



**EXMOOR**  
**NATIONAL PARK**

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23 February 2023

**EXMOOR NATIONAL PARK AUTHORITY**

**To: All Members of the Exmoor National Park Authority**

A meeting of the Exmoor National Park Authority will be held in the **Committee Room, Exmoor House, Dulverton** on **Tuesday, 7 March 2023 at 10.00am.**

The meeting will be open to the press and public subject to the passing of any resolution under s.100(A)(4) of the Local Government Act 1972.

There is Public Speaking at this meeting, when the Chairperson will allow members of the public two minutes each to ask questions, make statements, or present a petition relating to any item relevant to the business of the Authority or relating to any item on the Agenda. Anyone wishing to ask questions should notify the Corporate Support Officer as soon as possible, or at the latest by 4pm on the working day before the meeting of the agenda item on which they wish to speak, indicating a brief summary of the matter or matters to be raised (contact Judy Coles on 01398 322250 or email [jcoles@exmoor-nationalpark.gov.uk](mailto:jcoles@exmoor-nationalpark.gov.uk)).

The meeting will be **recorded**. By entering the Authority's Committee Room and speaking during Public Speaking you are consenting to being recorded. We will make the recording available via our website for members of the public to listen to and/or view, within 72 hours of the meeting taking place.

Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings at this meeting. Anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairperson so that those present may be made aware.

(The agenda and papers for this meeting can be downloaded from the National Park Authority's website [www.exmoor-nationalpark.gov.uk](http://www.exmoor-nationalpark.gov.uk)).

Sarah Bryan  
Chief Executive

## **A G E N D A**

The meeting will be chaired by Mr R Milton, Chairperson of the Authority.

### **1. Apologies for Absence**

### **2. Declarations of Interest/Lobbying of Members/Unaccompanied Site Visits**

Members are asked to declare:-

- (1) any interests they may have in relation to items on the agenda for this meeting;
- (2) any lobbying by anyone concerned with a planning application and any unaccompanied site visits where contact has been made with any person concerned with a planning application.

(NB. When verbally making these declarations, members are also asked to complete the Disclosures at Meetings form – attached for members only).

### **3. Chairperson's Announcements**

- 4. Minutes**
  - (1) To approve as a correct record the Minutes of the meetings of the Authority held on 7 February 2022 (Item 4)
  - (2) To consider any Matters Arising from those Minutes.

- 5. Public Speaking:** The Chairperson will allow members of the public to ask questions, make statements, or present a petition. Questions of a general nature relevant to the business of the Authority can be asked under this agenda item. Any questions specific to an agenda item can be posed when that item is considered subject to the discretion of the person presiding at the meeting.

### **6. Final Accounts Committee and Auditors Annual Report (Review of Value for Money) 2021/22:**

- To receive and note the draft minutes of the Final Accounts Committee meeting held on 1 December 2022 (Item 6a)
- To receive and note the Auditor's Annual Report (Review of Value for Money) for the year ended 31 March 2022 (Item 6b)

- 7. Medium Term Financial Plan 2023/24 to 2027/28 and Budget 2023/24:** To consider the report of the Chief Finance Officer (Item 7)

- 8. Treasury Management Strategy Statement 2023-24:** To consider the report of the Chief Finance Officer (Item 8)

- 9. Scheme of Members' Allowances 2023/24:** To consider the report of the Head of Finance and Operations (Item 9)

### **9. Any Other Business of Urgency**

Further information on any of the reports can be obtained by contacting the National Park Authority at the address and telephone numbers at the top of the agenda. Details of the decisions taken at this meeting will be set out in the formal Minutes which the Committee will be asked to approve as a correct record at its next meeting. In the meantime, details of the decisions can be obtained from Judy Coles, Corporate Support Officer, at Exmoor House.

## ITEM 4

### EXMOOR NATIONAL PARK AUTHORITY

**MINUTES** of the Meeting of the Exmoor National Park Authority held on Tuesday, 7 February 2023 at 10.00am in the Committee Room, Exmoor House, Dulverton.

