

# Loch Lomond and the Trossachs National Park Authority

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

October 2010

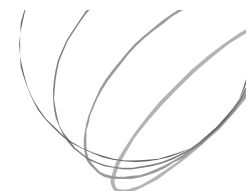


 AUDIT SCOTLAND



# Contents

Key messages	1	Governance and Accountability	12
Introduction	3	Performance	15
Financial Statements	5	Looking Forward	19
Use of Resources	8		



# Key messages

In 2009/10 we looked at the key strategic and financial risks being faced by Loch Lomond and the Trossachs National 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**

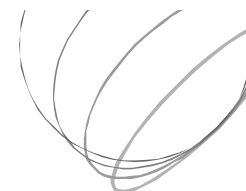
We have given an unqualified opinion on the financial statements of the Park Authority for 2009/10. We have also concluded that in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with applicable enactments and relevant guidance, 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 percent 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 reported a deficit of £0.021 million for the year. This is the difference between the Park Authority's total expenditure of £7.929 million and funding received from the Scottish Government of £7.291 million and other income totalling £0.617 million. Non-cash expenditure was contained within the budget limits set by the Scottish Government. However, cash expenditure exceeded the resource budget by £0.021 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 £6.805 million for 2010/11. An additional allocation of £0.384 million will be provided subject to approval in the Scottish Government's autumn budget revision process. A further £0.378 million income is budgeted from fees and other sources. The Park Authority will need to closely monitor the financial position through the year to ensure this is delivered.



## **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 set out in the National Parks (Scotland) Act 2000 with Cairngorms National Park Authority, and they continue to work in partnership to help with the achievement of these aims.

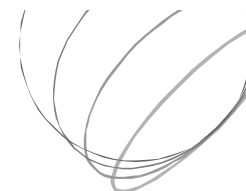
The Park Authority has set out a number of key performance indicators that demonstrate their contribution to the Scottish Government's Strategic Outcomes. This identification of the core outcomes and activities has been developed in conjunction with Cairngorms National Park Authority. The Park Authority has established a baseline level of contribution which will allow trend comparisons in future years.

## **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 Board members and staff during our audit is gratefully acknowledged.

**Audit Scotland**  
**October 2010**

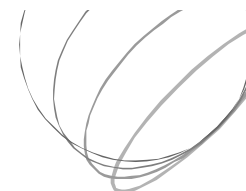


# Introduction

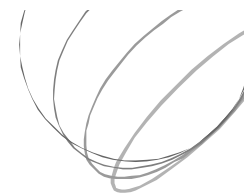
1. This report summarises the findings from our 2009/10 audit of the Park Authority. The scope of the audit was set out in our Audit Plan in accordance with the Code of Audit Practice, and was presented to the Audit Committee on 31 March 2010. This plan set out our views on the key business risks facing the organisation and described the work we planned to carry out on financial statements, performance and governance.
2. We have issued a range of 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](http://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

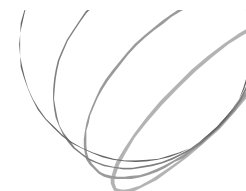
9. We audit the financial statements and give an opinion on:
- whether they give a true and fair view of the financial position of the Park Authority and its expenditure and income for the period in question
  - whether they were prepared properly in accordance with relevant legislation, applicable accounting 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 21 May 2010, supported by a detailed working paper package. We concluded our audit within the agreed timetable and provided our opinion to the Audit Committee on 21 July 2010 as timetabled.

## Issues arising from the audit

13. As required by auditing standards we reported to the Audit Committee on 21 July 2010 the main issues arising from our audit of the financial statements. The following issues were noted:



14. **Voluntary Redundancy Scheme** – Following re-organisation and re-alignment of business objectives during 2008/09, a voluntary redundancy programme was implemented during the 2009/10 financial year, to address strategic priorities, changing operational requirements and future budget constraints. During our audit we noted there was scope for improving the evidence trail through the process, and also noted some gaps in the documentation, which were subsequently rectified.
15. In response to audit issues raised the Chief Executive clarified the decision making process, and gave a commitment that the documentation of any future schemes would be enhanced to ensure an appropriate evidence trail is retained to support the decision making process.
16. **Compromise agreements** – During 2009/10 compromise agreements were reached with two staff, following their departure from the organisation. Compensation payments were made following discussions with the Park Authority's legal advisors, and an assessment of the associated risks and costs. The Park Authority has taken action to mitigate risks highlighted as a consequence of these issues, including reviewing recruitment processes in place.

