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JNCC SUPPORT CO.
BOARD OF DIRECTORS

SECOND QUARTER MONITORING REPORT 2005/06

Paper by David Burton and Tim Sewter

1. Introduction

- 1.1 The following report provides information on the progress against targets and on the financial position of the JNCC Support Company for the first half year to 30 September 2005. In addition, Programme Leaders have estimated the likely outturn at the year-end.
- 1.2 The financial position shows a slight under-spending against the budget for the first six months. Programme Leaders, however, anticipate faster spend in the second half year which could lead to exceeding the budget at the year-end.
- 1.3 It would be unacceptable to exceed the budget, as the JNCC has very limited reserves. Therefore, the Executive Management Board (EMB) has taken action to reduce any overspending. However because of the fairly small predicted overspend and uncertainties related to timing of some payments, the EMB is recommending that the position is reviewed again after the third quarter figures are known, in case further action is necessary.
- 1.4 Performance against the programme milestones agreed in the corporate plan is progressing well with the majority achieving a performance rating which suggests that the programme targets will be achieved. Indeed, only two milestones, one in the surveillance & monitoring programme and one in the support services programme, scored below this mark.
- 1.5 The Board is asked to **note** this report and the attached tables.

2. Finance

- 2.1 The following section provides information on the financial position of the JNCC Support Co. for the first half of the financial year 2005/06, covering the period to 30th September 2005. The reports show the spend and income against budget for the six months to 30th September and the anticipated outturn for the year.
- 2.2 Financial performance is illustrated by the following tables:

Table 1 *Operating budget by programme* - This shows net expenditure for each programme against budget for both the period until 30 September 2005 and the

anticipated net expenditure for the year. Of particular interest to Board members is the right hand column which shows the anticipated net expenditure for the year.

Table 2 *Major adjustments to budgets* - shows the major variances between the estimated annual figures as at the end of Quarter 2 against those predicted at the end of quarter 1.

Table 3 *Operating budget by parliamentary head* - this shows the gross expenditure and income, analysed across Parliamentary Heads for both the period until 30 September 2005 and the anticipated net expenditure for the year.

- 2.3 Net expenditure for the six months to 30th September was £2,627k, which amounts to 39% of the original full year budget, and represents 91% of the profiled spend expected at this stage in the year. Most of the underspend has occurred in the area of Conservation support (£555k spent compared to £985k profiled). This is normal because most conservation support spend is in the form of contracts which are usually agreed during the first quarter of the year with the significant spend falling in the third and fourth quarters. Predictions from Programme Leaders are that this slippage will be made up in the remaining six months of the year. In fact their initial predictions suggested that net expenditure would exceed the original budget by a total over-allocation of £187k.
- 2.4 Following a review of the projected figures, EMB identified areas where expenditure could be reduced in order to minimise the over-allocation of funds. As a result of this, JNCC is currently faced with full year expenditure exceeding GIA by £122k. A commentary on the major variances against budget can be seen in Table 2.
- 2.5 The following figures summarise the financial situation and show the budget as agreed within the corporate plan, together with revisions after the first and second quarters. At the start of the financial year JNCC set an original over-allocated budget of £115k. It can be seen that the over-allocation rose in the first quarter but has fallen slightly in the second quarter. As this over-allocation still needs to be managed down to zero, tight control of expenditure over the remainder of the year is clearly a priority and unless there is a marked reduction in this figure for the third quarter ending 31 December 2005, the EMB will be requiring programme managers to slow down expenditure for the fourth quarter of the year.

2005/06	Original Budget	Revised Budget at end of Quarter 1	Revised Budget at end of Quarter 2
	£'000	£'000	£'000
Total Expenditure	7,779.2	8,048.0	8,058.1
Total Income	1,073.4	1,328.6	1,345.0
Amount to be	6,706.8	6,719.4	6,713.1

funded by GIA			
Anticipated GIA	6,591.0	6,591.0	6,591.0
Over-allocation against GIA	114.8	128.4	122.1

- 2.6 The figures demonstrate a contradiction between the trend revealed in the year-to-date figures (showing an underspend) and the trend predicted in the full year projection (predicting an overspend). These findings suggest a need to improve the profiling of budgets at the beginning of the year to provide more robust quarterly predictions against which to compare actual performance.
- 2.7 The financial position of the organisation should now be considered in the context of its performance against its strategic objectives over the same period.

