

Financial Strategy 2015/16 and 2016/17
Operations Allocations options
Report by Director of Operations

Summary: This report consults the Navigation Committee on options for amending the apportionment of costs for practical work, as set out in the Financial Strategy and Direction agreed by the Broads Authority in March 2014, and sets out the conclusions in Section 5.

1 Background

- 1.1 At the meeting of the Broads Authority on 21 March 2014, a report on the strategic response to the National Park Grant reductions was considered, which included budget options for the 2014/15 budget and the financial strategy to 2016/17. It was resolved to propose changes to the apportionment for operational activities from the current level of 40:60 between National Park and Navigation, to 35:65 in 2015/16 with a view to further increasing the proportion devoted to Navigation to 70% in 2016/17.
- 1.2 This would mean a £50,000 indicative increase in Navigation Works expenditure in 2015/16 but offset by agreed savings in other areas of the budget, therefore the net impact on the 2015/16 budget is nil. A further unbudgeted increase in 2016/17 has also been identified resulting in a cumulative increase of £105,000.
- 1.3 It was also agreed to further consult the Navigation Committee on which areas of the Operations budget this should relate to, to identify priorities and the most appropriate means of delivery.

2 Options

- 2.1 The summarised 2014/15 allocations were previously set out in the budget report, and these give an indication as to the shared cost budget areas, which are largely salaries and shared resources such as property and equipment. The budget areas that are allocated at 100% to either National Park Grant or Navigation Expenditure have not been considered in this assessment.
- 2.2 When reviewing practical works in the Operations directorate there are several work areas to consider; namely Construction, Maintenance and Environment, Ranger Services, Safety, Asset Management and Volunteer Services.
- 2.3 As a first step the current apportionments have been reviewed and assessed for accuracy, using evidence as available, which includes timesheets, invoices

and other records. From this work the existing splits for the Environment team, Safety and Asset Management have all been confirmed as correctly apportioned and reflect the work requirements. The Volunteer Service was identified to require amendment, from the current 70:30 NPG/Nav to 60:40, as the evidence from timesheets completed indicated a greater proportion of 'navigation' related work contributed by volunteers.

- 2.4 This leaves the two largest areas of the budget, which are both currently performing at the set allocation, but could have greater flexibility to be changed. Options have been developed and are set out in Table 1.
- 2.5 Staff consultation exercises have also been completed in order to seek the views from those who are undertaking the tasks and also dealing with our customers on a daily basis, and who may have a different operational perspective.

3 Impact Assessment – Construction and Maintenance Teams

- 3.1 There are a number of areas of Construction and Maintenance navigation work where additional activity would be beneficial. These include;
 - River bank tree clearance
 - Vessel and equipment maintenance
 - Dredging
 - Removal of wrecks/obstructions/litter
 - Mooring maintenance
- 3.2 Discussion at the recent Moorings Stakeholder Workshop also recognised that the ability to undertake mooring repiling works in house would result in savings on contractor costs when considering the future asset management liabilities.
- 3.3 Changing the allocation to 35:65 NPG/ Nav would increase the capacity in the Construction and Maintenance Teams by 264 man days, which equates to a 2 man team for 26 weeks. This team could be focussed on additional tree work as the bird breeding season and other ecological constraints allow, and also undertake pre-season maintenance on the system (litter clearance and minor mooring maintenance) without incurring significant cash expenditure. Increasing the allocation to 30:70 would mean 528 days, which equates to a 2 man team for the full year.
- 3.4 In respect of the potential reduced allocation to National Park purposes, this could be achieved whilst still allowing all existing conservation work to be protected, and also potentially expanded through careful use of volunteers under direction.
- 3.5 Additionally, it would allow the continuation of the current level of footpath cutting, Tourist Information Centre maintenance and countryside site maintenance to be retained. However, this would mean that the 10% which had been previously been ring fenced for new project delivery would be lost in 2016/17.

4 Impact Assessment – Ranger Team

- 4.1 The Ranger role is not so easy to programme, as inevitably there is a lot of reactive work in responding to incidents/ issues that arise. This also means the ability to achieve very precise time allocations may prove tricky, and some tolerances may be required.
- 4.2 However, if the allocations were changed such that more time were available for navigation activities this could allow more patrolling to be undertaken as well as developing contacts with stakeholders, delivery water safety educational activities and assisting members of the public. Additional small scale reactive maintenance could also be included on 24hr moorings or navigation furniture as required periodically through the main season, and assistance with riverbank tree clearance during the winter period could also be considered.
- 4.3 However, there would be considerable negative consequences of a reduction in the time allocated to National Park purposes. A large proportion of this time is already allocated to working for Whitlingham Charitable Trust, which is undertaken as part of a Service Level Agreement and for which the Broads Authority receives income.
- 4.4 The remaining time is spent on events/education and countryside activities, which have already been reduced following the previous restructure, and which many Rangers feel are services that we need to be protecting for the benefit of the Broads and the residents/ visitors to the area. There would also be knock on consequences for tourism in respect of a reduced programme of Broads Authority events which are heavily supported by the Ranger team, and availability of Broads Authority land based visitor sites.
- 4.5 It is therefore considered that there would be more negative impacts associated with any option which changes the Ranger team allocations, in respect of reductions to our work with the public and the work that supports tourism and education.

