

## **8. PROPOSALS FOR INVESTING IN DELIVERY OF THE AUTHORITY'S CORPORATE STRATEGY 2016/19 (SF)**

### **Purpose of the report**

This report presents work by the Leadership Team to develop the investment proposals, following discussions at the Strategic Advisory Group on Friday 22 April and Tuesday 10 May 2016. It presents final proposals for approval.

### **Key issues**

- Members are asked to note the approach, and planning assumptions, to setting our strategic framework for 2016-19, including the plans for the projected downward trajectory of public finances from 2016/17 and the opportunity presented by the final confirmed healthier national park grant allocation to invest in a way that supports the achievement of our strategic framework.
- Following discussions with staff committee, UNISON and Strategic Advisory Group proposals are given to allocate the c. £1.875m available for investment for the future amounting to £320k/annum of baseline investment, £595k of one off investment and proposals to not deliver the planned years 2 and 3 savings, but instead invest this in the identified priority areas.

### **1. Recommendations**

**That:**

- 1. Members endorse the approach taken to identify opportunities for investment to support delivery of the Corporate Strategy 2016-19**
- 2. Members support the investment proposal framework outlined in tables 3, 4 and 5, and delegate the detail of the allocation and phasing of this into budgets to the Leadership Team, working with the Chief Finance Officer, for 2016/17 and note that the investment from 2017/18 onwards will be incorporated in the annual budget reporting round.**

### **How does this contribute to our policies and legal obligations?**

- 3. The financial planning report in September outlined the medium term financial planning framework, with the assumption that £1.57m of savings/income was needed to be found over three years. The strategic framework approved by members in September 2015 stated that if the government grant "is better than our planning forecast, we propose to continue with the first year reductions (2016/17) and use any unallocated money to invest in a way that supports achievement of our strategic framework."**

### **Background**

- 4. Over the past year the leadership team has worked with members and staff to set the strategic direction for the Authority for the next three years (2016-19) on what we will focus on, why it is important, the way we will deliver and how we will resource. Below are the major milestone decisions made by members that has set this direction.**
- 5. In September 2015 members approved the three year strategic framework for the Authority, this described why we do what we do, what activity we will focus on, how we will organise ourselves and the way we will work. This framework included proposals for c. £1.57m of savings and increased income targets to enable the Authority to maintain a**

balanced budget over the three year period (2016-2019), based on a realistic planning assumption of 5% reduction per year in the government grant. Table 1 summarises where these savings and income targets were to be made over the three year period, which is made up of:

- a detailed year 1 financial framework to manage the budget down by £602k (made up of a combination of savings and of income generating plans) to be implemented by 1 April 2016 to ensure we maintained a balanced budget for 2016/17; and,
- proposals for years 2 and 3 reductions in the budget of £970k, with the details to be worked up and evaluated once the settlement of the National Park Grant was known.

**Table 1: summary of three year financial framework approved in September 2015**

£,000	Service area	Total £	Year 1 £	Years 2 & 3 £
<b>Savings:</b>	Leadership team	64.6k	64.6k	
	Ranger service	400k	123k	
	Conservation advice	312.6k	146.6k	
	Support services	301.2k	100.8k	
	Plan making/strategy	134k	29k	
	Other (disest. of minerals vacant post)	19k	19k	
	<b>Savings total</b>	<b>1,231.4k</b>	<b>483k</b>	<b>748.4k*</b>
<b>Income:</b>	Estates	127k	52k	
	Services	214k	67k	
	<b>Income total</b>	<b>341k</b>	<b>119k</b>	<b>222k**</b>
	<b>TOTAL</b>	<b>1,572.4k</b>	<b>602k</b>	<b>£970.4k</b>

\*Footnote: the difference between the £721.4k in table 3 and this figure of £748.4k in table 1 can be accounted for by approximately £27k of savings not being realisable after detailed business cases have been considered as follows: approx. £17k from review of management structure in Field services and approx. £10k from bringing together the customer service team and operational support team. These were savings not achieved following detailed costings of original proposals in year 1 and therefore the overall figures for years 2&3 have been adjusted to take this into account.

\*\* Footnote: similarly £20k of this proposed income was identified as not achievable in our plans

6. In December 2015 members approved the Corporate Strategy for 2016-19. This defines the critical areas we have chosen to focus on, which are:

- **four directional shifts** to create a virtuous cycle in caring for and protecting the landscape and connecting people to this landscape and provide inspiring experiences for people to enjoy the place so they feel moved to care for it and to support and pay us for our work, so we can diversify our funding, building on our valued government grant.
- **four cornerstones** to be a business people want to work with because we look after our people and the assets we own, we deliver our services in a customer focused way and we continuously develop as an organisation.