3. Monitoring against targets

3.1 The following section presents the monitoring against targets for the second quarter of the current year, e.g. 1 July to 30 September 2005. For the second quarter 2005/06 there are 63 programme targets, which are used by managers to manage their projects.

3.2 We have changed the method of reporting so as to make it clearer for Board Members and managers. With any performance reporting, users normally require two separate pieces of information. Firstly, is the project on track at today's date and secondly, if so do managers see any reason why it should not remain on track? For those projects not currently on track the Board needs to know whether the projects can be brought back on track before the anticipated completion date. To achieve this we have introduced a scoring regime, using a scale from 1 to 5, which attempts to answer these two questions. The definitions of the scores are as follows:

- 5 Target completed or in advance of target
- 4 On-track at present, no apparent risk of falling behind target
- 3 Target not at risk but additional action required to either bring back on-track or avoid risk of project falling behind target in future
- 2 Currently not on-track with a significant risk of failure – action required
- 1 Severely behind schedule – no possibility of meeting overall target

3.3 In addition to the changes to the scoring system, it was also decided to reduce the number of targets reported to the Board to those which were considered essential for Board Members to be able to ensure themselves that the business was on track. This report therefore shows progress of Programme Milestones.

Milestones are used as measures to see how well the programme is meeting its overall target and to indicate whether the programme is on target at this time.

- 3.4 Table 4 measures performance against the Programme Milestones as at 30th September 2005. These milestones are the agreed milestones for 2005/06 as shown in the 2005-08 Corporate Plan.
- 3.5 In relation to the problems highlighted, there were several recurring reasons why some targets may be at risk of slipping. These include resourcing difficulties, conflicting priorities and the performance of other organisations. It should also be noted that the Milestones for the UK's global impact programme are to be revised due to the rapid development of the programme. A new set of milestones will be agreed with the responsible director prior to the end of the third quarter.

4. Complement and staff in post

- 4.1 The table below shows the position as at 30 September 2005 and includes chairman and independent board members. Please note that the figures are now shown in the form of Full Time Equivalent (FTE).

JNCC Financial Report		Quarter 2 2005/06	
Complement & staff in post			
	Total	Permanent	FTE
Staff in post	110.14	101.30	8.84
Approved	114.14	104.30	9.84
Vacancies	4	3	1

Table 1

JNCC Financial Report						Quarter 2 2005/06			
Summary of Expenditure and Income Against Budget									
Year to 30 September 2005			Programme	Net expenditure to date plus commitments	(as a % of proposed budget Q2)	Estimated Annual Figures			
YTD net expenditure	YTD budget	Variance over/(under) budget				Original budget	Revised budget Q1	Budget adjustments	Proposed budget Q2
8,726	10,500	(1,774)	Strategic vision	8,726	42%	21,000	21,000	0	21,000
387,413	523,526	(136,113)	Surveillance and monitoring	1,086,604	91%	1,182,360	1,188,360	500	1,188,860
(4,917)	34,956	(39,873)	Access to Information	98,993	85%	115,000	71,580	45,420	117,000 ¹
1,047	6,958	(5,911)	Policy relevant information & reporting	1,047	7%	23,500	23,500	(8,900)	14,600
9,249	18,382	(9,133)	Global advice	37,565	64%	58,315	58,315	0	58,315
39,042	96,929	(57,887)	European advice	94,363	54%	163,500	172,000	2,500	174,500
14,007	58,863	(44,856)	Standard & target setting	83,457	53%	152,600	155,100	1,000	156,100
(96,331)	(63,506)	(32,825)	UK policy advice	(62,997)	-22%	259,811	283,611	(3,450)	280,161
2,989	10,000	(7,011)	Strategy for surveillance, reporting & research	2,989	16%	20,500	19,500	(1,000)	18,500
(7,432)	38,494	(45,926)	Marine mapping & area protection	124,324	56%	240,404	208,505	15,250	223,755 ²
253	500	(247)	Overseas territories	253	2%	14,000	14,000	0	14,000
100	750	(650)	UK's global impact	7,914	40%	20,000	20,000	0	20,000
375,191	421,350	(46,159)	Support services	596,316	73%	841,000	841,500	(29,200)	812,300 ³
1,897,451	1,724,266	173,185	Salaries	1,897,451	53%	3,593,840	3,642,446	(28,365)	3,614,081 ⁴
2,626,788	2,881,967	(255,179)	Total to be funded from GIA	3,977,005	59%	6,705,830	6,719,417	(6,245)	6,713,172
				Grant-in Aid		6,591,000	6,591,000		6,591,000
				Over/(under) GIA		114,830	128,417		122,172

