

1. Impact of in-year cuts on our 2010 – 11 Corporate Plan

1.1 Introduction:

- 1.1.1 We have made an assessment of the impact of the £7.4 million pounds of in year cuts required of us by Defra as part of the Governments £6.2 billion (3 per cent) package of savings in 2010/11 of which Defra received £162 million (5.5 per cent). Defra passed on 5 per cent cuts to all Arms Length Bodies. In addition, our in year RDPE budget has been reduced from an indicative £403 million to £390 million which will save Defra £6 million in Exchequer budget.
- 1.1.2 In responding to these cuts we have tried to protect our Corporate Plan targets but inevitably there has been some impact. We have summarised what this impact is in a letter to Defra and we intend to publish a short table of amendments to our published Corporate Plan shortly.

1.2 Impact of in-year cuts

- 1.2.1 The measures we propose to take are not without pain but they are the "least bad" in the circumstances and take account of our wishes so far as possible to protect our programme outcomes.
- 1.2.2 We will have informed our various stakeholders ahead of our board meeting on 28 July when the information will effectively be put into the public domain. We have Defra's agreement to the cuts proposed.
- 1.2.3 You will recall that we have already had to manage a reduction of £3.7 million in our original Grant in Aid settlement for this year which follows on from a series of years in which we have consistently delivered significant efficiency savings amounting cumulatively to 15 per cent in real terms.
- 1.2.4 Our room for manoeuvre in 2010-11 has been further restricted by three additional pressures:
- The Government's decision to increase the rate of VAT to 20% from January 2011 will add £0.7 million to our 2010-11 costs (£2 million in a full year);
 - Last year we agreed a two-year pay deal with Treasury and the Unions, which we intend to honour but we recognise the consequent future implications of a 2 year pay freeze;
 - As agreed with Defra, our Marine budget includes specific £0.8 million over-programming which will need to be managed-out.
- 1.2.5 We have taken account of all of the above factors as well as the need to develop sustainable measures which we can carry forward into the further challenges of Spending Review 2010. We have endeavoured to minimise the impact on programme spend with 3.9 million (53 per cent) reduction on pay and running costs. The impact on partners has been limited to around £0.9 million (12 per cent) with no partner suffering a disproportionate impact.

1.2.6 In summary the overall reduction in budget will be delivered as follows:

Pay and pay-related costs	£2.5 million
Non-pay running costs	£1.4 million
Programme costs	£3.5 million
Total	£7.4 million

1.2.7 Notwithstanding our intention to honour the second and final year of the agreed pay deal, we have cut £2.5 million from the bottom-line of our pay costs with the requirement to tightly manage vacancies, overtime, temporary and fixed term staff. The current recruitment freeze and expenditure controls support this.

1.2.8 We have cut £1.4 million from non-pay running costs covering:

- £0.6 million from our budgets for building the capability of our staff means that we will not be implementing our Corporate Plan commitment to operate a 'talent pool' and coupled with the recruitment freeze we will also not be able to meet our commitment to increase the number of recruits from under-represented groups and will scale back our work experience scheme. We will prioritise our remaining training budget of 1.7m;
- £0.5 million for Geographic Information Systems will put the project on hold;
- £0.3 million from external affairs. We will retain only the core communications functions necessary to provide accessible, impartial information and evidence both internally to support our staff through the coming changes and externally to support delivery by key stakeholders of our highest priority Corporate Plan targets.

