

**MG - 0899 SAVINGS ACTION PLAN AND REVIEW OF SITES****For Discussion****Background**

The National Park Authority set a challenging savings action plan as part of its 2006/07 to 2008/09 medium term financial plan. This Plan required the achievement of £628,000 of savings over a two year period to rebalance the Authority's budget and to provide headroom of £100,000 ongoing resources for the new staff structure.

**Financial implications**

This report has no direct financial implications as it is for discussion and information. The financial implications are within the preceding Management Group report – ref MG-0898.

**Progress to date - Overview**

In overall terms the Savings Action Plan is making progress which suggests it is on target to make the required savings. The corporate monitoring report for the period ending the 31<sup>st</sup> January 2007 shows over 80% of the savings required have been realised. In 2006/07, the first year of the savings plan, £264,000 of savings have been realised by the end of January 2007 against the annual target of £249,000.

In setting a two-year plan the aim was to provide sufficient time for officers to address the difficult to realise savings. Often organisations can focus on taking the easiest to achieve savings; however these are not necessarily from lower priority areas of work. Therefore the delivery of the Authority's savings plan is seen as a key mechanism for implementing the 2006 prioritisation process.

Whilst excellent progress has been made in many areas, a number of difficulties have been encountered. These are generally in areas that were anticipated and in order to address this issue the Strategic Management Team were allocated key roles to oversee the achievement savings in the areas of:

1. Reducing the net costs of the guided walks and events programme;
2. Reducing operating costs at the Visitor Centres;
3. Maximising financial returns on balances through improved cashflow management and market testing banking services;
4. Achieving savings from Corporate Governance as part of the full review of corporate governance; and
5. Rationalising the estates portfolio including maximising income from sites such as car parks.

The above five areas for realising difficult to achieve savings are critical to the stability of the Authority's ongoing budget plan as their combined savings amount to £108,000pa

**Progress in Detail**

**1. Events** – The savings are on target to be fully realised. In 2006/07 £23,000 of savings have been realised and the Strategic Management Team have proposed a

framework for embedding these savings and achieving the remaining £2,000 of total £25,000 ongoing savings in 2007/08 (see MG-0900) on this agenda.

**2. Visitor Centres** – The first year's target was modest at £5,000 and it is likely that this will be over-achieved with £7,000 being realised in ongoing savings. The ongoing savings target of £30,000 in 2007/08 is more challenging as the remaining £23,000 of savings requires a radical rethink of key elements of the visitor centres. The Director of Area Operations has requested an extension period to enable effective solutions to be developed for implementation from September 2007. It is proposed this is financed by a one-off reduction of £15,000 from the planned visitor centre refurbishment budget.

**3. Financial Management** – Savings on banking costs from market testing have been fully realised but these are modest. The main source of the ongoing £20,000 savings is from improved cashflow management. In 2006/07 a number of government grants were received much later than expected. An under-recovery of £10,000 is predicted. The recent rises in interest rates plus an adjusted cashflow model should ensure that the £20,000 of ongoing savings is realised in 2007/08.

**4. Corporate Governance** – The full £8,000 of ongoing savings can only be achieved as part of the corporate governance review and this is on target to be reported to the Authority meeting in March 2007. To aid this process, expert advice has been sought on improved business processes to support the planned new governance structure. In 2006/07 the decision to reduce Member attendance at conferences has saved £3,000 of the £8,000 ongoing savings target.

**5. Sites** – The modest target of £5,000 of savings in 2006/07 is unlikely to be fully realised due to a poor end to the visitor season. This reversed the earlier gains from additional car park income. In addition, savings from other sites are taking longer to realise. A number of the steps to achieve the £30,000 of ongoing savings are locally sensitive and require a political steer from the Management Group.

#### **Suggested Next Steps for Sites Savings**

Areas identified for investigation in order to realise the £30,000 of ongoing savings were:

- Reviewing car parking charges and introducing them at additional sites;
- Removing the historical contribution to the National Trust's toilets at Housesteads;
- Reducing contract costs associated with grounds maintenance, toilet cleaning along Hadrian's Wall and provision of sanitary units; and
- Undertaking a high level option analysis of each site to make savings from those sites which are least effective at delivering the Authority's priorities.

#### **Progress to Date - £17,000 of Planned Savings for 2007/08**

It is still anticipated that £5,000pa of additional income can be raised from the existing Hadrian's Wall car parks by extending the higher-level main visitor season charges from 1<sup>st</sup> April (or Easter) to 31<sup>st</sup> October (or end of Autumn school holidays).

Negotiations have been concluded with the National Trust regarding the contributions towards the maintenance of their public toilets at Housesteads. Officers have

confirmed that the Authority's contribution will be deemed to be included within the 12.5% of the car park income which is provided to the National Trust. This will come into effect from 1<sup>st</sup> April 2007 and will save £4,000pa.