Table 2

JNCC Financial Report		Quarter 2	2005/06
Expenditure and Income Against Budget - major variances			
1	<u>Access to Information</u>		Comment
	Net variance adverse/(favourable)	45,420	
	Expenditure +/(-)	45,420	£48k additional income - previously not requested but corresponding to income declared at quarter 1, plus £7k shortfall on due to under-budgeting for support costs at start of year.
	Income +/(-)	0	
2	<u>Marine mapping & area protection</u>		Comment
	Net variance adverse/(favourable)	15,250	
	Expenditure +/(-)	27,250	£25 k matched by new funding (CCW & DTI), plus £7k required for Marine Nature Conservation Review sector 15 printing.
	Income +/(-)	12,000	£25k new income (CCW & DTI) offset by loss of anticipated Scottish Executive funding (£10k) and a £3k reduction in SNH funding of Aerial Surveys.
3	<u>Support services</u>		Comment
	Net variance adverse/(favourable)	(29,200)	
	Expenditure +/(-)	(37,000)	£30k reduction reflecting delay in renaming of JNCC Support Co. less further £5k reduction in projected HR expenditure
	Income +/(-)	(7,800)	£5k reduction in anticipated interest received, less further £3k reduction for other expected income
4	<u>Salaries</u>		Comment
	Net variance adverse/(favourable)	(28,365)	
	Expenditure +/(-)	(28,365)	£4k fall in forecast due to increased gapping relating to recent appointments. Further £24K relates to salaries requested by the UK Policy Advice programme at Q1 when already in the salaries budget.
	Income +/(-)	0	

Table 3

JNCC Financial Report				Quarter		2		2005/06	
Summary of Expenditure and Income Against Budget									
Year to 30 September 2005			Expenditure/ income type	Net expenditure to date plus commitments	(as a % of proposed budget Q2)	Estimated Annual Figures			
YTD expenditure/ income	YTD budget	Variance over/(under) budget				Original budget	Revised budget Q1	Budget adjustments	Proposed budget Q2
1,926,001	1,926,001	0	Staff Costs	1,926,001	48%	3,953,310	4,045,916	(28,365)	4,017,551
498,128	611,205	(113,077)	Other Operating Costs	720,344	59%	1,158,206	1,213,457	9,763	1,223,220
65,109	71,346	(6,237)	Information and Publicity	80,717	51%	130,898	168,323	(10,540)	157,783
554,675	985,070	(430,395)	Conservation Support	1,665,417	63%	2,509,623	2,593,148	32,260	2,625,408
6,646	13,000	(6,354)	Capital	8,296	24%	27,200	27,200	7,000	34,200
3,050,558	3,606,622	(556,064)	Total Expenditure	4,400,774	55%	7,779,237	8,048,044	10,118	8,058,162
11,948	24,000	(12,052)	Sales of Publications	11,948	20%	59,000	59,000	0	59,000
54,123	42,200	11,923	Advice and other Services	54,123	82%	16,100	66,300	0	66,300
290,474	424,802	(134,327)	Contributions to Projects	290,474	38%	565,000	708,521	52,162	760,683
67,224	233,654	(166,429)	Other	67,224	15%	433,307	494,807	(35,800)	459,007
423,770	724,655	(300,885)	Total Income	423,770	32%	1,073,407	1,328,628	16,362	1,344,990
2,626,788	2,881,967	(255,179)	Total to be funded from GIA	3,977,005	59%	6,705,830	6,719,416	(6,244)	6,713,172
			Grant-in Aid			6,591,000	6,591,000		6,591,000
			Over/(under)GIA			114,830	128,416		122,172

