

AGENDA ITEM No. 4

PEAK DISTRICT NATIONAL PARK AUTHORITY

SPECIAL NATIONAL PARK AUTHORITY MEETING

10 SEPTEMBER 2010

CHIEF EXECUTIVE

PART A

1. FUTURE SIZE AND SHAPE OF THE PEAK DISTRICT NATIONAL PARK AUTHORITY (A.1977/JBD)

Purpose of the report

1. The Authority, in common with all other national park authorities and public bodies is planning for the spending review period 2011-2015. It is highly likely that because of the Coalition Government's top priority of reducing the fiscal deficit that this will be a period of reduced budgets. This paper sets out the organisation's overall strategy for addressing the period of change that we face.

Recommendations

2.
 1. **The overall rationale for agreeing to funding priorities, based on the Authority's priorities and those of the Government be accepted**
 2. **The Authority's Mission to 2015 at paragraphs 12 and 13 be adopted**
 3. **The general strategy for how the Authority will change to achieve its outcomes by 2015 at paragraphs 14 and 15 be adopted**

How does this contribute to our policies and legal obligations?

3. The Authority is required to set a balanced budget and it seeks to do so reflecting a clear set of priorities, consultation with staff, members and the public and vigorous commitment to best value through economy, effectiveness and efficiency. The Authority will be completing its budgets in line with the detailed outcome of the Spending Review throughout the autumn. This will involve a) agreeing the broad direction that the Authority should take (this paper), b) agreeing budget priorities and a 4 year programme as the basis of the budget planning for the Spending Review period. As the Spending Review is likely to lead to markedly greater reductions than normal and the Chief Finance Officer has concerns about meeting the deadline of the new financial year with plans in place, specific proposals for budget reductions for 2011/12 will be discussed on a parallel track, with key decisions being made as early as possible during the autumn.

Background

4. The National Park Authority is financed from 2 main sources: a) our grant from Defra which in 2010/11 is £8.3 million and b) services that we charge for, such as income from estates, trading through for example visitor centres and grants for specific projects which varies from year to year but is around £4-5M per year.

5. The Government's top priority is to tackle the fiscal deficit and cutting the national debt. As a public body, the Authority must play its part in this. We need to accept that despite the work of the organization being held in high regard, we must adjust to a smaller core grant from government. Almost every part of the public sector is being asked to plan for a lower level of public spending in future. At the moment, we do not know what the budget for National Parks will be beyond 2010 and do not expect to know firmly until after the Chancellor announces Defra's funding settlement in October. However, we are working on two scenarios.

Scenario 1 A Real terms cut of 20% to our Defra grant over 4 years: This is the plan that the Management Team and members have been working on for some time. However, we have had to adjust this to take into account the 5% cut this year and also to extend the planning period to 4 years. To achieve a 20% cut in real terms (and assuming an inflationary element of 2%pa and revised 2010/11 baseline) we will need to reduce our overall budget from £8 298 814 in 2010/11 to £7 370 000 in 2014/15 with a reduction in grant of £928 814. Taking into account other unavoidable budget pressures, such as superannuation costs, the amount that needs to be saved over the 4 years is a further **£1 086 000** by 2014/15.

Scenario 2 A Real Terms cut of 30% to our Defra grant over 4 years: Defra has specifically asked us to show how we would achieve a cut of 30% in real terms (and assuming an inflationary element of 2%pa and revised 2010/11 baseline) where we will need to reduce our overall budget from £8 298 814 in 2010/11 to £6 523 000 by 2014/15. Therefore the amount that needs to be saved over the 4 years is a further £1 775 814, however taking into account other unavoidable budget pressures, such as superannuation increases, the budget deficit will be **£1 933 000** by 2014/15.

6. In order to accommodate the 5% in year cut in 2010/11 already we have
- Put less money into reserves for future maintenance of car parks, visitor centres and other facilities
 - Cancelled or deferred some planned projects that are not the Authority's priority for investment, such as postponing refurbishment of rooms at our Environmental Study Centre Losehill Hall
 - Reduced staffing capacity and costs in lower priority work areas, including some voluntarily agreed redundancies, and revising the budget to reflect a lower than expected pay rise or possible pay freeze
 - Continued our programme of year on year efficiency savings, such as reducing travel allowances and doing less business travel
 - Reduced our energy costs and carbon footprint by pursuing stretching targets for reducing energy use and travel
7. This paper sets out the proposed overall approach to achieving a substantial reduction in our budgets over a period of 4 years. It follows extensive consultation with staff and members since an earlier draft of this paper was circulated in early July.