#### PRESENT

Mr R Milton (Chairperson)  
Miss A V Davis (Deputy Chairperson)  
Mr S J Pugsley (Deputy Chairperson Planning)

Mrs L Blanchard	Mr A Milne
Mr M Ellicott	Mrs F Nicholson
Mr D Elson	Mrs F Smith
Mr S Griffiths	Miss E Stacey
Mr J Holtom	Mr N Thwaites
Dr M Kelly	Dr S Warren
Mrs C Lawrence	Mr J Yabsley
Mr E Ley	

Apologies for absence were received from Mr M Kravis, Mr J Patrinos, Mrs P Webber and Mr V White

#### 105. DECLARATIONS OF INTEREST:

- In relation to Item 6 – Asset Disposal, the following interests were declared:
  - Mrs F Nicholson and Mr S J Pugsley each declared a personal interest in their role as Governors for the Moorland Federation of Schools
  - Mr M Ellicott declared a personal interest as a member of Exford Parish Council.

#### 106. CHAIRPERSON'S ANNOUNCEMENTS:

- The meeting was informed that the Farming in Protected Landscapes (FiPL) scheme had been extended to March 2025, although detailed information from Defra was still awaited.

#### 107. MINUTES

- Confirmation:** The **Minutes** of the Authority's meeting held on 6 December 2022 were agreed and signed as a correct record.
- Matters arising:** There were no matters arising

**108. PUBLIC SPEAKING:** See Minutes 117 and 120 for details of public speakers

#### 109. ASSET DISPOSAL

The Authority considered the **report** of the Rural Surveyor

##### The Authority's Consideration

Whilst Members were fully aware of the financial constraints the Authority was currently operating under, they were saddened by the prospect of having to dispose of some of the Estate assets.

Nevertheless, the Committee were supportive overall of the proposal to progress disposal of the assets identified within the report, however concerns were raised in relation to Weir Cleeve and the School playing field at Exford. In respect of Weir Cleeve, it was recognised that “best value” was unlikely to be measured in terms of monetary value in that particular location.

Members therefore considered it important to highlight that whilst Page 1 of the report stated that “The Authority will be seeking best market value in all circumstances” this should ideally have been amended to read “The Authority will be seeking best market value wherever practicable”.

In respect of the school playing field at Exford, the Committee were conscious that not only did this asset adjoin the Field Services Depot, but it also had great value to the local community. Members were therefore keen to ensure that a detailed consultation took place to explore options for this asset and indicated that they would prefer to have further input in the decision-making process.

During the course of the debate, it was suggested that a number of fundamental principles should guide the disposal process:

- Inclusion of a standard ‘clawback’ clause in the sale document in the event of future development of the asset
- Ensure the continued protection of any rights of way or public access if applicable to the asset
- Take into account not just the initial disposal but the potential for successive disposals and ensure the right legal position is in place to safeguard the asset
- Acknowledge that whilst the asset may form an isolated part of ENPA’s holding, it may be a sensitive and locally important location to the community
- If there was an established community use, ensure early dialogue with the user to explore options for their continued use of the site

Members queried whether it was intended to bring detailed proposals back before the Authority for decision once we were closer to selling each individual asset. The Chief Executive confirmed that, due to the compelling need to bring in capital receipts, her preference would be to proceed swiftly with disposal in cases where a positive public consultation had taken place, the District Valuer had provided a valuation which was acceptable to a potential buyer, and Officers had consulted with the Authority’s Chairperson and Deputy Chairpersons.

In cases where there were particular sensitivities to be considered, it was confirmed the Chief Executive and Rural Surveyor would consult with the Authority’s Chairperson and Deputy Chairpersons to agree whether details of the disposal should be brought before the Committee for a formal decision.

**RESOLVED:**

- (1) To approve the body of work detailed in the report to enable rationalization of the Authority’s Estate and ease fiscal pressures.
- (2) In cases where there were particular sensitivities to be considered, it was confirmed the Chief Executive and Rural Surveyor would consult with the Authority’s Chairperson and Deputy Chairpersons to agree whether details of the disposal should be brought before the Committee for a formal decision.

**110. EXMOOR CONSULTATIVE AND PARISH FORUM:** The Authority received and noted the [meeting notes](#) from the Exmoor Consultative & Parish Forum meeting held on 17 November 2022.

**111. PERSONNEL UPDATE:** The Authority noted the recent staff changes as set out on the agenda.

Mrs Blanchard wished to record her particular thanks to Catherine Dove, Conservation Advisor (Historic Environment) for all her efforts on behalf of the Authority in relation to Conservation and hoped that, despite financial constraints, this important work would continue in the future.

