

North York Moors National Park Authority

27 June 2016

Business Plan 2017-2020

1. Purpose of the Report

- 1.1 To provide Members with a summary of progress and opportunity to discuss future work on the Business Plan 2017-2020 following the Members' Seminars.
- 1.2 To seek Members' approval for working drafts in 3 areas:
- Financial Principles;
 - Strategic Priorities; and
 - Description of the organisation.

2. Background

- 2.1 The Authority adopted its first Business Plan in September 2005 which covered the period from 2005 to 2008. This was a more comprehensive vehicle for setting priorities and allocating resources than previously as prior to this the planning process had been conducted annually as part of the preparation of the Best Value Performance Plan.
- 2.2 The second Business Plan was adopted in September 2008 and this introduced Financial Principles and further targets for efficiency savings.
- 2.3 The adoption of the new National Park Management Plan in 2012, gave the Authority an opportunity to strengthen further the links between the two strategic documents. The 2012-2015 Business Plan was based on the 2011 Consultation and Prioritisation process and set challenging targets for service delivery, cost savings and income generation, taking into consideration the 2010 reduction in National Park Grant and the indicative figures for the financial settlement during the Spending Review Period.
- 2.4 A further reduction in public sector funding and challenges in implementing some of the 2011 income targets during the last Business Plan period had a significant impact on the objectives and financial projections in the plan and consequently the Authority undertook a further fundamental organisation review in 2014.
- 2.5 Since 2015 Members have taken decisions resulting in two one year plans being prepared in order to await confirmation from Defra of the longer term financial settlement.
- 2.6 Officers have found the 3 year Business Plans invaluable as a tool to plan and allocate departmental resources for the three years and focus performance on priorities. It is used to inform the annual departmental plans and then filters into individual appraisals. In this respect it is as much an operational working document as it is a longer term one. Following Members' comments consideration is being given as to how the document can be made more accessible so that the main targets are more visible and it can be viewed in summary form.
- 2.7 Members have already agreed a number of key long term actions which will be progressed alongside the Business Planning process; in particular in relation to cultural changes, increased income generation, the establishment of a trust, Visitor Centre Business Plans, the Volunteer Strategy and the review of property.

2.8 Members also agreed in September 2014 a set of principles for the type of organisation the Authority would become over the next five years. These were confirmed in December 2015 alongside departmental considerations to embed the wider corporate aspirations. See **Appendix 2** to this report. These long term actions and principles have direct significance for the culture of the Authority.

3. **Business Plan Process**

3.1 The Authority recommended that at least two Members' Seminars were held to kick-off the new Plan. These have now taken place and an update is provided below. These will be supplemented by the two Members' Seminars already scheduled for August and September.

3.2 The Authority conducted extensive Stakeholder consultation as part of the review of the Management Plan and that, alongside a Prioritisation Survey undertaken in 2011 has provided the basis for the Strategic Decision making since then. Engagement with Staff and Volunteers on the new Business Plan will take place through a series of workshops and departmental meetings during the summer. This process has already started to take place.

3.3 Consultation on priorities with the public began via the Parish Forums and will be strengthened through the Residents Survey and the Visitor Survey over the forthcoming months. The results will be available by the end of August. Meanwhile the light touch review of the Management Plan is proceeding.

3.4 Officers are continually conscious of the impact that decisions which are taken by the Authority have on disadvantaged groups and the surveys are designed to understand this better.

Key Issues and conclusions from the Members' Seminars

3.5 The Members' Seminars which took place in April and May focused on:

- a. The strategic environment in which the organisation will be working in over the Business Plan period which enabled the identification of opportunities and challenges;
- b. Broad themes;
- c. Financial principles; and
- d. Refining the agreed parameters for what the organisation will look like in 5 years' time.

3.6 This has allowed progress in a number of areas of the new Business Plan's development. Officers have attempted a provisional summary which is given below for Members to comment further and approve the work to date.

Financial Principles

3.7 **Appendix 2** to this report summarises as far as possible the initial thinking on revised Financial Principles following the second Seminar. Members are requested to comment on this Officers will then revise as necessary.

Strategic Priorities and Broad Themes

3.8 The current Business Plan has at its core two Strategic Priorities and one Cross Cutting Theme. These do not capture all of the work of the Authority but seek to identify where increased effort will be made on a broad front:

- Deliver improvements to the connectivity of habitats in order to improve the biodiversity and landscape character whilst mitigating the impacts of climate change;
 - Promote the North York Moors to achieve the second purpose and support the local economy; and
 - Ensure that services are delivered in the most efficient way to ensure that the quality outcomes are delivered most economically.
- 3.9 At the Members' Seminars the message was that these are still relevant, however, there is a potential need to provide better clarity on the way we express and explain the Habitat Connectivity Priority and scope to add an additional priority relating to our Engagement with Young People. On reflection, although Value for Money in the delivery of services remains business critical, Members are requested to consider whether the wording should be amended to also reflect income generation priorities.
- 3.10 Officers have drafted some *tentative* Strategic Priorities. There is no suggestion they could be agreed at this point (especially as consultation results have not yet been received) but are Members happy to use these as working drafts?
- Boost wildlife by improving habitats and landscape in key corridors (re-worded)
 - Promote the North York Moors to achieve the second purpose and support the local economy (identical)
 - Engage more young people with the National Park and its special qualities, including through inspiration and opportunities for active involvement (new)
 - Ensure that services are delivered in the most efficient way and income generation used to secure the maximum delivery of Park purposes (re-worded).