The following options have been developed for consideration;

Table 1

	Budget area	Proposed revised allocation NPG/ Nav		Effect	Comments
		Year 1 2015/16	Year 2 2016/17		
Option 1 – Increase both C&M and Ranger allocations, incrementally over 2 years	Volunteer Services	60/40	60/40	Within £2.1k of target	This option would allow significantly more time for navigation patrolling in both years, and additionally increase the amount of time spent on the maintenance of the navigation from year 2
	Rangers	30/70	30/70		
	Construction and Maintenance	40/60 No change	35/65		
Option 2 – Increase C&M allocations only, incrementally over 2 years	Volunteer Services	60/40	60/40	Within £1.3 k of target	This would retain the status quo for Rangers, and significantly increase the amount of time spent on the maintenance of the navigation, increasing by an additional 528 man days in year 2
	Rangers	40/60 No change	40/60 No change		
	Construction and Maintenance	35/65	30/70		
Option 3 - Increase Ranger allocations only, incrementally over 2 years	Volunteer Services	60/40	60/40	Within £1.7k of target	This option focuses all the change in the ranger team, and would ultimately remove the ability to complete education/ event and countryside work to any significant degree
	Rangers	30/70	19/81		
	Construction and Maintenance	40/60 No change	40/60 No change		
Option 4 – change allocations across all areas, to achieve consistent approach	Volunteer Services	60/40	60/40	Within £2.4k of target	This option has the benefit of achieving consistent apportionment across most areas by year 2, and spreads the impact of the changes across all teams.
	Rangers	35/65	35/65		
	Construction and Maintenance	37/63	35/65		
	Management of Operations Directorate	44/56 no change	35/65		

5 Conclusion

- 5.1 Given that the Project Pot has also been reduced as part of the response to the reduction of National Park Grant, and the need for future projects to be externally funded, it is considered that therefore it would be appropriate to remove the current Construction and Maintenance programme time allocated for project delivery. New projects could still be developed, and designed to be delivered by external contractors as required. Deferring this change to 2016/17 would give staff appropriate lead in time to adapt, and design projects accordingly.
- 5.2 With regard to options for changes it is therefore considered that option 2, focussing the change in the Construction and Maintenance programme and moving to a change to a 30:70 NPG/ Navigation allocation in 2016/17 could be accommodated within the regular routine works without major negative impacts, and would deliver significant benefits to navigation maintenance and contribute to the delivery of the necessary asset management programme of maintenance works.

6 Next Steps

- 6.1 The proposed transfer of practical activities within the Operations budgets is intended to support the delivery of priority navigation activities from 2015/16 onwards. Based on the latest Financial Strategy figures, approximately £50,000 of the proposed increase in practical activity is likely to be offset by navigation savings within central and corporate costs.
- 6.2 The timetable for work to develop these proposals and engage with Members, the Navigation Committee, staff and other key stakeholders is:

2014	
September 4 Navigation Committee	Consult Navigation Committee on options for operational allocations
September 26 Broads Authority	Makes decision on allocations
October 23 Navigation Committee	Consult on tolls and draft Financial Strategy
November 21 Broads Authority	Decision on tolls for 2015/16 and adopts Financial Strategy
December 11 Navigation Committee	Consulted on 2015/16 Budget:
2015	
January 23 rd Broads Authority	Approves 2015/16 Budget

6.3 Within the current financial strategy, navigation tolls have been assumed to increase by 3% per annum after 2014/15. This level of increase will allow the Authority to continue to make some progress towards adequate provision for the significant future liabilities identified in the Asset Management Plan in 2015/16, but should be seen as an indicative figure only as the increase remains subject to the agreed annual consultation with the Navigation Committee and decision by the Authority, and the burden of additional navigation works in 2016/17 may not allow further contributions to be made with a toll increase of this level.

Background papers:	Strategic response to National Park Grant Reductions: Budget options for the 2014/15 budget and Financial Strategy to 2016/17, report to BA 21 March 2014 Financial Performance and Direction report to Broads Authority 16 May 2014
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