**112. ANY OTHER BUSINESS OF URGENCY:** There was none

The meeting closed for recess at 11.10 am

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**Items relating to the Authority's role as sole local planning authority for the National Park area including determination of planning applications. This section of the meeting was chaired by Mr S J Pugsley, Deputy Chairperson (Planning)**

The meeting reconvened at 1.00 pm

## **APPEALS**

**113.** The Committee noted the [decision](#) of the Secretary of State for Levelling Up, Housing and Communities in relation to the Appeal against a listed building enforcement notice – Beach Cottage, Porlock Weir, TA24 8PE

**114.** To note the [decision](#) of the Secretary of State for Levelling Up, Housing and Communities to allow the Appeal and quash the enforcement notice - Cliffe House, 7 Tors Park, Lynton, Devon, EX35 6NB

**115.** To note the [decision](#) of the Secretary of State for Levelling Up, Housing and Communities to dismiss the Appeal, uphold the corrected enforcement notice and refuse planning permission – Culbone Stables Inn, Porlock, Minehead, Somerset, TA24 8JW

**116.** To note the [decision](#) of the Secretary of State for Levelling Up, Housing and Communities to dismiss the Appeal against the refusal of planning permission for a wooden garden summer house in accordance with Application 62/41/21/034 – Garson House Care Home, No 7 Lee Road, Lynton, Devon, EX35 6HU

Mr Thwaites left the meeting

## **DEVELOPMENT MANAGEMENT**

**117. Application No: 6/25/22/104**

**Location: Cloud Farm Camping, Oare, Lynton, EX35 6NU**

**Proposal: Proposed extension to the existing campsite to include 6 new electric hook-up pitches and 6 new camping pods**

The Authority considered the [report](#) of the Head of Planning and Sustainable Development.

**Public Speaking:**

- 1) Mr T Burge, Neighbour
- 2) Mr J Payne, Chair Oare and Culbone Parish Meeting – *statement read out*
- 3) Ms A Marsden, National Trust, Applicant

**The Authority's Consideration**

Prior to delivering his presentation, the Case Officer advised the meeting that since publication of the Committee Report, further consideration had been given to improving the clarity of the Planning Conditions originally drafted. Should Members be minded to grant planning permission, Officers now proposed that the following amendments should be made:-

- **Condition 3** amended to read: “The proposed electric hook-up pitches hereby approved shall be used for tented camping only.”
- **Condition 4** amended to read: “The proposed electric hook-up pitches hereby approved shall only be used between the months of April and October (inclusive).”
- An additional **Condition 11** to be added to read: “Notwithstanding the provisions of the Town & Country Planning (General Permitted Development) Order 2015 (or any order revoking and re-enacting those Orders with or without modification), no external lighting shall be installed in association with the proposed development hereby approved unless details have first been submitted to and approved in writing by the Local Planning Authority. The details shall include a lighting design scheme to demonstrate how potential illumination of surrounding habitats would be mitigated. The external lighting shall thereafter be installed and operated fully in accordance with the approved scheme.
- An additional **Informative** to be added to read: “Further signage warning users of the access track of the danger flood waters pose and appropriate emergency access routes is advised to ensure that occupants of the site are not at risk of harm during a flood event.”

The Authority noted that the application for the proposed extension to the existing campsite at Cloud Farm had been amended and reduced in scale to address concerns raised during the public consultation period.

On the basis that the amended scheme was now acceptable to statutory consultees such as the Highways Authority and Environment Agency, as well as to the Authority's Wildlife Conservation Officer and Future Landscapes Officer, Members resolved to grant planning permission.

However, the Committee requested that an additional condition be included to seek removal of the camping pods should they not be used for a 12-month period and also requested that Condition 10 be amended to ensure that all planting should take place in the next available planting season.

**RESOLVED:** To grant planning permission, subject to the following conditions:

- (1) The development to which this permission relates must be begun not later than the expiration of three years beginning with the date on which this permission is granted.

**Reason:** To comply with Section 91 of the Town and Country Planning Act 1990 as amended by Section 51 of the Planning and Compulsory Purchase Act 2004.