Proposals

8. This paper:
- describes the rationale for the selection of priorities for funding
 - describes the mission
 - way in which the Authority will change over 4 years to achieve this

- explains the outcome of staff and member consultation

Rationale for the selection of priorities for funding

9. This paper sets out the overall approach we propose to take for the future and sets out specific ways in which the reduction in budget could be managed, taking into account the Authority's Agreed Priorities and the Principles agreed by the Authority for guiding change over the budget planning process (Minute references 82/09 and 84/09) We have also taken account of the priorities set out recently Defra which are:

- *to support and develop British farming and encourage sustainable food production;*
- *help to enhance the environment and biodiversity to improve quality of life;*
- *and support a strong and sustainable green economy, which is resilient to climate change*

Other Government Department's priorities include local accountability, working with the voluntary sector, supporting tourism and heritage protection.

10. We have also considered the tests for all public spending set out by the Chancellor for the Spending Review which are:

To ensure that resources are prioritised within tighter budgets, departments will be asked to prioritise their main programmes against a tough set of criteria to ensure value for money in public spending. The criteria are:

- *Is the activity essential to meet Government priorities?*
- *Does the Government need to fund this activity?*
- *Does the activity provide substantial economic value?*
- *Can the activity be targeted to those most in need?*
- *How can the activity be provided at lower cost?*
- *How can the activity be provided more effectively?*
- *Can the activity be provided by a non-state provider or by citizens, wholly, or in partnership?*
- *Can non-state providers be paid to carry out the activity according to the results they achieve?*
- *Can local bodies, as opposed to central Government, provide the activity?*

This is summarised in the Prime Minister's statement on 8 August : *If we do all this - - if we cut the obvious waste, attack the ingrained waste, stop doing things that don't add value, if we're realistic about the things that we can no longer afford and creative about raising income – we'll be able to prioritise the things we really care about.*

The Mission for the Authority

11. *The organization will change from one broadly balanced between doing and influencing to one that mainly influences and enables others to do. It will primarily*

concentrate its own resources on the conservation of the special qualities and in retaining and developing skills best held by the authority (such as on planning, biodiversity, heritage and recreation) leaving others mainly to hold expertise in wider sustainable development and recreational service provision.

The Peak District National Park is such a special place that is of concern to many people and it needs a special purpose organisation to secure its future and manage it sustainably for today. First and foremost, we should show leadership in understanding, protecting and celebrating all the facets of the National Park. Our mission will be mainly the conservation of features of highest quality as part of a network of high quality landscapes providing valuable services to wider society. We will mainly enable others to experience and benefit from them.

We plan to focus our resources more on the conservation of the special qualities of the National Park than on their interpretation and enjoyment, focusing on enabling others to provide education, outreach, community engagement and awareness, interpretation and leisure services.

We should champion inclusivity and sustainability and pay particular attention to maximising the contribution of other agencies, the community, volunteers, voluntary organisations and enterprise to the National Park. We will have and exercise, a limited, but strategically important set of statutory powers needed to achieve our mission and will do so in a positive, enabling and customer-focused way but seek to rely on a combination of measures to do so.

The Authority will retain and develop key skills and capacity but it will move further towards supporting other agencies, partners and enterprises in the delivery of projects and services.

How the Authority will change to achieve a balanced budget by 2015

12. We will work with others to set a strategic direction for the communities and landscape over a long and medium-term period, through the National Park Management Plan. Over the next 4 years we will work towards the following. The precise percentage changes will be dependent on the actual grant settlement from Defra, but the figures below give a clear indication of our proposals.
- protect most of our biodiversity, land management and landscape work, but secure extra voluntary sector resources and achieve efficiencies in this work such that the budgets will be reduced by 5-10% over a 4 year period. Overall service levels will be expected to be retained or improved by more efficient working practices.
 - protect our frontline planning work, but seek efficiencies in forward planning by working with other councils and increase fees for some services such that the budgets will be reduced by 5-10% over a 4 year period. Overall service levels will be expected to be retained or improved by more efficient working practices.
 - improve the quality of customer care in all of our planning functions; cover more costs in some areas of the service through charges; ensure a higher level of local accountability for decisions; achieve more sustainability outcomes for communities, the economy and the environment through planning; and embrace creatively the opportunities to share certain services and functions with partners.