7. In January 2016 the Authority received confirmation of the Defra settlement for 2016-2020 in a letter from the Minister. This confirmed that the National Park Grant for the Authority would be protected in real terms over the government's Spending Review period 2016-2020, with a resultant 1.72% increase in budget year on year. This was reported to the Authority on 5<sup>th</sup> February 2016 in the Budget Report 2016/17. Members approved the base budget for 2016/17, which included the year 1 savings and which created an opportunity to consider how we would invest the money available given the healthier grant settlement. Members agreed to use special meetings of the Strategic Advisory Group, open to all members, to consult on proposals to invest the available funds into delivery of our Corporate Strategy for 2016-19.
8. The amount of funding forecast to be available for consideration for investment is up to £1.875m, this is based on the grant settlement provided by Defra to 2019/20 and after including the delivery of the year 1 savings (as was approved by the Authority on 5<sup>th</sup> February 2016).
9. The view of the Chief Finance Officer is that a prudent approach should be taken to how much of this £1.875m we invest in our baseline budget and how much we invest in one-off activities. This prudent approach is advised so that we can maintain a balanced budget across the full period of the settlement from Defra (to 2019/20) and so that it remains balanced into the first year after that settlement, with an assumption being made that there is 0% change in our settlement into 2020/21. This suggests that of the £1.875m, we make up to £320k/annum available for investing into the baseline, which leaves £595k available for one-off investment across the period. This is shown in table 2 below.

10. **Table 2: Known investment figures as at 7 April 2016**

<b><u>Financial Projection</u></b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>TOTAL</b>	<b>2020/21*</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
<b><i>Forecast (Surplus) Deficit</i></b>	(517)	(410)	(451)	(497)	<b>(1,875)</b>	(421)
<b><u>Potential Investments</u></b>						
<b>Baseline - maximum suggested</b>	320	320	320	320	<b>1,280</b>	320
<b>One-offs</b>	197	90	131	177	<b>595</b>	101
	<b>517</b>	<b>410</b>	<b>451</b>	<b>497</b>	<b>1,875</b>	421

\*assuming 0% settlement

### Proposals

11. In February 2016 Members agreed the following questions would be answered to help identify the proposals for how we invest this available funding of £1,875m:
  - What proposals would we make for investment on a one off basis (up to £595k)?
  - What proposals would we make for investment into permanent baseline allocations (up to £320k/annum)?
  - To what extent are the savings in the 5 review areas for years 2 and 3 still required:

- If the cuts are made would they have a detrimental impact on performance against the corporate strategy?
  - If the cuts are not made should they be invested differently to help achieve the corporate strategy?
12. In making the proposals the leadership team have considered the savings proposed for the 5 review areas (leadership team, ranger resource, conservation influencing/advisory roles, plan making and strategy work, support services) alongside information from each service/ team plan for 2016/17. The proposals have been tested and prioritised for investment against the 4 questions in the strategic framework:
- why we do what we do (the special qualities of the National Park),
  - what areas we will give certainty to,
  - how we will organise ourselves, and the
  - way we will operate (people, communities, performance and every day matters)
13. We have sought to balance investment across both the cornerstones and shifts. We have also been conscious our proposals are about investing for the future, so our investment and focus is about how we achieve change in the organisation to increase our ambition, rather than to stay steady state. Our financial planning assumption was for a 5% reduction in Defra grant each year and the recent settlement has given us a flat funding base. The Leadership Team have asked ourselves how do we invest these funds to increase our ambitions, so we maximise our outcomes for the place and for people and maximise opportunities to develop a more diversified funding base.
14. Our proposals are set out below and are split into the following three headline areas for investment; we propose that:
- we do not make the year 2 and 3 proposed reductions in the four service areas that are identified in table 1 (in the rangers, conservation advice, support services and in plan/strategy making). This amounts to not making £721.4k of the years 2 and 3 total of the £970k reductions that had been proposed. See paragraph 15 and table 3 below for more details.
  - the income targets that were proposed for years 2 and 3 (in services and estates) are considered as part of a wider commercial plan for the organisation.
  - we invest £236.5k (of the available £320k) into the baseline budget and £269.5k (of the available £595k) into one-off investment on a list of near time activity which has been scoped and costed. See paragraph 16 and table 4 below for more details.
  - we invest the remaining £83.5k (of the available £320k) into the baseline budget and the remaining £325.5k (of the available £595k) of one-off investment into four programmes of work that will be developed further by the Leadership Group to support and enhance our way of working. See paragraph 17 and table 5 below for more details.

We are seeking support from members for this framework on the areas of investment. In approving the framework we are asking members to approve the Leadership Team to use this framework to develop the details for implementation and phasing from 2016/17 and for inclusion in the 2017/18 - 2019/20 budgets, this will be done working with the Chief Finance Officer.

