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JNCC PRIORITIES AND FUNDING FOR 2010/11

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JOINT NATURE CONSERVATION COMMITTEE

JNCC PRIORITIES AND FUNDING FOR 2010/11

Paper by Sue McQueen

1. Introduction

1.1 During the autumn, staff will be developing a draft Business Plan for 2010/11. Defra and the devolved administrations are expected to provide JNCC with formal financial planning figures following the Sponsorship Group's meeting in October. However, Defra has already provided an indication of funding levels as follows:

- 2.5% cut on 2009/10 reserved funding budget (for advice on international nature conservation and work in the marine environment beyond territorial waters). This will be the first reduction in cash terms in this funding stream since it was established in 2006/07.
- 2.5% cut on 2009/10 UK co-ordination funding budget (for work that is relevant to all parts of the UK). This cut continues a trend and represents a 7% cut in cash terms, or 15% in real terms since 2006/07.
- Funding for new work on Marine Protected Areas and marine surveillance is under discussion (this was provided as additional income for 2009/10 but shown as grant in aid in the Business Plan). This was a significant sum in 2009/10 (nearly £1.5m).

1.2 This paper sets out the funding issues that will need to be taken into account in the Business Plan and proposes how the work programme might be adjusted accordingly.

1.3 Committee input will be sought inter-sessionally if there are any significant changes to the anticipated funding levels or priorities set out in this paper. Otherwise staff will develop a draft Plan for discussion at the December Committee meeting on the basis agreed by Committee at the current meeting.

2. Funding for 2010/11: some key issues

2.1 Short-term flexibility

2.1.1 55% of JNCC's 2009/10 grant in aid budget is allocated to salary expenditure, reflecting the fact that the organisation is heavily dependent on the skills and experience of scientific and other specialist staff. Of the remaining 45%, a significant proportion is committed to long-term biodiversity surveillance contracts, other multi-year service contracts, office rent and rates, and other unavoidable running costs and back-office expenditure.

- 2.1.2 There is therefore relatively little short-term flexibility within JNCC's budgets and substantial restrictions on which areas of work can be reduced in the short-term.
- 2.1.3 Going forward, opportunities will be taken as they arise to provide greater flexibility within budgets to allow JNCC to respond effectively to changing circumstances.

2.2 Efficiency savings and corporate services

- 2.2.1 JNCC has been reviewing service provision and making efficiency savings as standard business practice over past years. Since 2006/07, governance and support services costs have increased by only 2.3%. This compares with an increase in grant in aid of 31% to fund new marine programmes which have increased demand on these services. This modest increase also covers a period during which demands for higher standards for corporate governance and public accountability, data security, environmental management, health and safety etc. have been met. There are no easy gains left to make. There is potential for making further efficiency savings (e.g. through better information management practices), but this would require substantial initial investment (which we have no funds for) and would not necessarily release cash savings.
- 2.2.2 Some further increases in corporate services expenditure are unavoidable in 2010/11 (notably costs associated with the move to new office accommodation in Aberdeen). Despite this, it is believed efficiency savings of £50k net can be achieved during the year, primarily by reducing travel and streamlining administration.
- 2.2.3 Additionally, the reduction in UK coordination funding will require a reduction in the standard of corporate service provision in some respects, namely scaling down the IT capital replacement programme and publication production standards.

2.3 Salaries

- 2.3.1 For the past three years, average annual salary increases for staff in post have been between 3.6% and 4.0%. Most of the increase has been attributable to incremental progression within the pay scales for each grade to the 'rate for the job'.
- 2.3.2 Annual increases of this magnitude are deemed to be unaffordable in the medium- to long-term, and a comprehensive overhaul of JNCC's pay structure is being undertaken to substantially reduce the costs associated with incremental progression. The intention is to negotiate a two-year pay settlement, effective from August 2009. The aim is for ongoing annual salary increases to be in the region of 2.0-2.5%. However, because of the costs associated with pay restructuring, the average salary increases for staff in post during the first year of the settlement is likely to be nearer 3.0%.

2.3.3 This increase is being absorbed within JNCC's financial settlement by reducing overall staff numbers, which will inevitably have an effect on output. We are already taking pre-redundancy measures to achieve a reduction in staff complement, and this will continue in 2010/11.

3. Priorities for 2010/11

3.1 Demand for advice and other services remains high, and exceeds what we are able to deliver with the resources available. Proposed priorities for maintained investment and areas for reduction are therefore set out below. Priorities for 2010/11 are based on JNCC's new strategy.

