

**HOWARDIAN HILLS
AREA OF OUTSTANDING NATURAL BEAUTY
JOINT ADVISORY COMMITTEE
14 NOVEMBER 2014**

BUSINESS PLANNING FOR THE FUTURE

1.0 PURPOSE OF REPORT

- 1.1 To consider the next steps for improving the efficiency of AONB Unit processes and also potential options for future office accommodation.

2.0 BACKGROUND

- 2.1 At the meeting of the JAC in November 2013, the AONB Manager presented a paper that outlined possible responses to unknown but probably significant reductions in funding from both Defra and the Local Authorities for 2015/16 and beyond.
- 2.2 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.
- 2.3 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 (matching the Defra percentage cut). The 2020 North Yorkshire programme aims to reduce the total NYCC budget by c.£62m by 31st March 2020, with the programme of reductions principally commencing in 2015/16.
- 2.4 The positions of the two principal funders for 2015/16, as best they are known at present, is:
- a) Defra. At the National AONBs Conference in July Lord de Mauley said "For 2015/16, despite a nearly 10% cut to Defra funding, subject to all the usual caveats, I can say we plan to maintain AONB budgets at the 2014/15 level. Recognising the small size of your staff and the need to keep external partner funding coming in. Can I say upfront that I am fully committed to maintaining AONB grant-in-aid at the highest level my department can afford." We are unlikely to know the exact Defra contribution until probably December.
 - b) NYCC. A saving of £34,000 in Grants to External Partnerships is contained in the 2020 North Yorkshire programme, to be implemented in 2016/17. A number of different partnerships, including the Howardian Hills AONB, receive contributions from the Partnerships Budget. At present it is unclear as to what percentage of the £34,000 reduction may be attributed to the Howardian Hills AONB contribution. No reduction in contribution is currently scheduled for 2015/16.
- 2.5 Despite the indications outlined above, the 2015/16 JAC budget presented as part of another Item on this Agenda makes a working assumption of a 2% reduction from Defra.
- 2.6 It is still impossible to predict the budget position for 2016/17 onwards with any certainty. Although the overall level of NYCC reduction in contributions to external partnerships is known, it is likely to be another year before any firm figures on individual reductions are known. Likewise, following the General Election in May 2015, it's unlikely that any indication of future funding levels by Defra will be known until around December 2015.
- 2.7 Two areas of work require attention over the next six month period, to best position the AONB Unit for future challenges.

