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2010/11 BUSINESS PLAN CHANGES AND SPENDING REVIEW UPDATE

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JOINT NATURE CONSERVATION COMMITTEE

2010/11 BUSINESS PLAN CHANGES AND SPENDING REVIEW UPDATE

1. Introduction

- 1.1 Since the 2010/11 business plan was agreed by Committee and signed off by ministers, the Westminster Government has introduced the Spending Review and associated spending restrictions and changes have been made to JNCC's budget. This paper sets out how JNCC's plans and budgets have been affected and proposes further changes in anticipation of Spending Review cuts which are in accordance with the Spending Review submission agreed at the June meeting. It is possible that further changes will be brought to Committee at future meetings. The paper also provides an update on JNCC's Spending Review submission including more developed proposals in some areas.
- 1.2 Full details on achievements and variances against planned delivery of key performance indicators are set out in the First Quarter Monitoring Report 2010/11 to the Board (BD 10 N05).

2. Factors affecting the 2010/11 business plan

In-year changes to JNCC funding

- 2.1 During the year JNCC's core financial settlement for 2010/11 has been revised from £9,970k to £10,376k. The relevant financial tables from the 2010/11 business plan, amended to show these changes, are set out in Annex 1. This reflects two adjustments as set out below.
- 2.2 £1,872k originally provided by Defra for 'reserved' activities (advice on international nature conservation and work in the marine environment beyond territorial waters) has been reduced by 5% to £1,778k. This was as a result of the requirement on Defra to make £162m savings as a contribution to the Government's measures to reduce the fiscal deficit.
- 2.3 The reductions have been made in the following areas:
 - i. the EU stakeholder event to promote a thematic approach to Multilateral Environmental Agreements will not be taken forward;
 - ii. planned additional development work for the Marine Strategy Framework Directive has been scaled down.

- 2.4 £2,401k provided by Defra for work on Marine Protected Areas (MPAs) and marine surveillance has been increased by £500k to £2,901k. The £500k was originally held by Defra for JNCC to draw on as income, once the requirements for site verification were better defined, but subsequently Defra decided to provide it as GIA. A further £330k was provided to Cefas to be spent to support JNCC's Marine Surveillance and Monitoring programme as originally agreed. The requirements for site verification have now been refined and the Scottish MPA Project and the MCZ Project have each been allocated £150k for this work. The MCZ Project Board (JNCC, Defra and Natural England) has concluded that the remaining £200k is needed to ensure the Regional MCZ Projects complete their tasks on schedule and the funds will be therefore be redirected accordingly. There is no impact on KPIs.

Impact of spending restrictions on performance in 2010/11

- 2.5 The coalition Government has introduced a range of spending restrictions covering staff recruitment, communications activities, use of contractors, property leases and other areas of expenditure. Exemptions are permitted in some cases. The restrictions have caused delays in progressing work whilst awaiting guidance and procedures and processing a limited number of exemption requests. They have also resulted in additional planning effort, e.g. to reprioritise because of vacancies affected by the recruitment freeze and to enable in-house delivery rather than contracting out. Additionally, EMB has further tightened controls over discretionary spend such as training, travel, hospitality and IT equipment.
- 2.6 The freeze of property leases introduced in the spending restrictions has increased the risks and costs associated with establishing accommodation for Peterborough-based staff after expiry of the Monkstone House lease in March 2011. Prior to the freeze, the business case was at an advanced stage but this has had to be reviewed using new criteria. The business case is now complete and will be reported to Committee separately as part of EMB's report (JNCC 10 N06).
- 2.7 Whilst managers have sought to minimise the impact of the spending restrictions they affected delivery of about 20% of KPIs in the first quarter. However, managers were optimistic that in almost all cases the impact would be temporary and most KPIs should still be achieved by the year-end.
- 2.8 The impact of spending restrictions and EMB efficiency measures on the financial position is a projected year-end surplus (at quarter 1) of just over £320k. Proposals for use of this surplus are set out at 2.27-2.30 below.