The Organisation in 5 years' time

- 3.11 **Appendix 1** to the report details the agreed principles of how the organisation will look in 5 years' time. At the Seminar it was proposed that a further addition to this should include the transparency and availability of data for the public to use. Members are requested to indicate whether they are happy that this is added to the current list with a text similar to that below, and to consider any others that may usefully be added.

'Encouraging citizens to make use of National Park data'

4. Timetable and Consultation

- 4.1 It is suggested that the **Scrutiny meeting in July** should focus on:

Achievement against the last full Business Plan targets – what has been left un-done and what has been successful;
 Brief look at 15/16 delivery;
 What should we stop doing?; and
 Financial Principles for the new Business Plan.

As well as discussing the growing list of individual ideas for the new Plan.

The **August Evening Seminar** should then cover:

Closer look at conservation priorities;
 Broad allocations of resources;
 Further consideration of individual ideas; and
 Check against Defra's 8 point plan.

September FRASC could consider the Medium Term Financial Strategy in more detail.

After public feedback has been obtained, the **September NPA, or a seminar after this** if the September agenda is full, could consider:

- An analysis of public responses;
- A draft programme of work for each area with specific resource allocation;
- Finalisation of Strategic Priorities; and
- Finalisation of Financial Principles.

This would then allow FRASC in November to have a detailed look at the budget to 2020 (the 'Medium Term Financial Strategy' or MTFS) with the final plan to be agreed at the December NPA.

This programme does not include a specific occasion for agreement of Performance Indicators or an 'Assurance Framework'. This work cannot be concluded until the priority areas of work are agreed and there is in any event a backlog of work in this field. Officers will return to Members with proposals for action after the newly appointed 'Performance' person has been in post for a short while. A further seminar in October is a possibility if there are further matters to be discussed.

5. Financial Projections and Action Planning

- 5.1 Strategic financial activity over the past few years has focused on the Authority's ability to find new income streams in order to add to the resources available to deliver National Park Management Plan priorities. This has produced added confidence about the Authority's ability to generate more income.
- 5.2 In late January 2016 the Authority received confirmation of the National Park Grant settlement for 2016/17 to 2019/20.
- 5.3 Thus the Authority is in a position to allocate additional resources with a relatively high degree of confidence and produce a Medium Term Financial Strategy which draws together expenditure plans and targets for income generation and external grant in a comprehensive manner.
- 5.4 In February Members discussed the four year settlement at FRASC. On 26 May Directors reviewed the long term forecasts for income and expenditure which will feed into the Medium Term Financial Strategy. This process delivered approximately an additional £60k of savings (officers will summarise these at the meeting) and approximately an additional £200k of income by 2020. The income figure is one which officers believe should be included in the Medium Term Financial Strategy as a reasonable target for extra income generation. This does not equate with the larger target figures which Members identified in the last Seminar (£1.6m earned income and £1.5m external grant).
- 5.5 Officers' analysis suggests that achievement of existing Member priorities in terms of:
 - Volunteers;
 - The Trust; and
 - Profile for the North York Moors,

would require approximately £100k of extra resource each year in terms of existing officer time, new staff time, equipment and fees of all kinds. Members will appreciate that all 3 of these areas are ones which generate **extra** resources of cash or labour. The table below details the current position and the level of additional resources which can be allocated to new activity in the Business Plan. Expenditure does not include the £100k referred to above.

Gross Expenditure	2016/17 Budget	2017/18 Estimate	2018/19 Estimate	2019/2020 Estimate
Income	6,212,400	6,597,700	6,221,400	5,665,900
Estimated Balance to allocate	-6,504,300	-7,058,700	-6,766,900	-6,345,100
Gross Expenditure	-291,900	-461,000	-545,500	-679,200

5.6 With a potential surplus on this scale Members have the ability to allocate substantial sums to new or expanded programmes, including the option of re-instating some of the grants to third parties.

5.7 Additional work is also being undertaken on the financial targets and projections for Externally Funded Projects and Members will be updated at a later date. By its nature, more external funding will be related to more project activity. The issues here are management capacity and match funding requirements. Officers' initial thinking is that Members' aspirations in this field will not be feasible without the commitment of extra resources to both of these.

5.8 Capital Expenditure over the Business Plan period, for instance the refurbishment of The Old Vicarage at Helmsley, will also require resources, although some allocations are already made in reserves. Continued improvements at Sutton Bank and the replacement of vehicles in the latter years will require careful consideration. Officers are currently working on the details and timing of the capital programme as well as options for financing. A further report will be provided for the August Members' seminar.

