

3. FINANCIAL PLANNING: UPDATE ON PLAN FOR 2010/11 AND NEXT STEPS FOR PERIOD 2011/12 TO 2013/14 (A137/ RMM)

Purpose of the report

1. This report updates Members on progress against the three year financial plan agreed in February 2009 and proposes next steps to address the financial planning scenarios for the period 2011/12 to 2013/14.

Recommendations

2.
 1. **That the progress against implementing the financial plan for 2010/11 be noted and changes proposed in Appendix 1 be agreed so that these can feed into the detailed 2010/11 budget report to Members in February 2010**
 2. **That the next steps and key milestones, as detailed in paragraph 10 of the report, for addressing the financial planning scenarios for the three year period from 2011/12 to 2013/14 be agreed**
 3. **That the principles underpinning these next steps as given in Appendix 3 be agreed**

How does this contribute to our policies and legal obligations?

3. The Authority is required to set a balanced budget each year and the allocation of resources in accordance with priorities is essential to achieving National Park Management Plan outcomes and National Park Authority key corporate actions (objectives in the future). Our rolling three year financial planning process working with staff and Members is part of contributing to the current key corporate action K1 of 'ensuring value for money, sustainability and high standards of corporate governance in the way that we deliver services'

Background

4. In February 2009 (minute ref: 05/09) the Authority approved:
 - a base budget for 2009/10
 - a plan for 2010/11 and 2011/12
 - additional allocations and savings for the same three year period (identified in Annex 3 to the report)
5. This approval followed workshops in 2008 with Members on the three year financial plan which was based on:
 - a) the need to plan for a 2.8% settlement in 2009/10, a 2.7% settlement in 2010/11 and a 0% settlement in 2011/12
 - b) the outcome of our performance improvement work, with Members giving a steer on:
 - Maintenance and protection of resources allocated to existing activities e.g. Moors for the Future, Rural Development programmes, Local Development Framework, Planning, Minerals, Cultural Heritage and Conservation
 - The allocation of additional resources to three priority business cases and areas for resource reduction. These are given in Appendix 1 of this report and were approved as Annex 3 of the

budget report in February.

6. At the finance workshop on 6 November 2009 Members were:
- a) Updated on progress being made against the three year plan agreed in February as detailed in this report.
 - b) Advised that we had received confirmation of the planned National Park Grant settlement for 2010/11 of 2.7% and that it was intended to present a detailed budget to Members in February 2010 in line with priorities and views agreed already by Members
 - c) Briefed on the implications of three financial planning scenarios for the three year period rolling forward from 2011/12 to 2013/14. We have not yet received confirmation of what the settlements will be in the new period, although the predicted squeeze on public spending is expected to affect the National Park Grant (and indeed the grants of other bodies we have relied upon to work in partnerships). Our planning scenarios (based on consideration of discussions with Defra, constituent councils and other National Park Authorities) are:
 - (i) a 2% cut for each year of the three year period (resulting in a 12% cut in real terms over the period) **or**
 - (ii) a 0% settlement for each year of the three year period (resulting in a 6% cut in real terms over the period) **or**
 - (iii) an inflation proofed settlement of 2%. As the first two scenarios would result in serious reduction in resource to the National Park Authority, it is intended to continue to show the added value and effectiveness of the National Park Authority in seeking to achieve this third scenario for National Park Grant

The financial implications of the more challenging scenarios (i) and (ii) are given at Appendix 2.

d) Asked to give a steer and comment on a set of principles which will underpin our work to achieve a balanced budget over the period from 2011/12 to 2013/14 as detailed in this report.

Proposals

7. Appendix 1 gives details of the decisions made by Members in February 2009 for additional allocations and reductions and shows progress being made against these. Members are asked to agree the changes proposed so that these can be reflected in the detailed budget report for 2010/11 which will be in line with priorities and views already agreed by Members and will be reported to the Authority in February 2010. In addition, there are a number of amendments in the overall assumptions, the principal ones being savings arising as a result of the lower 2009/10 pay award (£50,000) and savings in vehicle operations following purchase of new vehicles (£10,000), and these improvements will also be reflected in the 2010/11 budget.
8. Following the above, Appendix 2 gives the financial implications of the first two financial planning scenarios in paragraph 6 (c). Members are asked to note this in considering the following paragraphs on principles and next steps. In addition it should be noted that at this stage as part of the assumptions these figures do not include from April 2012 a number of Planning and Live and Work Rural programme fixed term contract posts.

9. It is proposed that in planning for future change to meet the financial challenge we need to work to a set of agreed principles. These will form the basis for future more detailed work and a longer term organisational review. These principles, amended to include comments and the steer given at the Member workshop in November, are presented at Appendix 3 for Members' approval.
10. The next steps and key milestones proposed for this future more detailed work include:
- September-December 2009: work with Management Team on scenarios and outline plans
 - December 4th 2009 Authority: Members consider and approve principles
 - February 5th 2010 Strategic Advisory Group: Management Team outline the key elements of the plan
 - March-April 2010: Consultation with staff, UNISON, Staff Committee and Members on key elements of the plan
 - May 28th 2010 Authority: Members consider and approve key elements of the plan
 - June – December 2010: Management Team implements phase 1 with detailed matters at Services Committee as necessary
 - 2010-2014: Remaining phases are implemented
11. It is also proposed that the Chief Executive, Directors, the Chair and Deputy Chair of the Authority continue to work with the English National Park Authorities Association (ENPAA) and other national working groups to show the effectiveness and added value of National Park Authorities to make a case out for a full inflation proofed settlement for 2011/12 onwards.

Are there any corporate implications members should be concerned about?

12. **Financial:**
There are no further financial implications to highlight at this stage other than as given in the report.
13. **Risk Management:**
The corporate risk register, as amended in October and agreed by Audit and Performance Committee, has a corporate risk detailed of:
- 'National Park Grant-failure to produce an effective plan for minimising the impact of a possible reduction in public sector funding on the achievement of National Park purposes'.
- The next steps proposed in this report are part of our action to mitigate this risk.
14. **Sustainability:**
There are no issues to highlight.
15. **Consultation:**
Engagement and consultation with Staff Committee and UNISON has started. The draft principles have been shared with them. UNISON has consulted Branch officials and has replied stating that 'the policy is acceptable. It clearly aims to protect staff as a priority and if the process adheres to that principle, there should be ways to achieve those levels of savings and minimise any compulsory

redundancies’.

16. **Background papers** (not previously published)

None

Appendices –

Appendix 1: Update on progress against implementing the financial plan for 2010/11

Appendix 2: Financial implications of two financial planning scenarios

Appendix 3: Principles for achieving a balanced budget over the period to 2013/14

Report Author, Job Title and Publication Date

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