Impact of the Spending Review on performance in 2010/11

- 2.9 Spending Review planning has inevitably absorbed a great deal of management attention and time. A new KPI is proposed to reflect this substantial, and very important, piece of work (see Annex 2). Uncertainty over future priorities and funding for JNCC, and some partner organisations, has also impacted progress. Managers reported at quarter 1 that uncertainty over JNCC's future role has impacted 12% of KPIs, and reduced partner engagement, due to Spending Review uncertainties, affected progress of about 10% of KPIs. Most of these were thought to be temporary impacts but progress against two KPIs may be more fundamentally affected.

- 2.10 A proactive response to possible Spending Review cuts has been taken and areas of work that are considered to be of lowest priority in terms of stakeholder demand and nature conservation outcome have been reviewed in more detail. We are working through country conservation body chief scientists to manage the risks and implications. It is proposed that reductions are made in 2010/11 as set out in 2.11-2.16 below.

Reductions affecting KPIs (see Annex 2)

- 2.11 The highest profile change proposed is the cessation of work on the development of a UK geoconservation strategy and associated inter-agency geodiversity work. In effect this would result in JNCC withdrawing almost completely from geoconservation work. Apart from the very obvious risk to reputation with key stakeholders there is an additional risk that JNCC would not have in-house geoconservation expertise to deliver any critical residual pieces of international or Overseas Territory geoconservation work and geodiversity evidence delivery. Work is currently underway to quantify and scope possible future work, to discuss alternative delivery arrangements with country conservation bodies and to explore third party interests in continuing some aspects of the GCR work.
- 2.12 We propose to cease work on the delivery of a KPI to establish inter-agency arrangements JNCC support to Lead Coordination Networks would cease from April 2011 onwards, having potentially large implications for country conservation agencies in relation to staff, coordination capacity and potential lead agency responsibilities. Essential work is being absorbed into other programmes of JNCC work where possible, including some on agreed priority themes.

Other reductions (not affecting KPIs)

- 2.13 JNCC is proposing to withdraw from climate change work where country conservation bodies are better placed to take a lead. JNCC will disengage from the inter-agency climate change forum and from activities to support Defra work with a primarily English focus. Further reductions to work would be made in 2011/12.
- 2.14 JNCC is proposing to cut work to coordinate UK research priorities and provide secretariat services to some UK-scale research coordination groups. We intend to focus on European research funding programmes, international science policy interfaces, such as the Intergovernmental Platform on Biodiversity and Ecosystem Services, and providing an overview of the outcomes of futures work.
- 2.15 JNCC is also withdrawing from the inter-agency Land Use Policy Group.
- 2.16 Work has been taken forward to assess the feasibility of some of the proposals to reduce spend on back office functions and overheads but progress has been affected by additional demands to implement the spending restrictions and, in particular, renewed uncertainty over the Peterborough office accommodation. There is now greater clarity on the latter (see EMB's report (JNCC 10 (N06) and the feasibility of making savings should become clearer over the coming weeks. However, implementation of the chosen option for office accommodation will inevitably create a significant amount of

additional work at a time when reductions are needed. The likelihood of being able to make early cuts is therefore reduced.

Increases

- 2.17 Further work has also been undertaken on the areas of work where country conservation bodies could make savings by JNCC increasing its role. Proposals are set out below. No KPIs have been added or amended to reflect this additional work.

National Biodiversity Network (NBN)

- 2.18 At present, Defra family funding of the NBN Trust is substantial and, together with country conservation body contributions, represents an overwhelming proportion of NBN funds. However, the funds are contributed through many separate streams which is inefficient and makes it very difficult for the statutory bodies to collectively influence the direction and priorities for NBN.
- 2.19 As most of the use of NBN is delivered through a combination of JNCC and CEH activities, there are benefits in channelling more NBN resources more efficiently through JNCC or CEH or JNCC/CEH partnership activities. Possible ways to achieve this are being explored.
- 2.20 The anticipated outcome is an increase in the value of NBN for users, including the country conservation bodies and their administrations, through more efficient use of the current funds.

