

6. DRAFT STRATEGIC FRAMEWORK: 2016-2019 (SF)

Purpose of the report and key issues

1. Following the work with three nominated members and a members' financial planning day on 24 July, this report asks members to agree the strategic framework for the three years from 2016/2017 to 2018/19 so that implementation can start. A key part of implementation will be to bring to Members a revised Corporate Strategy for 2016-2019 in December 2015 and a full budget report (prepared by the Chief Finance Officer) in February 2016.

Key issues include:

- a) At 27 March 2015 Authority meeting members agreed the timeline, and the three member representatives, to work with the senior management team as we develop our strategic framework to guide our financial plan and corporate strategy for the next three years (2016 – 2019). This work is covering:
 - o Why we do: focus on special qualities
 - o What we do: focus on our role and financial direction
 - o How we do: focus on organisational design
 - o Way we do it: focus on culture
- b) Staff Roadshows in July and a Members Workshop on 24 July 2015 shared early thinking on the proposals with staff and members. The feedback received has informed the paper presented today of the final recommendations for the strategic framework.
- c) This paper is the final recommendations for the Authority's strategic framework for the next three years answering the four questions above. This will inform the full budget report for 2016-2017, the Authority's Corporate Strategy for 2016-2019 and the review of the National Park Management Plan.
- d) This is our plan for the Authority to remain a thriving organisation as it responds to the expected downward projections anticipated from 2016/17 for public sector finances in particular for unprotected government departments

Recommendation:

- 1. Members are asked to agree the draft strategic framework set out in Appendix 1.**

How does this contribute to our policies and legal obligations?

3. Our agreed performance and business plan focus for 2015/16 is to have a clear plan for the future to give ourselves strategic certainty for 2016/17 and beyond. This is part of ensuring we have a solid foundation in place to build a thriving organisation, through the development of a sound Corporate Strategy and to be able to set a balanced budget each year.

Background

4. We have agreed that 2015/16 will be a transitional year to plan for the future. Our ambition is to remain an organisation that moves forward confidently in this time of

change so we continue to inspire millions of people so together we will protect and care for our National Park for the enjoyment of all.

5. Following workshops with members last Autumn the December Authority report outlined the task to be addressed in our 2015/16 transition year as:
By 2018/19 we will be potentially funded by Defra at a level significantly less than our current funding. Given this scenario:
- *What do we want to give strategic certainty to over that period in line with (and informing) the new corporate strategy and*
 - *What do we want to commit to doing if we are successful in diversifying our sources of funding or if the Defra settlement is greater than anticipated*
 - *At the workshop on 21 November 2014 members showed preference for: A process which included a must do, should do, could do exercise (based on statutory requirements) agreeing ‘search’ areas for what will not be funded by Defra grant and also involved an analysis of activities by opportunities to diversify funding – i.e. a substitution exercise; it was assumed the new Chief Executive will want to lead on such a review too.*

The involvement of a project team of members (could use an innovation and challenge approach) working with staff with other members being co-opted when necessary; this to include regular feedback to all members on progress

6. With the new Chief Executive in post, the March Authority meeting approved the approach, timetable and the three members to work with the Resources Management Team on this approach for planning for the financial period 2016/17, 2017/18 and 2018/19. Members were asked to note that the timetable included a Member workshop on 24 July and a special Authority meeting on 18 September.
7. As part of the 2015/16 performance and business plan discussion members agreed the approach to develop this strategic framework to guide our financial plan and corporate strategy for 2016 – 2019 and the importance of answering these four questions:
- Why we do: focus on special qualities
 - What we do: focus on our role and financial direction
 - How we do: focus on organisational design
 - Way we do it: focus on culture

This paper is the final recommendations in answering these four questions. It sets the Authority’s strategic framework for the next three years and will inform our input into the review of the National Park Management Plan, the Authority’s Corporate Strategy 2016-2019, and the Authority’s medium term financial plan 2016-2019.

Financial planning scenario

8. The strategic framework needs to be responsive to the financial context we are operating in, and in particular fit with the Government’s anticipated spending review. This strategic financial framework proposes a planning assumption of a 5% reduction for the next three years (i.e. 15%). It is considered this is a realistic scenario for our planning as Government has asked non protected departments like Defra to consider what a 25% and 40% real terms (i.e. taking into account inflation) reduction would mean over the next Spending Review period. Defra are suggesting 6% would encompass the required inflation adjustment, therefore suggesting a cash figure reduction of between 19 – 34% over a three or four year period. We do not know how

much of this reduction Defra might pass on to National Park Authorities, but consider our scenario at the Government 25% level is realistic for us as a local authority which needs to remain as an independent National Park Authority .

9. If the Defra grant settlement 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 outlined in this paper. If the settlement is worse, we will need to bring forward some of our future year (beyond 2016/17) plans.

Sources of future funding

10. We will continue to make the case of the importance of appropriate level of central government funding from Defra, as National Parks are a national public asset. We also recognise the financial context we are operating in and so our strategic framework does develop programme to increasing funding from giving, sponsorship, external funding and income generation to minimise the impact of significant cuts to National Park Grant in the last Spending Review period; this will enable the Authority to continue to have the biggest impact through our 'regulatory', 'influencing' and 'doing' roles.
11. The Chief Executives and NPA Chairs continue to work at a national level to ensure Defra and Ministers have all the information they need on the value of National Parks and the impact that further reductions will have on what we can deliver. This includes pursuing with Defra obtaining changes to legislation so that NPAs have a 'functional power of competence' giving clarity on our ability to pursue our NPA objectives in a more commercial manner.