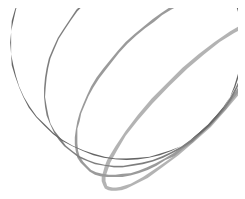
## Regularity

17. 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.

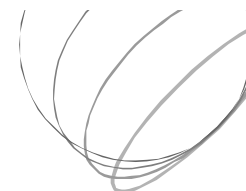
## International financial reporting standards (IFRS)

18. 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.
19. During 2009/10 we were required to review the shadow accounts and report on them to the Park Authority by 28 February 2010. 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.
20. 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.





21. We made some recommendations for further work on some presentation and disclosure areas to ensure that the full IFRS accounts in 2009/10 were true and fair. A later revised submission from the Park Authority addressed a number of the points we had raised, and all issues were addressed by the Park Authority in the submitted unaudited 2009/10 accounts.



# Use of Resources

22. 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
- financial management
- management and use of information and communications technology (ICT).

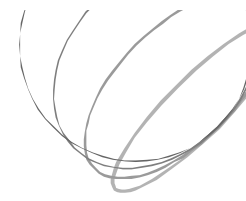
## Financial Position

### Outturn 2009/10

23. The Park Authority is required to work within its resource budget set by the Scottish Government. A deficit of £0.021 million was reported by the Park Authority. This is the difference between the Park Authority's total expenditure of £7.929 million and funding received from the Scottish Government of £7.291 million and other income totalling £0.617 million.
24. The Park Authority's statement of financial position at 31 March 2010 shows net assets of £4.730 million (2008/09 net assets £8.443 million). The movement is mainly caused by the increased pensions liability in the year, combined with the depreciation of assets.
25. The Park Authority contained non-cash expenditure within the budget limits set by the Scottish Government. However, cash expenditure exceeded the resource budget by £0.021 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	7.068	7.068	0.000
Non Cash	1.200	1.014	0.186
<b>Total</b>	<b>8.268</b>	<b>8.082</b>	<b>0.186</b>
Capital	0.089	0.110	(0.021)



## Scotland's public finances

26. 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.

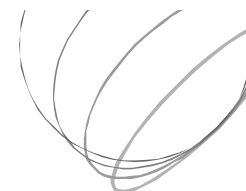
*The Scottish Government faces significant challenges in balancing the budget while also delivering on its commitments and meeting increasing demands for public services.*

- 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.

27. In the 2008/09 financial year the Park Authority reviewed its strategic priorities and operational requirements, and realigned its business objectives. The voluntary severance scheme implemented in 2009/10 was designed to deliver staff cost savings that would be utilised for delivery of front-line



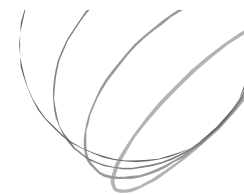
services over the coming years. However, in common with other public bodies, the Park Authority is reviewing its current business objectives and delivery programme, to allow prioritisation of future spending commitments within budget constraints.

## **Financial sustainability and the 2010/11 budget**

28. Scottish Ministers have agreed a baseline cash budget for the Park Authority of £6.805 million for 2010/11. This comprises operating expenditure of £6.738 million and capital expenditure of £0.067 million. An additional £0.384 million will be provided subject to approval in the Scottish Government's autumn budget revision process.
29. The Park Authority has estimated expenditure of £7.567 million for 2010/11. This will be funded by £7.189 million from Scottish Government funding and an estimated £0.378 million income from fees and other income sources. The Park Authority will continue to look generating additional income sources through the year, as well as manage the phasing of project spend, to arrive at a balanced budget.
30. 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 exceeded its 2% efficiency target set for 2009/10, achieving £0.151 million savings against a target of £0.124 million, and is working towards achieving the 2% target set for 2010/11.