6. Financial and Staffing Implications

6.1 The financial implications are described in the report.

7. Sustainability, Equality and Legal Implications

7.1 There are no legal or sustainability issues arising from this report. However, an Equalities Impact Assessment will be undertaken on the decisions taken based on the results of customer engagements.

8. Recommendation

8.1 That Members comment on the contents of the report, approve the work undertaken to date and if desired make changes to the wording of the draft Strategic Priorities, Financial Principles or Organisational Description.

Contact Officers:
 Andy Wilson
 Chief Executive (National Park Officer)
 Irene Brannon
 Director of Corporate Services
 01439 772700

Background documents to this report
 Business Plan 2009-2012

File Ref.

Appendix 1

Desired Outcome	Measure of Success	Old KPI	New Proposal
To ensure that staff costs are subject to appropriate limits whilst maintaining the flexibility to deliver externally funded projects	The costs relating to employment of current staff are maintained within appropriate limits	Staff Cost (excluding fixed pension element):Gross Expenditure is maintained at around 55% Core Staff Cost (excluding Fixed Pension):National Park Grant is maintained at around 70%	Add legal and financial costs and set new gross figure to work around Remove the Core Staff
To ensure that the Authority optimises the opportunity to deliver the management plan objectives through receiving external funding with a particular focus on areas identified in the Business Plan	The level of external funding obtained by the Authority for its own use is focused on priority projects and achieves the targets	External Funding for own use as a percentage of Gross Expenditure is between 10-20%	Set a cash based target of £6m (average £1.5m) as a minimum not a maximum, and consider resources required to deliver this
To ensure that the Authority has an allocated reserve balance to meet 'unexpected liabilities'	The reserve level is maintained at the appropriate level	Emergency Reserve is maintained at £220,000	Establish a level based on 5% of gross expenditure (approx £300k)
To ensure that the Authority optimises income generation opportunities	The Authority's earned income (excluding Moorsbus) will increase between 7.5% and 10% over the Business Plan Period	The increase in earned income (excluding Moorsbus) expressed as a percentage of income earned in 2011/12	Target expressed as a percentage with a profile that gives steady growth; suggestion so far is 10%, which would produce about £1.6m (Members' aspiration) by 19/20

<p>a) To maintain a lean but effective IT department b) To maintain a lean and effective corporate core</p>	<p>The costs associated with IT are reduced in accordance with the financial plan and moves towards the private sector benchmark per user</p> <p>Corporate and Democratic core costs are maintained within 5% of core expenditure</p>	<p>IT costs are reduced over the Business Plan period to £1,450 per user in the context of reducing users by an estimated 8%. This is from a starting benchmark of £1,625 per user in 2011/12</p> <p>Corporate and Democratic core costs are 5% or less when expressed as a % of gross cost</p>	<p>Develop a basket approach including property; use benchmarking and ensure IT solutions create opportunities for new and efficient ways of working</p>
<p>To increase the relative proportion of core expenditure on wildlife and landscape from 2010/11</p>	<p>The pro rata impact of budget reductions on natural environment is minimised</p>	<p>Core expenditure on Natural Environment increases from 14% to 17% of expenditure over the Business Plan Period</p>	<p>Develop a target based on the %age or cash amount spent on grants by the organisation as a whole?</p>
<p>To ensure that planning applications are delivered in the most cost effective way</p>	<p>The cost per planning application will reduce from the 2011 baseline (£536) as calculated using the Value Adding Methodology</p>	<p>Cost per planning application will reduce to approximately 2014/15 (to be adjusted for inflation)</p>	<p>Explore opportunities to benchmark further</p>

Extract from Authority Report in September 2014

Final Proposals for Further Reductions in Spending and Increased Income

3. Strategy

3.1 Members agreed in June that the overall approach the Authority should take to a period of continuing financial austerity should be to:

- Continue to champion the value of core National Park grant.
- Raise other income from a wide variety of sources.
- Maintain the high levels of efficiency in its operations.
- Find further ways to cost effectively share/provide services.
- Work closely with communities and businesses finding novel ways to deliver services.
- Further mobilise the volunteer resource in delivering Park purposes.
- Reach a decision swiftly on whether the establishment of a trust would be of benefit to the North York Moors.

3.2 Members also agreed the following description of how the organisation would be in five years' time:

- Still pursuing existing National Park purposes.
- Working to objectives which all sit within the National Park Management Plan.
- Deriving its main value from being a place based organisation with strong local roots blended with a national perspective.
- Retaining its core high quality regulatory functions; delivered in a highly cost effective, income generating and customer friendly manner; the scope and ambition of this work will necessarily be limited by financial constraints but delivering excellence within its field of operation.
- Performing non-regulatory work which has shrunk in some areas and grown in others, as opportunities arise. There will be fewer pre-set local targets and more project related targets.
- Each part of the organisation will have income, volunteer and profile targets.