Vegetation monitoring

- 2.21 The UK terrestrial surveillance and monitoring strategy has identified that the most significant evidence gap pertains to the lack of information on the extent and quality of habitats and how their quality and extent is changing. This information is needed for both broad and priority (Biodiversity Action Plan and Habitats Directive) habitats.
- 2.22 Countryside Survey and various other monitoring activities provide some relevant information but it is now acknowledged that these schemes are not meeting user requirements for evidence. These schemes represent quite a significant resource that could be re-directed to work in a more integrated way with other terrestrial monitoring activities to provide better information on changes in habitat quality and extent.
- 2.23 JNCC is developing proposals for monitoring habitat change information through redirecting existing resources plus a very modest level of additional funding.

UK Biodiversity Action Plan

- 2.24 The governance structures that have evolved in relation to UK Biodiversity Action Plan implementation are overly complex and inefficient, especially for the UK, which no longer has any lead or decision taking role. The UK-scale work has been well defined and JNCC is presenting ideas to, potentially, remove most UK governance groups and deliver the UK work either through JNCC, the Defra secretariat, lead country arrangements or a combination of the three.

- 2.25 JNCC could deliver the UK work for approximately £13k per annum more than it currently allocates to BAP support because of the saving it would make on servicing groups. The savings to countries through not having to attend UK group meetings would be in the order of £50k plus per annum. JNCC is unable to cost other delivery options but these could be just as efficient. The only clear added value of the JNCC option is that JNCC already has a corporate governance structure that provides for input and influence from the four countries.
- 2.26 The options will be discussed by the UK Biodiversity Standing Committee on 4 October 2010.

Revisions to planned use of funds in 2010/11

- 2.27 As discussed by Committee in June, reductions in expenditure of the scale likely to be required cannot be made without JNCC incurring up-front costs. It is not expected that additional funds will be provided by Government for this purpose and therefore EMB has sought to free up resources in 2010/11. The sum available after the quarter 1 outturn was approximately £320k. The major investments proposed are set out below.

Peterborough office accommodation

- 2.28 There will be considerable costs associated with securing accommodation beyond March 2011 when the current lease expires. These include dilapidations on Monkstone House, which will be incurred on expiry of the lease, and costs for removals and fitting out new premises to enable staff to be accommodated within Government space standards (which requires desk sharing etc). Much of this expenditure will fall in 2011/12 but we would aim to reduce this by procuring equipment this financial year where possible.

Staff complement reductions

- 2.29 We would prefer to reduce the staff complement gradually over the Spending Review period through natural wastage to minimise costs. However, this approach may be incompatible with government's timescale for making cuts, e.g. if substantial cuts have to be made quickly. Because of this and the significant accommodation-related costs JNCC will incur in 2011/12, reducing staff numbers through a voluntary redundancy exercise at the end of the current financial year is likely to be necessary. This will require Government approval.

Systems efficiency

- 2.30 There are opportunities to increase corporate services efficiency to some extent through investment in systems. Large-scale investment is not possible because staff resources will be channelled into other changes but some resources will enable small quick wins to be made.

3. Spending Review submission update

- 3.1 The Spending Review submission was amended in line with the Committee discussion in June and submitted to Defra and devolved administrations. In particular, proposals for JNCC to increase its role in European and marine

advice work to enable country conservation bodies to make savings were removed and some figures were adjusted.

- 3.2 At the time of writing, no firm feedback has been provided on the submission. However, we have continued to work up the plans on the 20-30% cut scenario set out in the Spending Review submission.

