

**HOWARDIAN HILLS
AREA OF OUTSTANDING NATURAL BEAUTY
JOINT ADVISORY COMMITTEE
7 NOVEMBER 2013**

BUSINESS PLANNING FOR THE FUTURE

1.0 PURPOSE OF REPORT

- 1.1 To request a broad steer on future priorities and options for the AONB Unit, in the face of the prospect of unknown but probably significant reductions in funding from both Local Authorities and Defra for 2015/16 and beyond.

2.0 CONTEXT

- 2.1 Defra is by far the largest single contributor to the funding partnership. It provides a maximum of 75% assistance towards Core costs (staff, office, promotional work, Management Plan production, etc), with the remainder of its grant available for use on Projects at a rate of up to 100%. The Defra grant has declined by 21% over the four financial years 2011/12 to 2014/15. The most recent CSR announcement made a further 10% cut to Defra's budget as a whole for 2015/16 – we hope to hear in December how much of that will be passed on to AONBs.
- 2.2 North Yorkshire County Council (NYCC) is the largest Local Authority contributor, providing approximately £35,000 in 'cash', a further £4,000 in grant-eligible centralised services (where the costs were original de-centralised) and also financial and HR services. Some decrease in the NYCC 'cash' contribution has been experienced since 2011/12, but not as significant as was originally indicated (21%, to match Defra profile). A £28m budget shortfall exists for 2015/16 onwards however, with services currently being asked to scope cuts of 20% - 40%, although some services will receive lower cuts and other services are likely to be significantly reduced or may be stopped altogether.
- 2.3 Ryedale and Hambleton District Councils contribute nearly £6,000 each to the AONB budget. This amount has neither increased nor decreased in recent years – it hasn't been subject to yearly inflation increases as NYCC's contribution once was, but neither has it been reduced since 2011/12. Future indications are not clear, but it is hoped that this relatively modest contribution will continue at an approximately similar level.
- 2.4 Conclusion: The two largest contributors to the AONB budget (Defra and NYCC) are the ones that appear to be under most budgetary pressure and the ones where even a 10% cut in contribution could have a significant effect on the overall AONB budget. Because the Core costs of the AONB operation are principally supported by NYCC, and a minimum of 25% match funding is currently required by Defra for these, it is particularly in this area that expenditure needs to be closely examined.

3.0 PRIORITIES - RISKS

- 3.1 In developing a strategy for the future it is clearly necessary to identify the main areas of work which are a priority for the AONB and its principal funding bodies, and particularly those which may risk a decrease in funding contributions if they aren't carried out.

- 3.2 High priority tasks which risk a loss of funding or a significant loss of function if not carried out:
- **Management Plan review.** The Local Authorities have a Statutory Duty to review the Management Plan at 5-yearly intervals. Loss of Defra funding would be likely to follow if this is not completed.
 - **Delivery of Biodiversity 2020 targets.** Biodiversity 2020 (BD2020) is Defra's key strategy for increasing biodiversity by the year 2020, in line with its internationally agreed obligations. AONB partnerships are already identified as significant delivery bodies in this process. Although no link has yet been mentioned between Defra grants to individual AONB partnerships and their delivery of the BD2020 targets set for their areas, it would be unwise to ignore the possibility.
 - **Responding to Planning Applications.** This is one of the more significant areas of work of the AONB Unit, without which the AONB landscape (and any economy dependent upon it) may suffer. In addition, the impact of new development is one of the principal measures by which both local people and visitors judge the 'condition' of the AONB.

4.0 PRIORITIES - OPPORTUNITIES

- 4.1 There are also areas of work that can be seen as either highly desirable or carrying income-generating possibilities.
- **Delivery of sustainable rural economic growth.** Although this is the secondary purpose of AONB designation it has always been an objective for AONB Partnerships because of the Statutory Duty placed on Local Authorities. It is clearly a significant priority for Government and Local Authorities at the current time. Potential funding of AONB Unit staff by the LEP could be explored further.
 - **LEADER Programme for local communities.** The North York Moors, Coast and Hills LEADER Local Action Group has obtained transition funding from Defra to prepare its next Local Development Strategy. Learning from the previous LEADER programme it is clear that the AONB Unit could play a stronger role in direct delivery, potentially earning financial support for staff time by delivering a grant programme.
 - **Educational activity with local primary schools.** This has traditionally been the area where we have been most successful in accessing grants from LEADER and the Heritage Lottery Fund. They provide good funding leverage ratios, provided that AONB Unit staff time input can be kept to reasonable levels.