- (2) The development hereby approved shall be carried out strictly in accordance with the approved plans stamped by the Local Planning Authority as:
- Location Plan (Reference CFC -002 Revision B) (ENPA stamped 27th October 2022, File No.8)
  - Site Plan (Reference CFC -001 Revision D) (ENPA stamped 27th October 2022, File No.9)
  - Proposed Pitch and Pod Locations (Reference CFC -003 Revision C) (ENPA stamped 27th October 2022, File No.10)
  - Proposed Pod Plans, Section and Model View (Reference POD – 02D 001 Revision B) (ENPA stamped 23rd March 2022, File No.7)
  - Proposed Pod Elevations (Reference POD – 02D 002 Revision B) (ENPA stamped 23rd March 2022, File No.6)
  - Proposed Pod Ground Layout (Reference CFC -101) (ENPA stamped 23rd March 2022, File No.5)
  - Planning Statement
  - Landscape Plan (Reference 2218-01 Revision A) (ENPA stamped 27th October 2022, File No.11)
  - Preliminary Ecological Appraisal (September 2022) – (Report Reference: SET\_387.01) (ENPA stamped 27th October 2022)
  - Habitat Regulations Assessment (HRA) – Stage 1 Screening Assessment (Report Reference: SET\_387.02) (ENPA stamped 27th October 2022)
  - Flood Risk Assessment (Prepared by: Awcock Ward Partnership (AWP)) (ENPA stamped 27th October 2022)
  - Flood Risk Emergency Plan (Prepared by: Awcock Ward Partnership (AWP)) (ENPA stamped 27th October 2022)
  - Highways and Access Technical Note (Prepared by: Awcock Ward Partnership (AWP)) (ENPA stamped 27th October 2022)
- Reason: To ensure a satisfactory standard of development in the interests of amenity.
- (3) The proposed electric hook-up pitches hereby approved shall used for tented camping only.
- Reason:** To ensure a suitable level of activity is undertaken on site and protect the local environment.
- (4) The proposed electric hook-up pitches hereby approved shall be used only between the months of April and October (inclusive).
- Reason:** To protect the local environment and allow the site to recover from any intensive camping use through the holiday season.
- (5) The proposed camping pitches and camping pods hereby approved shall only be used in association with the camping facilities at Cloud Farm and shall not be used for any other purposes.
- Reason:** To ensure that the development is used for the purpose that has been applied for, in the interests of protecting the landscape, neighbouring amenity and highway safety.

- (6) The parking spaces shall continue to be provided in accordance with the Proposed Landscape Plan (Reference 2218-01 Revision A) (ENPA stamped 27th October 2022, File No.11). These spaces and access shall be properly consolidated and surfaced and shall thereafter be kept clear of obstruction at all times and not used other than for the parking of vehicles or for the purpose of access.

**Reason:** To ensure safe and suitable off-street parking space is provided, in accordance with Policy AC-D3 of the Development Plan.

- (7) The development hereby permitted shall not be used or occupied other than for the provision of short let holiday accommodation and shall not at any time be used, let, sold or otherwise occupied as a separate unit of accommodation. No person, couple, family or group shall occupy or use the accommodation hereby permitted for a single period or cumulative periods exceeding 28 days in any calendar year.

**Reason:** To ensure that the development is only used and occupied as short let holiday accommodation and to prevent the creation of an unjustified separate dwelling in the Exmoor National Park, in accordance with Policy RT-D9 of the Development Plan.

- (8) The owner/operator of the holiday accommodation hereby approved shall maintain an up-to-date register of the names and main home addresses of all occupiers and shall make this register available to the Authority for inspection upon request.

**Reason:** To ensure that the development is only used and occupied as short let holiday accommodation and to prevent the creation of an unjustified separate dwelling in the Exmoor National Park, in accordance with Policy RT-D9 of the Development Plan.

- (9) The development hereby approved shall be carried out in accordance with the Preliminary Ecological Appraisal, Seasons Ecology (reference: SET\_387.01, January 2022) and its recommendations made in section 7.

**Reason:** To enhance wildlife and habitats on site.

- (10) The development hereby approved shall be carried out in accordance with the approved planting and maintenance as set out within the associated Landscape Plan (Reference 2218-01 Revision A) (ENPA stamped 27th October 2022, File No.11). The landscaping scheme hereby approved shall be implemented within the first available planting season following the decision date.

**Reason:** To improve the visual amenity of the surrounding area and enhance wildlife and habitats on site.

- (11) Notwithstanding the provisions of the Town & Country Planning (General Permitted Development) Order 2015 (or any order revoking and re-enacting those Orders with or without modification), no external lighting shall be installed in association with the proposed development hereby approved unless details have first been submitted to and approved in writing by the Local Planning Authority. The details shall include a lighting design scheme to demonstrate how potential illumination of surrounding habitats would be mitigated. The external lighting shall thereafter be installed and operated fully in accordance with the approved scheme.