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- over time, combine all the regulatory functions - planning, enforcement, historic assets, transport - to provide a wholly integrated service to communities, land managers and property owners on statutory matters within a coherent policy framework
 - reduce our cultural heritage work by 10-20% ensuring that our statutory work is protected; reduce our transport work between 15-30%, focusing more on the reactive casework; and reduce our education and outreach work by between 30 and 50%, focusing our efforts on lower cost methods of delivery. Overall service levels in these areas will be expected to be reduced and re-focused.
 - retain capacity in our communication team, but do so in a way that reduces the overall costs of the design team recognising that more work may need to be procured externally. Services will need to budget more carefully for this work.
 - co-ordinate understanding, engagement and awareness as a small HQ function that provides both a strategic oversight for all activity in the National Park and also the capacity to develop and support projects, many of which will be led by partners not us. We will focus our educational and outreach work on the HQ team and support to projects and partnership projects across the National Park such as at Longdendale and Longshaw. We will look to find ways of reducing the net costs of Losehill Hall to nil, including through partnerships and disposal.
 - ensure that all direct leisure, information and recreation services should either be cost-neutral, income-generating or provided for by other organizations, including by market-testing many of our current services. We will look at further commercial opportunities for revenue generation
 - accelerate our asset management plan so that our main properties are cost-neutral or run by other agencies so that our property costs for non-operational properties are reduced by 60-80%. We will review our HQ office with a view to sharing some space with others or reducing costs in other ways.
 - reduce the community work of the ranger service; focus the ranger service on particular areas of the National Park and priority work areas and make further reductions in payments to part-time volunteers making an average saving of 20%.
 - co-ordinate all grant schemes and sharply focus them on supporting voluntary, community and land management sectors to maximize their contributions to the National Park
 - widen the opportunities for volunteers to contribute to our work and at the same time providing what volunteers want, developing their role from existing areas (eg rangers) to encompass more roles in conservation, planning and education and interpretation
 - reduce our middle and senior management costs and corporate support costs proportionate to the reduction in scale and complexity of the organisation, but retaining the capacity to manage projects such as *Moors for the Future*. We will reduce the costs of supporting members whilst enhancing their effectiveness

- reduce the number of people working for the Authority by between 30 and 45 FTE posts by reducing working hours, more flexible working and redundancies, seeking voluntary mechanisms wherever possible. We will support people today and developing skills and capacity to work flexibly and efficiently in the future. Our current budget is approximately 57% direct staff costs and the budget reductions in this plan will broadly reflect this proportion.

Consultation Responses

13. Consultation responses have been received in the form of:

- whole service or Directorate responses
- individual staff or team responses
- member briefings at the Strategic Advisory Group and for all other members
- individual comments from members

14. The general comments made are reflected below:

- There are some staff who struggle to understand the overall priorities of the organisation and some staff and members think we have put too great a reliance on our own corporately agreed priorities. They argue that these priorities were agreed in a different resource scenario. The Management Team believes they are fit for the current planning period.
- Some staff and members think it is inconsistent to prioritise biodiversity but not cultural heritage, as both relate to our first statutory purpose and both are important in a National Park. When our priorities were agreed, this difference was made reflecting national priorities. It is also important to note that our plans protect all the work required to undertake all of our statutory heritage protection work to a reasonable standard.
- Some staff and members are concerned that by selecting biodiversity as a priority at the same time that other bodies such as Natural England are doing the same, that work focused on engaging people and recreation in the natural environment will be hit twice with agencies and the NPA cutting resources. The Management Team believes that there remain many priorities for the conservation of biodiversity.
- It was not clear to some staff and members why the Management Team had suggested a higher proportionate cut to our recreation provision, despite this being a high priority. Management Team had not been clear that the rationale for doing this was strongly influenced by the Chancellor's question '*Can the activity be provided by a non-state provider or by citizens, wholly, or in partnership?*' and our confidence that over time business and third sector partners can be found for this work.
- Some staff and members were concerned that the paper reflected an apparent lack of commitment to the statutory management of access. The Management Team do not wish to withdraw resources from this work, but instead proposed increasing income in direct recreation provision. We will be looking in the future to more efficient ways of working in this area, pooling resources from across the Authority.

- There is concern that we are proposing a significant cut to education and outreach budgets, especially the closure of Losehill Hall at a time when our budget settlement is not certain. This will be dealt with in the full report on Losehill Hall at the 24 September Authority.
- There is a concern from some members that too great a level of resource is focused on strategic planning and research, although other members and staff are concerned that a reduction in middle management over time will reduce our capacity to influence partners strategically. This is a difficult balance, although much the greater proportion of the Authority's resources currently go to direct service provision. Proposals to bring the two strategic and advisory areas together under the Chief Executive will create opportunities to strengthen this work and reduce costs at the same time. Integrating policy into the Planning Service will give the Planning Director flexibility to resource policy work when needed.
- There is a concern from some staff that the Authority still has working practices that are inefficient and insufficiently enabled by technology. As a result of previous spending decisions a markedly better IT infrastructure is coming on stream currently and there is work being done, including targeting staff efficiencies, to make working practices more effective. Similarly, the Authority has achieved Investors in People status, reflecting much improved ways of communicating with, rewarding and listening to staff. Further staff roadshows are planned for the autumn looking at cultural aspects of the reform agenda reflected in this paper – looking at working with volunteers, income generation and better working across teams.
- There is a concern from some staff that the middle and senior management costs and the costs of members are not being reduced by a large amount. Governance is the subject of a separate paper. The Management Team take the view that middle and senior management capacity is essential for overseeing the level of change that is proposed, recognising that there are intrinsic reductions to senior management in these proposals that will happen over time.

15. **Background papers** (not previously published)
None

Appendices
None

Report Author, Job Title and Publication Date

Jim Dixon, Chief Executive, 2 September 2010.