1.2.9 A total of £3.5 million has been cut from programme areas. The level of impact on environmental outcomes and on our stakeholders from a national perspective varies, although at local level the affect may be quite noticeable on specific projects:-

- £1.3 million reduction in spend on Biodiversity. Examples include we will reduce new Biodiversity Action Plan habitat created through Wetland Vision by 40 hectares saving £0.1m and defer ten new species recovery projects saving £0.1m. We will also have to scale back on monitoring SSSI condition £0.1m and save £0.3m on Wildlife Enhancement Scheme by greater use of Higher Level Stewardship agreements. All other reductions are less than £0.1m. The cumulative impact on partners is £0.2m. We have worked hard to minimise the impact on our key biodiversity targets in line with Defra's previous steer on priorities and for the current year we believe we can maintain delivery across the range of biodiversity targets in our Corporate Plan.
- £0.8 million relates to funding for the Marine programme. As you know the funding gap relates to the funding risk for the whole of the Defra marine programme for MPAs and MCZs. We have identified over £0.2m of specific monitoring that will not be required this year. We have also identified with the JNCC that they do not require £350k of grant in aid budget for the agreed Marine programme and we expect to find the balance of savings by working with all of the partners and keeping a tight control on expenditure without compromising progress on the Corporate Plan deliverables;
- £0.6 million reduction in Landscape budgets means that we will be able to deliver objectives and updated descriptions for just half the National Character Areas, completing all 159 in 2011-12. As AONB's are a significant proportion of our programme spend we have no alternative but to share a 5% proportionate reduction with each AONB. At this level of cut we expect them to look in the first

instance at reducing their administrative costs and not their landscape delivery objectives. All of this reduction impacts on partners.

- We have already reduced by £1.3 million our access and recreation programme for 2010/11 and as a result of the in year reductions we have taken out a further £0.4 million including a reduction in funding for National Trails which means halting the northern extension to the Pennine Bridleway construction;
- £0.2 million less for our sustainable land use work will reduce the amount we can spend on external support for planning case work and cuts in some Green Infrastructure projects although we believe our published corporate plan commitments can still be met;
- £0.2 million by reducing farm advice by 5%; we are refocusing advice on Environmental Stewardship outcomes - supporting Entry Level Stewardship Training and Information Project with in-house delivery. This has meant a reduction in funding for advisory visits from a planned 28,000 to 21,000.

1.2.10 Wherever possible we have looked to protect our services and sought to make sure any cuts to our individual programmes are commensurate with the overall scale of the in-year cuts that we are having to make and that they are no worse than low-medium impact for both our environmental outcomes and our stakeholders.

Table of changes to 2010 – 11 Corporate Plan wording

Page Number	Target Number	Change to 2010/11 Target or Key target Milestone wording
7/8	1.1.1	Second key target milestone now <i>“Confirm a suite of objectives, review & update the descriptions for half the National Character Areas, providing a new spatial tool for decision makers, completing all 159 in 2011-12”</i>
10/11	1.2.1	First key target milestone now <i>“Create a further 960 ha of new BAP habitat, through major landscape scale habitat restoration projects, including Wetland vision projects, to contribute to 2015 BAP habitat creation targets.”</i>
24	2.3.2	Corporate plan target now <i>“Review the feasibility of developing a series of Champion National Nature Reserves by considering alternative partnership and funding options, and ensure that the National Nature Reserve estate is fully integrated into the people and access infrastructure.”</i> Key target milestone now <i>“Complete essential visitor service standards on 9 further NNRs”</i>
31/32	3.2.2	Third key target milestone now reads <i>“Spend £390 million (indicative) on RDPE agri-environment incentives to secure environmental and social benefits.”</i>
33/34	3.2.3	First key target milestone now <i>“Contract manage the delivery of 21,000 contacts with land managers and farmers under RDPE ELS Training and Information Programme and through in-house advice activities.”</i>
38	4.1.1	Corporate Plan target now <i>“By 2011 identify the key factors that</i>

		<i>will have most influence on the natural environment in the future and the benefits it can provide to future generations.”</i>
47	A1.1	Target and key target milestone removed
47	A1.2	Key target milestone removed.
50	B1.1	Key target milestone on leadership talent pool removed
51	B1.3	First key target milestone now” <i>Put in place work experience activities with up to 10 teams participating by January 2011.”</i>
51	B1.3	Second key target milestone now “ <i>Ensure Natural England meets the requirements set out in the 2010 Equality Act and has in place a Single Equality Scheme by 31st March 2011.”</i>