15. **Year 2 and 3 proposed reductions in the four review areas will not be made:**  
We propose that the planned savings in years 2 and 3 in the 4 review areas will not be made and the money available in these areas will be re-invested to support the change in focus, skills and staff needed in each Directorate to support the Corporate Strategy, see table 3 below.

**Table 3: Areas of investment due to the years 2 and 3 reductions not being made**

Directorate	Yrs 2 & 3 reductions	To be directed into the following areas
<b>Commercial Development and Outreach</b>	£266.5k	Education and outreach Maximise ability to achieve current income targets Expertise to create new income
<b>Conservation and Planning</b>	£166k	Integrated conservation processes and support Conservation specialist skills
<b>Corporate Strategy and Development</b>	£288.9k	1 <sup>st</sup> and 2 <sup>nd</sup> line enquiry service Systems to support the enquiry service Climate change vulnerability assessment of special qualities Turning data to information to intelligence Business services proportionate to operational services.
<b>TOTAL</b>	£721.4k	

16. **Investment in near time activity which has been scoped and costed**

We propose the following immediate investment is needed to meet the business costs of the cornerstone and direction shifts. These are presented in table 4 below.

**Table 4: Areas of known and costed investment to be delivered in the near future.**

Area of investment	Comment	One off £k	Baseline £k
Implementing National Living Wage and new pay policy	£114k pay policy implications plus £15.25k HR support for 2 years	30.5	114
Business costs for South West Peak project	£170k business costs for 5 years 2016/17 to 2020/21 (£34k p.a.) to be scaled according to size of final project submitted	up to 170	
Green lanes action plan	£20k access post plus £6k legal costs =£26k		26
Aldern House maintenance	£5k plus extra income target for 2017/18 of £5k to be kept by property support team as contribution to maintenance programme		5
Woodlands H&S	£5k one off then continuing amount to be determined following audit	5	X
Rural surveyor	£38k professional support to properties		38
Safeguarding costs	£3.5k to ensure best practice in delivering services to young people and vulnerable adults		3.5
External funding capability* see footnote	£19.5kx2 years £50k baseline	39	50

Special Qualities	£15k to increase insight of state of special qualities to inform ambitions	15	
Aldern House grounds backlog of maintenance	£10k	10	
<b>TOTAL</b>		<b>269.5</b>	<b>236.5</b>

\* Appendix 1 is shared for information, it shows the potential ‘cash gap’ funding of externally funded projects so far supported to bid stage to offer clarity on what is and is not being funded in these investment proposals. The last column on the table gives the current position as discussed by the Leadership Team.

17. **Investment proposals that will be developed to support and enhance our way of working**

These areas are to be developed further to define the full scope and scale of investment required and are described in four programme areas below. The total funding available to all these areas is: £83k into the baseline budget and £326k for one off investment

**Table 5: Investment to further develop our programmes for change**

<b>Programme</b>	<b>Focus for investment</b>
<b>Develop the knowledge and expertise of organisation</b>	The knowledge and expertise of third tier managers (managers that report to a Director) and professional experts
<b>Develop the commercial programme</b>	To give us confidence that our commercial approach focusses on those areas giving the best returns and in a way that more than pays for itself
<b>Develop and enhance the way we work with communities and partners</b>	To improve how we work with and enable communities to support the special qualities: how we plan with them, advise them and support them through grants
<b>Ensure our asset portfolio is at a standard that is fit for the Corporate Strategy</b>	To support our work on properties we own and operate: maintenance; environmental performance; development to enhance the visitor experiences

18. These proposals in table 3, 4 and 5 will help us achieve our Corporate Strategy 2016-19 and will support our role as a regulator, an advisor and as a delivery agent on the ground. Our strategy is clear we want to support our influencing and delivery roles through the Defra grant and in addition to have a programme to secure funding from income generation, external funding, and donations to resource all three role roles more effectively. Our proposals above give us the capacity to secure this greater support for our work to protect and care for the landscape and to help connect people to it so they are moved to support it.

**Are there any corporate implications members should be concerned about?**

19. **Financial:** Relevant details are given in the report

20. **Risk Management:** Appendix 1 is shared with SAG so that members can see the potential ‘cash gap’ funding of externally funded projects so far supported to bid stage so

that there is clarity on what is being funded during these investment discussions. The last column on the table gives the current position as discussed by the Leadership Team.

21. **Consultation:**

22. Consultation with members, through two SAG meetings, and discussions with staff have been an integral part of the process so far.

23. **Background papers** (not previously published) – None

**Appendices** – Appendix 1: Principle External Funding Projects – Summary Funding

**Report Author, Job Title and Publication Date**

Sarah Fowler, Chief Executive, 19 May 2016