International nature conservation (reserved funding (mainly global) and UK co-ordination (European))

3.2 International nature conservation will remain an important facet of JNCC's work. UK Government is committed to making an appropriate contribution towards the global and EU targets to reduce significantly/halt the rate of biodiversity loss by 2010, delivered through multilateral environmental agreements such as the Convention on Biological Diversity, and EU policy and legislation. As the deadline for these targets approaches, attention is increasingly being directed to post-2010 initiatives.

3.3 JNCC will continue to focus on acting as a link between international agreements and domestic implementation, providing scientific and technical support to Government in its interactions with European and global decision-making bodies, and providing intelligence and analysis to underpin the development and implementation of devolved policy.

3.4 During 2010/11 there will be growing demand for advice on international issues, including a need to support implementation of the new UK Government strategy for the conservation and sustainable use of biodiversity in the Overseas Territories. We will seek to redirect some of the reserved funding freed up from marine SAC survey (see 3.7) to this work.

3.5 Additionally, despite the value placed by both JNCC and the country conservation bodies on provision of European intelligence and advice the reduction in UK co-ordination funding leaves little option but to reduce this to some extent.

Marine nature conservation (reserved funding and Defra income (offshore) and UK co-ordination funding (European, common standards, inshore data and information, etc))

3.6 Defra and devolved administrations are devoting more resources to marine work to meet commitments under the OSPAR Convention, the EU Marine Strategy Framework Directive, the Habitats and Birds Directives, and new domestic marine legislation. This has significantly increased the support JNCC is providing to this work.

3.7 During 2010/11 there will be a significant reduction in offshore survey requirements to identify SACs and Charting Progress 2 will have concluded, freeing up approximately £600k reserved funding.

- 3.8 However, there will be increased demands for:
- Implementation of marine surveillance programmes (working figure of approximately over £1 million);
 - Advice to Defra and the Scottish Government leading to designation of Marine Conservation Zones/ Marine Protected Areas (working figure of £500k but requires development).
- 3.9 Whilst the resources freed up from the declining areas of work can be used to offset these costs to some extent, a substantial increase in resources from Defra (and possibly Scottish Government depending on the funding strategy put in place for devolved Scottish offshore work) will be required to enable JNCC to support these priorities.
- 3.10 Despite the increased demands for marine nature conservation support, a reduction to marine habitat mapping work would be necessary with a 2.5% cut in UK co-ordination funding. This will have implications for marine spatial planning, assessments of habitat quality and impact from human activities, and support to Marine Protected Areas.

Data and evidence (UK co-ordination funding)

- 3.11 JNCC will continue to play a key role in collating and disseminating evidence to support environmental decision-taking and policy development within the UK. This includes reporting responsibilities, production of policy-relevant evidence, facilitating sharing of biodiversity data, and long-term monitoring programmes. This work takes up a large proportion of JNCC's UK co-ordination budget, much of which is subject to non-variable long-term contracts.
- 3.12 It is proposed to adjust the work programme to meet changing priorities and to use opportunities within contracts to achieve a modest reduction in costs.

UK standards and co-ordination (UK co-ordination funding)

- 3.13 JNCC's new strategy anticipates a diminishing need for UK conservation standards and co-ordination (except on matters relating to the UK as an EU Member State and reserved matters) and little requirement for UK policy advice. However, as illustrated by Committee discussions in June and paper JNCC 09 D07 to this meeting, demand for these services has not declined in practice to a significant extent.
- 3.14 Despite this, the expected reduction in the UK co-ordination funding stream will require resources allocated to this area of work to be substantially reduced.
- 3.15 It is proposed that publication of the Geological Conservation Review series, in hard copy and electronic format, will be stopped. This will leave information on nationally important geological sites, used for decisions on management and protection, incomplete.

- 3.16 The work programme for UK nature conservation standards will be established taking into account the priorities agreed by Committee under paper JNCC 09 D07.
- 3.17 Additionally, a significant proportion of cash resource allocated to this work (55%) is paid over to the country conservation bodies for the staff who support inter-agency Lead Co-ordination Networks. Some of the work undertaken by these networks is primarily of relevance at a country level, rather than a UK or international level, and therefore not in accordance with JNCC's strategy or remit. Staff in JNCC and the UK conservation bodies have been working together to establish a future model for determining priorities and funding for inter-agency work which should reduce JNCC's spend in this area as it will only pay for work to match JNCC priorities.
- 3.18 However, to move to this model in 2010/11 would reduce income for UK conservation bodies at a time when they are also facing budget cuts. Whilst JNCC has little choice but to reduce expenditure in this area because of the funding settlement, further discussion is needed with the UK conservation bodies to determine the scale of this reduction and the timescale over which it will be implemented to reduce the impact on both sides.