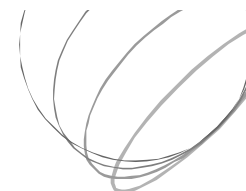
## **Management and use of ICT**

31. 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 generally sound and appropriate to the size of the organisation.
32. We did, however, note some areas during the review where work is still under development, or improvements could be incorporated into current operational practice, including:
  - testing business continuity and disaster recovery arrangements
  - developing information risk registers
  - formalising shared service agreements with partners
  - reviewing hardware encryption arrangements to help reduce the risk of data loss.
33. The Park Authority has plans in place to address these issues over the coming year.



## National Studies

34. Audit Scotland published a national study on procurement relevant to the Park Authority's use of resources.
35. *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.
36. 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.
37. 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.
38. 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.
39. Audit Scotland will follow up this report with further audit work on public sector purchasing.
40. 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. The Park Authority and Cairngorms 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

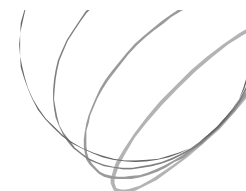
41. High standards of governance and accountability, with effective structures and processes to govern decision-making and balanced reporting of performance to the public, are fundamental features of best value. This section sets out our findings arising from a review of the Park Authority's arrangements.
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 through 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 with Cairngorms National Park Authority in the following areas:
  - collaboration to host online 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



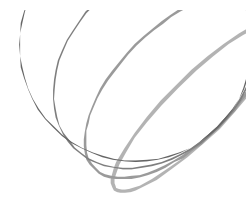
- formal agreement and funding arrangement with Cairngorms National Park Authority for dedicated support from the Head of Corporate Service Group
  - joint funding of a Learning Teaching Scotland post to promote best practice outdoor learning costs
  - joint representation at meetings or conferences 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 Wylie & Bisset LLP, the internal auditors, provided their opinion that based on the internal audit work undertaken during the year, the Park Authority had in place adequate and effective risk management, control and governance processes to manage its achievement of the organisation's objectives.
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 accounts payable, accounts receivable, cash and bank, main accounting and payroll. Our overall conclusion was that key controls were operating effectively and that the Park Authority has adequate systems of internal control in place.
50. During the year, the Park Authority received correspondence questioning the award of a tender to a contractor during the financial year. An internal review was undertaken and the Park Authority concluded it was satisfied that the tender was awarded in line with the Park Authority's policies and procedures.
51. We also examined the details of the tender award, along with some other recent tenders, and whilst we noted some administrative issues in respect of the initial receipt of tenders and the tender evaluation spreadsheets, we were also satisfied that the tender award was in line with policies and procedures. The Park Authority has taken action to address the administrative issues highlighted through the review.

## **Statement on Internal Control**

52. The Statement on Internal Control provided by the Park Authority's 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. The statement reflects the ongoing work to embed risk management processes throughout the organisation and the improvements made to systems for information and communication management.

## Internal Audit

53. 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 Wylie & Bisset LLP operates in accordance with the Government Internal Audit Manual and therefore placed reliance on their work in 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.

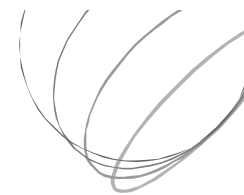
## Prevention and detection of fraud and irregularities

54. 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.

## National Studies

55. 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 organisation. Feedback relating to the Park Authority will be provided in due course where appropriate.



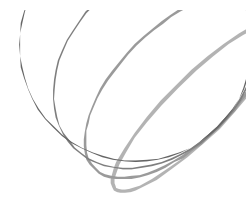


# Performance

56. 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.
57. 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

58. The Park Authority's corporate plan for 2008–2011 was published in early 2008. This plan is supported by an annual business plan, which details the main outputs for the year. The 2009/10 business plan was approved in February 2009, alongside an outcome based approach report which aligns the current corporate and business outputs with the Scottish Government's national outcomes and targets.
59. Delivery is focused around three main areas of activity, supported by a business services function:
- Conservation – ensuring that natural heritage, land and water resources are sustainably managed and protected
  - Visitor experience – establishing and promoting the Park as one of Scotland's premier sustainable tourism destinations
  - Rural development – enabling and promoting sustainable development that supports and enhances local distinctiveness and sense of place, encourages enterprise and innovation and improves the quality of life for local communities.