Table 4

Programme	Programme Leader	Milestone	Performance rating as at 30 September 2005.	Comments relating to performance
Strategic Vision	Sue McQueen	By March 2006, develop a communications strategy for the JNCC.	4	A draft strategy has been developed. Implementation has begun slowly because of the need to be mindful of other demands placed on managers from across the organisation who need to contribute.
		By October 2007, develop a framework of targets, strategies and other measures for nature conservation to a sufficient degree to enable advice to be produced for Government and other key stakeholders of what developments to the UK Biodiversity Action Plan will be needed to help achieve the vision for wildlife and natural features.	4	This work is still at an early 'concept development stage'. There is no indication that it will fall behind targets at present although progress is relatively slow.
Surveillance and monitoring	Lawrence Way	Annually, or periodically as appropriate, ensure that surveillance is undertaken in relation to breeding land and sea birds, non-breeding water birds, bats and selected other mammals, butterflies and a selected range of other threatened species.	4	Overall output from planned surveillance is delivered effectively, but some corrective action needed for several components due to changes in partnerships, performance of other organisations
		By 2006, produce initial frameworks for marine and terrestrial habitat surveillance, piloting how to co-ordinate, analyse, interpret and enhance existing effort to provide better support for global and European biological and geological diversity targets.	3	We have begun to engage in work that will create a habitat surveillance framework through Earth observation and inventory work. A marine framework is being developed linked into the Defra lead in this area but is proving hard to define.

Programme	Programme Leader	Milestone	Performance rating as at 30 September 2005.	Comments relating to performance
		By 2007, ensure all status and trend measures are available flexibly via the web, and that their underpinning data and analyses are transparently accessible.	3	Target needs to define level of transparency and availability of surveillance output for use outside the surveillance schemes. Web delivery is good, flexibility of use needs more work
		Progressively, and by 2008, deliver a revised flow of annual/periodic status and trend measures for species and habitats much more closely aligned with target setting, outcome measures and advice, so that, through wildlife statistics, the surveillance is relevant to a broad range of cross-cutting policies in addition to informing species and site-based conservation.	2	There isn't enough progress in our understanding of the need to drive change in the schemes and the surveillance and research strategy programme has not started so 2008 looks difficult to hit.
Access to information	Steve Wilkinson	By March 2006, review the JNCC activities that have contributed to the technical development of the NBN, and start to shift effort to the provision of a reliable and efficient information access service for stakeholders.	4	Initial reviews of both the NBN and Recorder are scheduled for the later half of this year which will provide a set of next steps for both of these projects. In the meantime work is on-going with the NBN to establish a reliable service to data providers and users as part of the of the NBN core business.
		By March 2006, carry out a high level review of requirements for data, across the JNCC programmes, to help identify where the future efforts in accessing data should be targeted.	3	Some progress in this area (e.g. In habitat surveillance but is dependent on some of the outputs from surveillance and reporting strategies (part of programme 4c).

Programme	Programme Leader	Milestone	Performance rating as at 30 September 2005.	Comments relating to performance
Global Advice	Vin Fleming	By December 2005, review and prioritise the JNCC's support to MEAs.	3	Review undertaken for inter-ministerial group on biodiversity (see below) provides basis for JNCC prioritisation process in collaboration with government. Likely to be able to submit progress report to December Joint Committee meeting before subsequent submission to Defra for Minister's meeting in February '06. Further work required but target still on course for completion by year end (but not by December)
		By December 2005, analyse the JNCC's contribution to the global conservation of biological and geological diversity to identify areas of conservation need or significant gaps, and realign the JNCC's work accordingly.	3	Work subsumed into review for inter-ministerial group and analysis undertaken for that but will not be fully achieved by December 2005. A paper will be submitted to the December Joint Committee meeting addressing work to date and identifying next steps. Likely to be substantially achieved by end of the financial year.
Policy-relevant information and reporting	Paul Rose	By December 2005, develop a five-year work programme for the delivery of policy-relevant information.	3	Time allocated to this task in November and December is under pressure form increased BAP, Research Coordination and CSM QA activities but there is no risk it will not be achieved in time to fully contribute to the 2006/07 planning cycle.