Marine work

- 3.3 There are considerable uncertainties about the nature and scale of future marine conservation work as this is a rapidly developing field. We have therefore continued to develop thinking in order to improve strategic discussions with Defra and the devolved administrations on future plans. Spending Review plans will need to be revisited accordingly.
- 3.4 There are some significant transitions we already know about, including a shift over the next few years from site designation to management advice and from developing monitoring schemes to potentially implementing them. These are in addition to ongoing work on offshore industries and rapidly increasing and very high priority (for Defra) work on the implementation of Marine Strategy Framework Directive. All of this work is characterised by having a very strong customer demand from governments. Several areas (the extent of management advice that will be needed on sites, the extent of any monitoring and assessment programmes to meet statutory requirements) are highly uncertain, but need nevertheless to be factored into any proposals

European work

- 3.5 Following the strategic discussion at the June Committee meeting, further consideration has been given to how JNCC's European Programme can provide a more targeted and cost-effective service to the UK government, devolved administrations and the country conservation bodies. Discussions with Defra are ongoing, with a focus on ensuring that services are fully aligned with the requirements of the UK Government in its role as an EU member state.

Annex 1. Revised financial tables from the 2010/11 business plan

Core Government funding

7.2 The funding will be provided by Defra and the devolved administrations as follows:

All figures in £k	2009/10	2010/11 Business Plan figure	2010/11 with in-year cut	2010/11 with marine adjustment
Defra (direct funding)	1,920 ¹	4,273 ²	4,179	4,679
Defra (through Natural England)	2,878	2,806	2,806	2,806
Scottish Government (through Scottish Natural Heritage)	1,695	1,653	1,653	1,653
Welsh Assembly Government (through the Countryside Council for Wales)	847	826	826	826
Department of the Environment, Northern Ireland	423	412	412	412
Total	7,763	9,970	9,876	10,376

Planned use of funding

7.4 The following table shows the planned use of core Government funding and other income.

All figures in £k	Full planned costs	Core Government funding			Other income
		UK co-ordination	Reserved Business Plan figures	Reserved after in-year adjustments	
International nature conservation	1,629	628	785	770	216
Marine nature conservation	4,880	921	3,488	3,909	471
Evidence and standards	2,928	2,722	-	-	206
Governance and corporate services	1,451	1,426	-	-	25
Total	10,888	5,697	4,273	4,679	918

7.5 The following table shows the split of core Government funding between salaries and direct costs.

All figures in £k	2009/10 out-turn	2010/11 planned
Salaries	4,314	5,232
Direct costs	3,449	5,144
Total	7,763	10,376

¹ This figure varies from that shown in the 2009/10 business plan as funding that it was understood would be provided as grant in aid was subsequently provided as income.

² Includes additional Defra funding for work on ,marine protected areas and marine surveillance less £830k committed by Defra for survey work for these programmes which JNCC will direct.

Annex 2. Revisions to Key Performance Indicators 2010/11

KPI Legends					
4	ON TRACK – to fully deliver by end 2010/11				
3	LIMITED PROGRESS – on track but some delays or variances need to be addressed/actioned				
2	AT RISK – delivery under threat and will not meet target by end 2010/11				
1	CANCELLED – target cancelled, postponed or subsumed				
	Programme	Original KPI	Q1	Revisions	Reason for Change
10	European Intelligence & Advice	Promote a thematic approach to Multilateral Environmental Agreements with EU partners through a stakeholder event in Brussels in summer 2010	1	Deleted	Event cancelled as a result of in-year budget cuts.
15	Conservation Advice	By January 2011, oversee a revision of, and consultation on, the guidance for the selection of biological Sites of Special Scientific Interest.	1	By June 2011, oversee a revision of, and consultation on, the guidance for the selection of biological Sites of Special Scientific Interest.	Postponed due to a six-month delay awaiting the publication of the Lawton Review.
16	Conservation Advice	Following completion of the review of inter-agency science groups in 2009/10 establish new arrangements to support inter-agency working on priority themes.	1	Delete	Future support for Lead Co-ordination Networks will cease from April 2011 under any cut scenario. Therefore effort has been redirected into identifying areas of residual work and alternative methods of delivery.