5.0 PERMUTATIONS

- 5.1 The AONB budget is made up of a number of 'jigsaw pieces' which it is theoretically possible to put together in a wide variety of combinations. The main items of expenditure are covered individually in the following paragraphs, together with an indication of future options that could be used to adjust overall expenditure in light of declining income. The base year for calculations has been taken as 2014/15.
- 5.2 **Staffing.** The most significant element of the AONB budget is staff costs. With only 3 members of staff the opportunities for making savings are relatively limited (discounting full redundancy) but options do still exist:
- **AONB Manager.** This post is principally responsible for preparing strategy, providing planning advice and ensuring that the Local Authorities meet their Statutory Duty to review the AONB Management Plan. Undertakes a limited amount of project work, so has limited opportunities to generate external income to support staff time. *Each half-day reduction in the AONB Manager's working week would result in a saving of approx. £4,600pa.*
 - **AONB Officer.** This post is principally responsible for the delivery of project and community enhancement work. This includes the preparation of bids for external funding so this post has more opportunities to earn income not only to carry out significant

programmes of work (e.g. from Heritage Lottery Fund, SITA, LEADER) but also to support itself (e.g. Local Enterprise Partnership, LEADER). The principal post-holder is already on a 4-day per week contract following return from Maternity Leave. For 2013/14 a 1-day per week secondment arrangement has been negotiated with the North York Moors National Park – this is due to finish on 31st March 2014. *Each half-day reduction in the AONB Officer's working week would result in a saving of approx. £3,000pa.*

- **AONB Assistant.** This post is principally responsible for supporting the two other members of staff in an administrative and technical role. Some of the duties are associated with running the AONB office, whilst others involve maintaining the AONB website and preparing literature/materials for schools and promotional work. *Reducing the AONB Assistant's working week from three 6-hour days to two (e.g. as a result of giving up an out-posted AONB office) would result in a saving of approx. £3,600pa. It would however have to be considered whether this would make the post substantially redundant, which would then incur the cost of redundancy payments in addition to re-employment costs. Conversely, not having a separate office could free-up more staff time to support the other Unit members in the delivery of projects and initiatives.*

5.3 **AONB Office.** The AONB Unit is currently housed in private rented accommodation leased by North Yorkshire County Council as the host authority for the AONB Partnership. This is in a central location relative to the AONB and also allows members of the public to call in easily. The current lease on the building expires on 9th December 2013 and the County Council has recently negotiated the terms of the next lease period. The rent and all running costs for the office are in the region of £18,000pa. A number of options for accommodation would seem to be available:

- **Remain in Unit 1a at Wath Court.** No change to current arrangement, but little opportunity to reduce costs.
- **Move to Unit 1b at Wath Court.** This room is two thirds the size of Unit 1a and hence could be expected to result in a reduction in costs by approximately the same ratio. It has been vacant for approximately 60% of the time during the past 10 years.
- **Rent accommodation at the North York Moors National Park headquarters in Helmsley.** This would put the AONB Unit close to a significant external partner organisation, but rental costs are currently unknown.
- **Use NYCC or RDC space at Ryedale House, Malton (if available).** This location would not be central to the AONB and Unit would be located directly with one of the partner organisations. Nil cost?
- **NYCC Area Office, Kirby Misperton.** This location would not be linked to the AONB and the Unit would be located directly with one of the partner organisations. Assumed to be nil cost.
- **Hambleton DC buildings, Easingwold.** No specific information, but options may be available.
- **County Hall, Northallerton.** A significant separation distance from the AONB. Would be likely to result in some home-working given the travel distances, where AONB Unit staff currently live, and hence efficient use of time. Nil cost.

5.4 **Projects.** This area of work has the second largest allocation within the total AONB budget and is one on which significant cash and staff resources have been expended in the past. To some extent it is the backbone of the Joint Advisory Committee's approach to managing the AONB, i.e. providing grant assistance to as many projects 'on the ground' as possible.