Programme	Programme Leader	Milestone	Performance rating as at 30 September 2005.	Comments relating to performance
		Progressively, and by 2008, publish annual statistics on the status of UK wildlife sufficient to support all relevant policy needs.	3	Wildlife statistics website delayed in order to reflect the tone of the JNCC March Committee paper on state of UK Nature. Scoping how we start to produce marine statistics has been undertaken and work is about to start. None of this represents a risk to the programme.
European Advice	Steve Gibson	Provide support for UK Presidency activities in 2005 and the 6th Ministerial Environment for Europe Conference in 2007.	4	We have met all the Presidency support requests made so far, and have proactively engaged in some areas of work by Defra in support of the Presidency.
		Seek to influence, and then support Defra's response to, the European Commission Communication on biodiversity in autumn 2005, and the implementation of the PEBLDS.	4	Support continues, although the communication is significantly delayed.
		By March 2006, develop a plan of engagement with UK EECCA policies, and begin implementation.	4	Modest engagement and some joint planning with Defra see us on track for this milestone.
Standard and target setting	Ian McLean	By December 2005, prepare the first UK-wide Common Standards Monitoring report on the condition of designated sites.	4	Report is being drafted at present
		By December 2006, complete publication of the Geological Conservation Review series.	3	Completion of the final GCR volumes is contingent upon delivery of some of the most problematic sections from authors

Programme	Programme Leader	Milestone	Performance rating as at 30 September 2005.	Comments relating to performance
		By December 2006, work with the country agencies and Government to establish a coherent suite of biological and geological targets that will cover existing international obligations and deliver the vision for wildlife and natural features.	3	The completion of this work on schedule is possible, but requires some demanding and original work to bring together the diverse range of approaches that have been used by the statutory sector hitherto into a more coherent and consistent set of targets
		By December 2007, complete a targeted revision of the selection guidelines for biological SSSIs.	3	This should be possible, but the work is at an early stage
UK advice	Mark Tasker	By December 2006, develop guidance on implementing the ecosystem approach as a practical mechanism for achieving sustainable development.	4	Development of guidance is well under way, with practical examples being worked on both within this programme and elsewhere.
		By December 2006, develop a strategy for using socio-economic information to support nature conservation advice and the development of conservation strategies.	3	A slightly delayed recruitment of the economist post in JNCC may have slowed achievement of this programme objective
Strategy for surveillance and monitoring	Wyn Jones	By March 2007, finalise strategies for surveillance, reporting and research following consultation with key stakeholders.	3	Surveillance and reporting strategy drafted and to be circulated for comment before Christmas. Regarding the Research Strategy, a workshop is being held before the end of the year with a view to drafting an outline paper.
		By June 2006, develop a broad scale marine landscape map for the UK Continental Shelf.	4	Overall progress still on target despite some delays due to problems with data suppliers and datasets.

Programme	Programme Leader	Milestone	Performance rating as at 30 September 2005.	Comments relating to performance
Marine Mapping and area protection	David Connor	By June 2007, develop finer scale marine habitat maps from available and newly collected data, harmonised to key classification schemes (e.g. EUNIS), for UK waters in conjunction with adjacent countries, and establish mechanisms for their update and improvement thereafter.	3	Progressing well, but data acquisition phase has taken longer than expected leading to some slippage at this stage in the programme. Good progress on developing web dissemination facility and developing technical measures for data handling. Initial consideration of follow-on strategy after MESH project completed.
		By December 2005, identify and establish an initial network of MPAs (which may also be SACs or SPAs) to fulfil OSPAR Commission requirements, completing the series by 2010.	3	On target to submit a suite of 72 Natura sites to OSPAR by December 2005. Progress in identifying additional sites for the 2010 deadline on hold due to staff shortages; additionally there remains policy development to determine how much additional effort (new sites) will be needed to fulfil the OSPAR target.