The Strategic Framework for 2016/17-2018/19

12. Members are asked to agree the draft strategic framework set out at Appendix 1 for the Authority over the next three years.

Our strategic framework for the next three years describes **why** we do what we do, looking to our special qualities and the reason for our designation as a National Park. It also sets out a clear programme of **what** we will do and **how** we will deliver. The culture plays a crucial role in the ability of an organisation to delivers its purpose well and in creating the brand and image of the organisation and so the framework also describes the **way** we will work to achieve the strategic framework.

13. The medium term financial plan, which forms a core part of this strategic framework, has been developed with the support of three member representatives nominated by the Authority. We went through a process for every budget line of considering:
 - what we: Must Do, Should Do, Could Do
 - what we currently spend on each activity within that categorisation
 - what we could do to substitute Defra grant with other sources of income
 - where we could delivery differently
 - the balance across activities to ensure we maintained a future role on regulation, influencing and doing
 - what we need to give strategic certainty to in the future tested against our emerging corporate strategy as reflected in our four cornerstones and four directional shifts
14. A number of guiding principles were defined and agreed as we progressed the development of the proposals for achieving a medium term financial plan, these were:
 - The need for direction and focus, so we deliver what we say consistently and

with purpose.

- The need to make over the next three years 5% year on year savings in our spend of the Defra National Park Grant
- That we retain our existing balance of roles of regulatory, influencing and doing. Our regulatory work will be supported by the Defra grant and we are looking at how we do it more effectively, efficiently and economically. Our influencing and doing roles will be our focus for securing funding from external funding, sponsorship and giving.
- An intention to remain an organisation that is balanced (in terms of activities it undertakes and how the Defra National Park Grant is allocated) across its statutory purposes.
- Confirm the importance of Defra grant so we remain as an independent National Park Authority

15. The proposal is to implement the detailed year 1 plans so we have an affordable budget for 2016/17 and develop detail of the year 2 and 3 programme over the next 12 months. This allows the Authority to evaluate the impact of the year 1 reductions after implementation and reassess our draft proposals for future years once the settlement is clearly known.

16. We held two staff roadshows and a workshop with members to share our early proposals on the strategic framework for 2016-2019 and seek feedback. Members and staff understood the challenge we are facing and supported our aspiration to remain a thriving organisation working together with a clear focus and direction. Members and staff broadly supported our proposals to respond to the potentially challenging reductions in Defra grant, whilst recognising this will not be without impact on the organisation.

17. Staff, in particular, expressed support for a clear sense of direction to be emerging and recognised that this work was important. Staff found the move to simplicity appealing, welcomed the review of the leadership team and the three main Director roles. They expressed a desire for good communications on what was being proposed and when and for certainty on the implications for this on their own role as soon as possible.

18. In giving their overall support members asked for more information on:

- the changing role of Rangers (e.g. working more closely with the learning and discovery team)
- how we will ensure resilience if only one in house conservation specialist

The response to this is given in the report to this meeting on the year 1 proposals for the strategic framework (Item 7 on the agenda).

19. This strategic financial framework will ensure we remain a sizeable and balanced organisation into the future with the continuing Defra resource funding activities across conservation, promoting understanding and planning in almost equal measures So under a 15% reduction scenario and in accordance with our strategic framework Defra funding of approximately £5.5m would be allocated in the following proportions:

- 22% to conservation activities
- 26% to promoting understanding, rangers and volunteers
- 22% to development control
- 11% to communities and planning
- 8% to recreation management and transport

- 11% to corporate and democratic core

The balance across the three core roles of the Authority will be:

- 33% to regulating (development control and corporate democratic core)
- 30% to influencing (conservation, transport and recreation policy)
- 37% to doing (promoting understanding, rangers, vols, communities)

Are there any corporate implications members should be concerned about?

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

21. **Risk Management:**

- a) The risk to reducing morale and motivation of staff in the Authority as they go through change – a change management plan is in place supported by the Leadership Team and the Human Resources team. This includes learning sessions on our change management policy, the leadership team engaging their staff in emerging proposals as they are developed and seeking their input, communications from the Chief Executive on a monthly basis and drop in sessions for staff at Aldern House and the Moorland Centre in Edale.
- b) The risk of losing good partner and public engagement – a stakeholder impact assessment is in place and communications plan is being developed to enable clear communications with partners and the public on our strategic plans for the future. This engagement has already begun with the year 1 proposals in the framework.

Stakeholder impact assessment

22. An assessment of the impact of our strategic and financial planning proposals on stakeholders has been prepared so that discussions on what will be different into the future can be held as part of the normal pattern of partner and stakeholder meetings with the Chief Executive and other members of the management team.

23. It is proposed that the Chief Executive sends out an all staff communication on Monday 21 September to brief staff on the outcome of the Authority meeting and that the Chief Executive writes to key stakeholders to inform them of the strategic direction the Authority has agreed to take, following discussion on this paper, to ensure it remains a thriving organisation working in partnership with others to protect and care for the National Park and to provide enjoyable and inspiring opportunities for all communities who live, work and play in the National Park.

Consultation

24. Consultation with staff has been an integral part of the process so far in developing proposals. Formal consultation, as required by legislation if there are potential compulsory redundancies, with UNISON and staff committee as well as staff affected by the year 1 proposals has started.

HR implications

25. Resource Management Team has delegated authority to implement staff and establishment changes below Assistant Director. These changes will be made in accordance with the Authority's Managing Change policy and guidance.

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

Appendices –

Appendix 1: Peak District National Park Authority Draft Strategic Framework 2016-2019

Report Author, Job Title and Publication Date

Sarah Fowler, Chief Executive Officer, 10 September 2015.