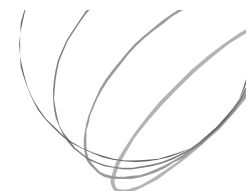


- 60. Sitting alongside these plans is the National Park Plan, a longer term shared vision which the Park Authority, along with a range of partners, has a responsibility for delivering. The key targets and outcomes set out in the Park Authority's corporate and business plans are closely aligned to the National Park Plan delivery outcomes.
- 61. Along with Cairngorms National Park Authority, a business case has been set out which demonstrates the contribution of the Park's activities to the Scottish Government's purpose. This is achieved through a collective contribution to seven of the Scottish Government's 15 strategic outcomes. Performance is reported in detail to the Delivery Group, with regular updates to the Board.

## Performance overview

- 62. A mid-term review of delivery of the National Park Plan was reported in March 2010. This highlighted that of the 147 actions listed, 89 were completed or on target for completion. It also highlighted that priorities needed to be clearly articulated to partners. Going forward, the focus of the plan has moved from 15 programme areas to 5 measurable priorities for partner action over the next 5 years.
- 63. 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:

<b>Scottish Government Strategic Outcome</b>	<b>Performance against key performance indicator</b>
<i>We live longer, healthier lives</i>	Core Paths Plan consultation completed and Plan approved by Ministers
<i>We live in well designed, sustainable places where we are able to access the amenities and services we need</i>	28% uptake on e-planning applications 85% of householder applications and 58% of all applications were determined within 2 month target
<i>We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others</i>	15 communities received a total of £35,000 in community grants 120 attendees at Heritage Connections event
<i>We value and enjoy our natural and built environment and protect it and enhance it for future generations</i>	16,000 hours of National Park Ranger patrols 2,154 hours of Community Support policing 384 hours of Special Constable policing 65 attendees at land management training events
<i>We take pride in a strong, fair and inclusive national identity</i>	1,000 hours of education activities to 137 groups 2,600 volunteer hours contributed across 73 projects
<i>We reduce the local and global environmental impact of our consumption and production</i>	First full year of EMS monitoring completed and baseline data established
<i>Our public services are high quality, continually improving, efficient and responsive to local people's needs.</i>	2% efficiency target exceeded, with £0.151million savings against target of £0.124 million



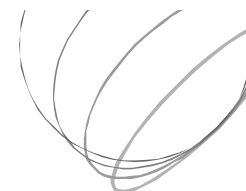
64. We will continue to monitor the Park Authority's progress in these areas, and in meeting the achievements set out in the corporate and business plans over the 2010/11 audit year.

## Risk management

65. There a number of key challenges and risks for the Park Authority in delivering its plan. The Park Authority has in place systems for the identification and management of risk and produces a corporate risk register. This is reviewed and updated regularly by management and is monitored by the Audit Committee.
66. The main risk areas currently identified on the risk register include:
- **Resourcing** – the impact of reduced funding on achievement of objectives, including government and grant funding
  - **Sustainability** – economic decline reduces the sustainability of National Park partners, communities and businesses
  - **Anti social behaviour** – the impact of this behaviour diminishing the Park's reputation and tarnishing iconic visitor status
  - **Partnership working** – Partner activities disregard or undermine Park Authority and National Park Plan objectives
67. 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

68. The Audit Scotland report *Improving public sector efficiency* was published on 25 February 2010. It provided 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.
69. The report found that Scottish public bodies reported more efficiency savings than the Government's two percent target. But there are serious financial challenges ahead – the biggest since devolution – and making the required savings through efficiency will become increasingly difficult.
70. 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.



71. 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).

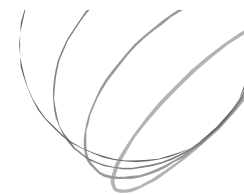
**Extract from Audit Scotland report *Improving public sector efficiency***

*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.

72. 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. We recommend that those responsible for leading efficiency and improvement work should consider assessing themselves against each question, and recording the results.

73. The Park Authority is committed to making 2% efficiency savings in 2010/11, and aim to achieve this through joint working with a number of bodies including Cairngorms National Park Authority. We will continue to monitor the financial position and the actions taken by the Park Authority in this area.



# Looking Forward

74. The Park Authority faces a number of challenges in 2010/11, which include:

- **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 Cairngorms 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. The Park Authority needs to work with these partners to ensure ongoing commitment to deliver the plan.
- **Board Restructuring** – Following the strategic review by Scottish Ministers, board membership is being reduced to 17, 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.