3.0 PROCESSES FOR DISTRIBUTING MONEY TO PROJECTS

- 3.1 Members will be aware that, after returning from Maternity Leave in autumn 2012, Liz Bassindale reduced her working hours to 4 days per week. Since November 2012 Rebecca Thompson has been on secondment from the North York Moors National Park Authority, to help deliver countryside management projects whilst other staff concentrated on the AONB Management Plan review and delivery of the final year of the Rural:Urban Schools Twinning Project. Originally scheduled to end on 31st March, the secondment was extended for seven months and Rebecca finished on 28th October. The capacity of the AONB Unit has therefore decreased by 1 day per week and some efficiency measures need to be put in place to offset this.
- 3.2 Although the AONB Manager does a small amount of project work, this role is principally the responsibility of the AONB Officer. With a reduction in hours for this post, the administrative processes for the grant schemes that the AONB Unit runs have been examined and efficiency measures identified. It is proposed to introduce these gradually during the current financial year, to see how they work before full roll-out in 2015/16.
- 3.3 The proposed changes are summarised below:
- a) Instead of having a Project Fund and a Sustainable Development Fund (SDF), merge these to create three strands of one AONB Enhancement 'grant pot', to retain transparency for Defra and JAC accounting purposes. The three strands to be Natural Environment; Historic Environment; and Sustainable Development & Rural Economy. All projects funded over the last three years would have fitted into one of these strands.
 - b) Distribution of project funding to be via a mixture of grants (principally where applicants approach us); commissioning (where we approach applicants); and contributions to funding partnerships (e.g. with Visit York, Visit England, North York Moors National Park, etc).
 - c) Application forms (with updated wording as applicable) to be revised and simplified. The current simple 1-page form, made more generic, will be sufficient for the large majority of schemes – all countryside management and community projects, as well as SDF-type projects seeking less than £2,000 in grant aid.
 - d) The Project Ideas Form currently used for the SDF scheme is still felt to be needed for larger/more complex Sustainable Development projects seeking grant aid of more than £2,000. This is to ensure that applicants don't waste time applying for funding for projects which aren't eligible. A fuller application form would then be required, once the Project Ideas Form had been approved.
 - e) Grant offers/contributions to be authorised at AONB Unit level, with JAC Chairman approval needed for any that constitute more than 25% of the funding available within the relevant grant pot strand. This level is proposed based on the current position of c.£20,000 being available within each strand – it will be reviewed in the future if funding increases or decreases significantly. Any transfer of money between strands of more than 25% will also require JAC Chairman approval.
 - f) The AONB Unit will consult with specialists where they feel that further technical knowledge or guidance may be useful in assessing projects.
 - g) Changes to the grant offer paperwork, to update the wording and delete Acceptance Forms in the cases where they are superfluous.
- 3.4 In addition to the general overhaul of the projects funding framework, some more specific efficiency improvements are proposed for cases where grants are given for Natural Environment or Historic Environment projects:
- a) For regular small grants (e.g. churchyard management) an agreed management schedule will be developed in return for a fixed grant sum (max. £150). No separate annual application forms will be needed once this agreement is approved. Claims will be made

where applicable each year via the submission of a Claim Form and a copy of the associated contractor's invoice. No site inspections will be made.

- b) For those grants where the work is included in the North York Moors National Park Authority's Standard Costs schedule (and has an associated specification), grants will consist of a variable percentage of these Standard Costs. This will remove the need for applicants to obtain and submit detailed prices, and for the AONB Unit staff to go through application forms in minute detail. Applicants can then do the work themselves or pay a contractor to do all or part of the job. Grant offers will therefore be a simpler process, although an initial site/advisory visit and a final inspection will still be necessary.
- c) For 'commissioned' projects we are still likely to need to negotiate an in-kind contribution from the applicant and then procure/organise contractor/s to carry out the work. The implementation of these schemes relies on the AONB Unit organising much if not all of the work, so opportunities for efficiency savings are more limited.

4.0 AONB UNIT OFFICE

- 4.1 At the JAC meeting in November last year the corresponding report to this one gave a simple overview of the situation in relation to the AONB office – the costs, lease arrangements and some possible alternatives.
- 4.2 The lease on the current office at Wath Court was renewed with effect from 9th December 2013, for a period of 4 years but with a break clause after 2 years (December 2015). If the current office was to be given up in December 2015, 6 months' notice would need to be given to the Landlord.
- 4.4 With reference to Section 2 above, Members will note that the funding situation for 2016/17 is unclear, and won't have any clarity until probably at least late Autumn 2015, whilst if the current office was to be vacated in December 2015 then notice would need to be given in June 2015.
- 4.5 It should be borne in mind that, with the level of Reserves available, it should be possible to ride-out the situation from 1st April 2016 until 9th December 2017 (the period of potential significant reductions in funding contributions from the main partners, and during which we'd be unable to move offices). It is probably therefore not *essential* for the AONB Unit to move in December 2015, but the Committee may not consider this to be the best use of the Reserves and may wish to take action to get 'ahead of the curve'.
- 4.6 Members are requested to consider whether they wish the AONB Manager to undertake any work on scoping possible alternative office locations, with information to be brought back to the Committee in April 2015 to enable a final decision to be made. Preliminary work indicates that costs could potentially be reduced from the current £17,500pa to approximately £11,000pa.

5.0 RECOMMENDATION

It is recommended that:

- a) Members note the efficiency changes proposed for the project funding processes.
- b) Members provide a decision on whether to undertake any work to scope options for changing the location of the AONB Unit office, as outlined in Section 4 above.