- Under Defra's Single Pot funding arrangement no match funding from other partners (e.g. Local Authorities) is required. All projects however have some contribution from the owner/applicant (ranging from 5% to 70%), which consequently increases the total value of the projects that are delivered.
- This area of work offers the greatest potential for leveraging-in money to deliver practical projects in the AONB.

- It may be possible to deliver some programmes of project grants by ‘commissioning’ the delivery of them from other organisations on our behalf, although they would charge a fee for providing that service and local knowledge of the AONB by the delivery staff would be likely to be less than currently.
- ‘Reserves’. The AONB budget has a ‘reserve’ (more correctly termed Income in Advance) which at the end of 2014/15 is anticipated to be in the order of £35,000. This has been given for AONB purposes so cannot be used on non-AONB expenditure. It is gradually being used to buffer the Projects budget from declining Defra grant contributions and therefore continue providing grants for work on the ground.

5.5 **Publicity and Information.** Although a relatively small area of expenditure, this is the one most directly linked to the local visitor economy. Visitor information and walks guides have been produced in the past and new ones are being developed. Whilst more use could be made of technology, much of the demand from the AONB’s principal audience is printed materials (i.e. leaflets) which cost money to print and re-print.

- This area of work provides significant opportunities for tapping into external sources of funding, for minimal financial outlay.

5.6 **Partnership running costs.** This small amount of approximately £3,800 covers the costs associated with membership of the National Association for AONBs and running the Joint Advisory Committee meetings (village hall hire, etc).

6.0 SUGGESTED APPROACH

6.1 Taking into account all the above factors, and bearing in mind that North Yorkshire County Council is only scoping options currently and no firm decisions will be known until February 2014, a broad strategy for the next few years could take the following form.

6.2 Staffing.

- No changes suggested for 2014/15, other than the planned reduction in hours for the AONB Officer post from 1.0 FTE to 0.8 FTE (for the full or part-year).
- Staffing level for 2015/16 onwards to be reviewed in light of emerging information on Local Authority and Defra contributions and any changes to the AONB Unit office accommodation arrangements.
- The principal aim to be retention of staff who deliver Statutory Duty (Management Plan preparation) and projects, even if this means (further) reductions in hours.
- Opportunities for accessing funds to support staff posts should be explored further.

6.3 Office.

- As sufficient funding is in place for the next two financial years, and the timescale for a move is now too tight, the AONB Unit should remain in Unit 1b at Wath Court until at least December 2015.
- The lease should be renewed for a period of four years with a break option/rent review at the end of year 2 (9th December 2015). Negotiations had been proceeding on the basis of a further 6 years/3 years lease but new instructions were issued and have now been agreed by the Landlord’s Agent.
- Options for accommodating the AONB Unit should be reviewed again in October 2014, to come into effect from December 2015.

6.4 Projects.

- Funding contributions from external sources should continue to be explored, but without making long-term commitments that might prove to be restrictive in future years.

- The Income in Advance reserves should continue to be used to supplement the Projects budget, but only so far as is necessary to meet demand. Defra has encouraged AONB Partnerships to develop 'Reserves', in order to give them more flexibility. It also doesn't feel prudent in the current financial climate to attempt to spend as much of the reserve as possible in order to reduce it, as might have been the case a few years ago.
- Because the AONB Unit is small and its individual grant programmes (e.g. Sustainable Development Fund) are themselves relatively small, each individual programme in itself may not be cost-effective to out-source. There is often a large amount of synergy between our different grant programmes and this might be lost in any out-sourcing arrangements. Commissioning delivery from other organisations will however be kept under review, to see whether it has a part to play.

6.5 **Publicity and Information.**

- This area of work should continue to be supported, given its close links to economic activity within the AONB.
- New sources of funding (e.g. from the Local Enterprise Partnership) should be explored.
- It would theoretically be possible to transfer some of this expenditure to the Projects category, which would then eliminate the need to find 25% match funding for it (which it currently requires when categorised as Core).

7.0 **RECOMMENDATION**

Members' views are requested, to assist the AONB Manager with future business planning.