Programme	Programme Leader	Milestone	Performance rating as at 30 September 2005.	Comments relating to performance
		<p>Recommend to Government a series of Special Areas of Conservation (SACs) in the offshore marine zone, in conjunction with parallel work by the country agencies in the inshore zone to fulfil EC Habitats Directive obligations, aiming to have completed advice on 60% of the site series by 2008.</p>	<p>3</p>	<p>First 9 offshore dSACs based on existing data advised to Government, to add to c.74 existing inshore SACs. Advice on Conservation Objectives and draft management actions in hand by end of 05/06. Existing funding sufficient to progress another 4 to 6 by 2008 of the total 30 offshore SACs likely to be required, leaving 15 still to be surveyed. No current resources to conduct consultations and advise on management of offshore dSACs (will need 1-2 new staff). 10-15 new inshore SACs likely by 2008. With inshore sites, 80% should be identified by 2008.</p>
		<p>Recommend to Government a series of Special Protection Areas (SPAs) in the offshore marine zone, in conjunction with parallel work by the country agencies in the inshore zone, to fulfil EC Birds Directive obligations; by December 2008, complete guidance on seaward extensions of seabird breeding colony SPAs, analyse data for at least nine inshore aggregations of non-breeding birds and progress the identification of offshore seabird aggregations.</p>	<p>3</p>	<p>Guidance on seaward extensions is going to the December Joint Committee meeting for approval. Good progress on field surveys and analysis - inshore aggregations work on target. Funding not yet secured to take forward offshore data analysis and work on terns; additionally funding for inshore aggregations work still to be agreed with the Country Agencies. Negotiations with Defra and the Country Agencies ongoing to secure necessary funding. Target therefore is currently at risk.</p>

Programme	Programme Leader	Milestone	Performance rating as at 30 September 2005.	Comments relating to performance
Nature Conservation in the Overseas Territories	Vin Fleming	By March 2006, undertake an analysis of the JNCC's current and potential role and future strategic direction in supporting nature conservation work in the Overseas Territories and Crown Dependencies, and develop a funding and influencing strategy to support this role.	4	No progress on target to date but likely that analytical stage completed by March 06 sufficiently to enable Committee discussion and document for external consultation. Implementation of any strategy will need to take place from 2006 onwards.
UK's global impact	Tony Weighell	By March 2006, identify where the UK use of global natural resources (through trade and/or investment) affects global biological and geological diversity in a substantial way and prepare a list of issues and geographical areas for priority action.	N/A	These milestones need to be revised in the light of the rapid development of the programme. A new set need to be agreed with the responsible director prior to the next outturn
		By March 2006, develop a list of sustainable development practices relevant to the management of biological and geological diversity based on current examples of good practice, and identify the organisations currently promoting or undertaking work to address significant UK impacts overseas.	N/A	Please see above
		By September 2007, identify priorities for further action needed to place UK activities abroad on a sustainable basis.	N/A	Please see above
Support Services	Brian Lawrence	By August 2005, ensure that all financial procedures are documented on the JNCC intranet so that the efficiency of services is improved through all staff being able to access financial procedures easily. Thereafter regularly review the procedures to ensure that they remain appropriate in changing circumstances.	3	Owing to other conflicting priorities, especially continuing work from establishing the JNCC Support Co. this target has slipped. However the process is now strongly underway and scheduled for completion by end-January 2006

Programme	Programme Leader	Milestone	Performance rating as at 30 September 2005.	Comments relating to performance
		By September 2005, review the JNCC's accommodation and make recommendations in time for the rent review in January 2006.	1	This target has fallen behind owing to other priorities. However it is inappropriate to conclude the JNCC accommodation review until after the result of the rent review is known as this may effect the options arising from the review. Target needs to be reviewed to indicate that we should await result of rent review.
		By April 2006, identify and adopt a suitable environmental indicator for the JNCC that will allow the organisation's environmental performance to be published and monitored both by its own staff, senior management and external auditors and benchmarked against similar size organisations.	3	An Environmental Management Action Plan will be produced in Nov/Dec 2005. The Green Procurement Strategy and transport policy proposals are planned for Dec 2005. A contractor is currently completing a report of our Environmental Performance Indicators to allow year on year changes to be monitored and reported on.