

Business Plan 2012/13 – 2014/15
Report by Director of Change Management and Resources

Summary: This report sets out the timetable and key components for the production of the Authority's Business Plan for the period 2012/13 to 2014/15.

Recommendations:

- (i) That the report be noted.
- (ii) That members' comments are sought on the content of the Business Plan.

1 Background

1.1 The Authority's Financial Strategy for the period up to 2014/15 was developed by the Resource Allocation Working Group and formally adopted by the Broads Authority at its meeting in June 2011. This was subsequently incorporated into the Business Plan which was published in July 2011. It is good practice to review and update the Financial Strategy on an annual basis, especially at this time of significant change and uncertainty, and this report sets out the timetable and key components for a revised Business Plan to cover the period 2012/13 to 2014/15.

2 General Principles and Assumptions

2.1 The Resource Allocation Working Group (RAWG) agreed that the following principles should underpin the financial strategy:

- (a) That both general and navigation reserves should be maintained at a minimum of 10% of net expenditure, the former to reflect the possibility of further reduction in National Park Grant from 2012/13 onwards.
- (b) That both general and navigation income should be broadly in balance by not later than 2014/15.
- (c) That total employee costs should be maintained at not more than 55% of net expenditure.
- (d) That the Authority will continue to seek reductions in support service costs through efficiency savings.
- (e) That the Authority will continue to make appropriate annual provision for capital expenditure in the following areas:

- essential plant and equipment for the Dockyard Team;

- landowner payments to acquire land for the disposal of dredged material;
- replacement of the fleet of patrol launches; and
- repair and maintenance of the Authority's land and property assets, including the Dockyard site.

2.2 These still appear to be sound and relevant. It should be noted however that Defra has committed to protect the previously notified Grant in Aid payment for 2012/13, although the possibility of further cuts from 2013/14 onwards cannot be ruled out – which accentuates the need to maintain strong reserves.

2.3 RAWG made a number of assumptions in compiling its figures. These are set out below with updated comments.

RAWG Assumption	Comments
National Park Grant income will be in accordance with that notified to the Authority in December 2010.	This still applies, but see comments in paragraph. 2.2 above.
Toll income is calculated on the assumption that boat numbers will remain broadly static over the next three years, as concluded by the Navigation Finance and Tolls Review Group in November 2009.	Toll income has increased by more than the projected amount during 2011/12. This additional income was built into the revised budget agreed by the Authority in January 2012. However unless firm evidence is received to the contrary, it would be prudent to budget on the assumption that boat numbers will remain at the 2011 level for the next three years.
Salary figures are based on the assumption that there will be a continuation of the existing pay freeze in 2011/12, followed by increases of 1%, 2% and 2%.	The approved 2012/13 budget assumes a pay increase of 1%. In view of the recent Government announcement about public sector pay awards, it might also be appropriate to also assume a 1% increase in 2013/14.
No provision has been made in respect of the Authority's Landscape Partnership bid to the Heritage Lottery Fund, nor the potential HLS (Higher Level Stewardship) income towards the management of the How Hill Nature Reserve.	The Landscape Partnership bid was unsuccessful on this occasion, though it may be revisited at a later date. The HLS income has now been confirmed and will be incorporated into the financial strategy.

2.4 The following could also impact on the Authority's medium term financial planning, over and beyond the recently approved 2012/13 budget:

- the potential additional costs should the Authority decide to take over responsibility for the management of the navigation at Breydon Water and the Lower Bure; and
- clarification of Dragonfly House running costs.

3 Key Components

3.1 It is proposed that the Business Plan will include the following key components:

- a financial overview and reiteration of the general financial principles as set out above;
- the budget for 2012/13 (as already approved) and financial projections for 2013/14 – 2014/15 (to be considered in draft form by the Broads Authority in March);
- a programme of capital expenditure/use of ring-fenced reserves (to be considered by the Broads Authority in March);
- priority objectives for 2012/13 (to be confirmed by the Broads Authority in March) and a summary of progress against the 2011/12 priority objectives;
- medium term priority objectives for 2013/14 – 2014/15;
- details of the organisational structure/People Strategy; and
- performance indicator data for 2011/12.

4 Timetable and Summary

4.1 The Business Plan will build on the strong foundation provided by the work of the Resource Allocation Working Group, incorporating any changes which have taken place over the past year. A number of the key components will be considered and approved by the Authority at its meeting on 16 March, and it is therefore proposed to seek to publish the Plan by the end of May 2012, though this may be dependent on the amount of time needed for design and printing.

Background papers: Business Plan 2011/12 – 2014/15

Author: Rob Holman
Date of report: 27 January 2012

Appendices: None