17	Conservation Advice	Provide advice to support UK-wide and international conservation of geodiversity: - by March 2011, complete online publication of submitted information and site descriptions from the Geological Conservation Review; - by December 2010, develop a strategy for JNCC's work on geoconservation, in consultation with country conservation bodies.	3	Reduce scope of KPI by removing "... by December 2010, develop a strategy for JNCC's work on geoconservation, in consultation with country conservation bodies."	The organisation would substantially withdraw from geoconservation work in 2011/12 under any cut scenario. Therefore no strategy is required.
25	Marine Protected Areas	To fulfil Birds Directive obligations, complete consideration of possible Special Protection Areas (SPAs) in offshore waters and provide advice to Government, and support country conservation bodies through survey and analyses in parallel work in inshore waters: - complete spatial analysis and assessment of possible site boundaries to support the identification of potential SPAs for divers and sea ducks; - continue area/colony-specific research and survey aimed at identifying marine SPAs for breeding terns (to be completed in 2012).	3	Replace first five words with "In contribution to special measures required under the Birds Directive ..."	Clarification of KPI.
27	Marine Surveillance & Monitoring	Develop, in a joint programme with the country conservation bodies, options for an operational surveillance and monitoring programme for marine habitats, birds and cetaceans that will aim to meet UK statutory and policy requirements in an integrated manner. In particular, develop: - a process for designing habitat survey stratification, including availability of the underpinning maps; - methods; - a sampling strategy and objectives for seabird and cetacean pilot surveys; and - GIS files for activities and pressures.	3	Develop, in a joint programme with the country conservation bodies, options for an operational surveillance and monitoring programme for marine habitats, seabirds, cetaceans and other biodiversity that will meet UK statutory and policy requirements in an integrated manner. - for all ecosystem components in UK waters, undertake a process to identify and prioritise data gaps on human activities and their pressures, and acquire, develop or	The KPI has been refined through discussion with governments and partner agencies since the business plan was published.

				<p>obtain access to at least 75% of the priority datasets identified by this process;</p> <ul style="list-style-type: none"> - produce maps of habitats in UK waters using existing data and modelling, as a basis for habitat monitoring sample design; - plan and commence seabird and cetacean pilot surveys in order to test sampling protocols and techniques and assess analytical power; - complete an assessment of existing surveillance and monitoring schemes and an analysis of indicators and gaps, develop a conceptual sampling model, and agree with partners a common vision and objectives for biodiversity monitoring. 	
28	Marine Surveillance & Monitoring	Develop options for monitoring offshore marine protected areas, and produce a draft method for assessing progress against management objectives at site and network level.	3	Develop options for the operational monitoring of all marine protected sites. In 2010/11, the key products will be an audit of existing site monitoring, and developing a site-level monitoring method for assessing progress towards meeting conservation objectives.	The KPI has been refined through discussion with governments and partner agencies since the business plan was published.

New	Governance and Corporate Services	Contribute effectively to the Spending Review, providing advice to Westminster and devolved governments on where cuts would impact least on stakeholder requirements and nature conservation outcomes. Plan for early implementation whilst minimising, as far as possible, costs and negative impacts on external stakeholders and staff.	3	Spending Review submission made by the due date after consultation with sponsor bodies. Substantial progress made in planning how any changes would be implemented and consulting with staff and stakeholders accordingly. Proposals prepared for September Committee on changes to planned work and use of resources in 201/11 to facilitate changes. Limited feedback from Government to date. Further work is underway on future requirements for marine work and European work. Until Government's position is clearer further progress in refining and initiating implementation plans cannot be made.	New target to reflect substantial additional work required.
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