The National Park Authority's decision in November 2006 to end the practice of cleaning Elsdon Parish Council's public toilets will save about £2,000pa starting in 2007/08.

Officers are currently negotiating a transfer of the operation of Barrowburn Camping Barn to a local farmer. This will reduce ongoing costs to the Authority of £2,000pa; ensure that the site continues to provide a visitor / educational facility; and enable a farm business to diversify.

It is anticipated that a further £4,000 can be saved by re-tendering the contracts associated with grounds maintenance, toilet cleaning along Hadrian's Wall and provision of sanitary bins. This would involve reducing the specifications in terms of the current service provided and omitting some areas from the grounds maintenance contract altogether eg A68 laybys.

### **Suggestions to Meet the Remaining Shortfall - £13,000pa**

Our staff and property advisors have developed a framework to ensure that further savings are made from sites which are the least cost effective at delivering the Authority's priorities. The framework looked at several dimensions:

- The financial ongoing cost of each site;
- The capital value of each site; and
- The value of the sites towards delivery the Authority's work.

In order to ensure that this is not a finance dominated decision making processes the potential of all the Authority's sites was ranked by natural and cultural environment specialists and local area operations managers. The Strategic Management Team assessed the framework in detail in January and February and is confident this framework provides an objective and rounded view of the sites in terms of their relative contribution to delivering the Authority's stated priorities. This objective exercise produced the following proposed actions for low priority sites.

#### **1. Review of maintenace arrangements – potential savings up to £1,000pa**

The Authority finances ongoing grass cutting and other minor maintenance works at four lay-bys which form part of the highway – Billsmoor Foot, Greystead, Buckhams Bridge and Thirlwall View. Being part of the highway the maintenance is the legal responsibility of the highway authority. The Management Group is asked to support the proposal for the transfer of maintenance of these sites to the statutory authority. The Management Group are also asked to consider the transfer of the little used car parks at Ridley Stokoe and Ridge End. Should the highway authority not be willing to accept the transfers a member steer on potential closure is sought.

#### **2. New Car Parking Charges – potential saving £5,000pa**

Two sites have been identified for the introduction of new car parking charges – Brocolitia along Hadrian's Wall and Alwinton village car park.

It is estimated Brocolitia car park could deliver up to £3,000pa of net income. However, this site has no mains electricity and is a notable distance from the

other Hadrian's Wall car parks which might necessitate a different collection practice. The Hadrian's Wall car parks are used to manage visitor traffic and as such it is proposed car parking at Brocolitia would be charged at the same rate as Walltown and Cawfields.

Alwinton car park and toilet block provide a valuable tourist facility for Upper Coquetdale but its maintenance is costly and no income is received. Members will be aware that the provision of public toilets is a parish and district council statutory responsibility. It is suggested that officers enter into discussions with the parish and district council to evaluate the options of sharing costs and any potential income with a view to reducing the net cost to the Authority by £2,000pa.

### **3. Relinquishing Sites – potential saving £8,000pa**

The two highest cost low priority sites are the toilet blocks Middleton Hall (outside the national park between the Cheviots and Wooler) and Bulby's Wood (in the Ingram Valley near the national park visitor centre).

Middleton Hall toilet block and car park were developed over 25 years ago to meet local problems of roadside visitor car parking. Since then visitor patterns of behaviour have changed and now that the impacts open access are known it is suggested that the facilities at Middleton Hall no longer provide for a priority need. The local landowner has been approached and is content for the facility to be withdrawn. The Management Group are asked to endorse the closure of this site and a negotiated disposal of the asset. This would save the Authority £3,000pa and could provide a modest capital receipt.

Bulby's Wood toilet block is a high maintenance, low quality facility due to the absence of mains electricity and an unreliable source of water. In 2006 it was closed for three weeks during the busy summer months due to problems with the water supply. Visitors to Ingram Valley have the option of the public toilets at the nearby Visitor Centre which catered for the needs of most people when Bulby's Wood toilets had to be closed in 2006.

With a small building modification the visitor centre toilets could be made available at times when the centre is closed. It is likely that permanent closure of Bulby's Wood toilets could be sensitive to local opinion. The Management Group is asked to consider this as an option for closure as it would produce annual savings of £5,000pa and eliminate the need for substantial capital investment in the facilities.

### **Summary of Overall Progress**

Overall very good progress on the Savings Action Plan is being made and this provides a solid platform on which to build the next financial plan. Savings have been made and are identified in the lower priority areas of work. This is therefore releasing resources to enable the Authority to develop its higher priority areas. Those areas where difficulties need to be overcome are as predicted. A number of these savings now require Member input as they have local political considerations.

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**Background Papers:** None