotland report *Improving public sector efficiency* was published on 25 February 2010. It provides a position statement on the first year (2008/09) of the Efficient Government Programme (the Programme), which aims to deliver £1.6 billion efficiency savings over the three years to 2010/11. It



also gave an update on how the Scottish Government and public bodies have addressed the recommendations made in the 2006 report about the previous efficiency programme.

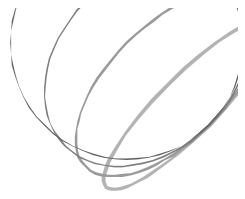
65. The report found that Scottish public bodies reported more efficiency savings than the Government's two per cent target. But there are serious financial challenges ahead – the biggest since devolution – and making the required savings through efficiency will become increasingly difficult.
66. The report recommended that to deal with reduced future funding and increase savings public bodies need to consider fresh approaches to improving efficiency and productivity. They must take a more fundamental approach to identifying priorities, improving the productivity of public services, and improving collaboration and joint working.
67. The drive to improve efficiency and productivity is not just an exercise for managers and service providers. It requires strong leadership and engagement from the very top of public bodies. Leaders and senior decision-makers within an organisation have a responsibility to check, challenge, monitor and support their organisations in delivering efficiency and productivity improvements. The report's recommendations highlighted areas that public bodies' key decision makers should look at to assess their organisation's development and to challenge existing arrangements (see below).

Extract from Audit Scotland report *Improving public sector efficiency*

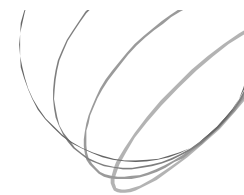
In order to improve the delivery of efficiency savings public bodies should:

- ensure they have a priority-based approach to budgeting and spending
- continue to improve collaboration and joint working, overcoming traditional service boundaries
- consider using alternative providers of services, if these providers can improve the efficiency, productivity or quality of services
- improve information on costs, activity, productivity and outcomes, including setting baselines to measure performance against
- give greater urgency to developing benchmarking programmes
- maintain the momentum of activities and initiatives to improve purchasing and asset management and extend shared services
- ensure there is a joined-up approach to efficiency savings across the public sector, avoiding duplication
- ensure that plans are in place to deliver savings, clearly setting out what action will be taken, the level of savings to be delivered and how these will be measured
- strengthen the involvement of front-line staff, service providers and users in redesigning public services
- reduce reliance on non-recurring savings to meet financial targets and generally use these as part of a wider and longer term strategy
- report efficiency savings consistently.

68. To support these high-level recommendations, Audit Scotland, the Northern Ireland Audit Office and the Wales Audit Office have drawn on their combined experience to develop a detailed good practice checklist. The checklist is intended to promote detailed review and reflection and, if necessary, a basis for improvement.
69. The Park Authority's efficiency savings target for the financial year was set at £182,000. The actual savings were in excess of this amount at £242,000. Detailed plans for delivery of an additional



£90,000 efficiency savings in 2010/11 are currently being developed by the Park Authority. Part of this is through working in partnership with Loch Lomond and the Trossachs National Park Authority to achieve savings. The aim is to increase efficiencies and maximise the resource available between the organisations where shared working is beneficial. The initial focus has concentrated on aligning corporate service functions and working towards closer alignment of employer arrangements.



Looking Forward

70. The Park Authority faces a number of challenges in 2010/11, including:

- **Efficiencies and future funding** - The announcement of future budget cuts by the new UK government indicates that there will be serious financial challenges ahead. It is important that the Park Authority continues to work in partnership with Loch Lomond and other SEARs partners to identify and deliver efficiencies, to minimise the impact of cuts on delivery of its operational programme.
- **The National Park Plan** – Partner organisations are also likely to be facing significant financial pressures over the coming period, and their commitment to the delivery of the national park plan will be tested over the coming period. The Park Authority needs to work with these partners to ensure their ongoing commitment to deliver the plan.
- **Board Restructuring** – Following the strategic review by Scottish Ministers, board membership is being reduced to 19, and a number of posts have been refreshed. There is a risk that these compositional changes could have an impact on the momentum of the organisation, and the process for engaging with the new board should be carefully managed.
- **Best Value** - The concept of best value is seen as a key driver of modernisation and improvement in public services. Audit Scotland has continued its commitment to extending the best value audit regime across the whole public sector and significant development work has taken place over the last year including the finalisation of its best value toolkits. This has been matched by the Scottish Government's commitment to refreshing its Best Value Guidance for Public Bodies. The Park Authority should continue to respond to this important initiative as it develops.