**Reason:** In the interests of visual amenity, the conservation of protected species and habitats and to protect Exmoor's dark night sky.

(12) If the camping pods hereby permitted are not used for a period of 12 months, they shall be removed from the land, with the site restored to match that of the adjacent existing retained grass or wildflower rich margins.

**Reason:** To improve the visual amenity of the surrounding area and enhance wildlife and habitats on site

**118. Application No: 62/41/22/035**

**Location: Hillside House, 22 Watersmeet Road, Lynmouth, EX35 6EP**

**Proposal: Proposed change of use of commercial bed and breakfast to domestic dwellinghouse, Retrospective**

The Authority considered the [report](#) of the Head of Planning and Sustainable Development.

**RESOLVED:** To grant planning permission subject to the conditions set out in the report.

**119. Application No: 6/14/22/108**

**Location: Pinkery Centre for Outdoor Learning, Simonsbath, Minehead, TA24 7LL**

**Proposal: Application under Regulation 3 of The Town & Country Planning General Regulations 1992 for proposed installation of Flue for Biomass Boiler**

The Authority considered the [report](#) of the Head of Planning and Sustainable Development.

**RESOLVED:** To grant planning permission subject to the conditions set out in the report.

**120. Application No: 6/14/22/107**

**Location: Ashcombe Gardens and Plantation, Simonsbath TA24 7SH**

**Proposal: Application under Regulation 3 of The Town & Country Planning General Regulations 1992 for the proposed construction of 2 no. footbridges**

The Authority considered the [report](#) of the Head of Planning and Sustainable Development.

**Public Speaking:**

- 1) Mr R Wilson-North, Applicant

**The Authority's Consideration**

Members were reminded that they had voted to defer determination of this Application at the December 2022 Authority Meeting, to enable outstanding ecology matters to be addressed.

The Case Officer confirmed that an Ecological Impact Assessment (EclA) had now been produced which set out a series of mitigation measures in relation to the proposed development. A Planning Condition had been drafted to address the recommendations set out in the EclA, however due to a system error this had failed to transfer through to the Committee Report before Members.

The Authority Committee accepted the need for all four Planning Conditions proposed by Officers and resolved to grant planning permission on that basis.

**RESOLVED:** To grant planning permission subject to the following conditions:

- (1) The works hereby consented to shall be begun before the expiration of three years from the date of this consent.

**Reason:** To comply with Section 18(1) of the Planning (Listed Buildings and Conservation Areas) Act 1990.

- (2) The works hereby approved shall be carried out strictly in accordance with drawings numbered 2627/100, 2627/200, 2627/201 & 2627/202 date stamped by the Local Planning Authority on 07 November 2022.

**Reason:** For the avoidance of doubt and to ensure the development accords with the approved plans.

- (3) No lighting shall be permitted during the construction period and for the duration of the development unless otherwise authorised in writing by the local planning authority.

**Reason:** In the interests of the strict protection of European protected species and the character and appearance of the National Park landscape, including its dark night sky in accordance with policies GP1, CE-S1, CE-D1, CE-S6, CE-S2 and CE-S4 of the Exmoor National Park Local Plan 2011-2031.

- (4) The proposed development shall be carried out entirely in accordance with recommendations set out within the submitted Ecological Impact Assessment issue date 17 January 2023.

**Reason:** In the interests of conserving wildlife and to enhance biodiversity, in accordance with Policy CE-S3 of the Exmoor National Park Local Plan 2011-2031.

**121. APPLICATION DECISIONS DELEGATED TO THE CHIEF EXECUTIVE:** The Authority noted the [decisions of the Chief Executive determined under delegated powers](#).

**122. SITE VISITS:** There were no Site Visits to arrange.

The meeting closed at 2.23 pm

(Chairperson)

**EXMOOR NATIONAL PARK AUTHORITY  
FINAL ACCOUNTS COMMITTEE**

**MINUTES** of the meeting of the Final Accounts Committee of the Exmoor National Park Authority held on Thursday 1 December 2022 at 2.00pm in the Committee Room, Exmoor House, Dulverton.

**PRESENT**

Mr R Milton (Chairperson)  
Miss A V Davis  
Mr M Ellicott  
Mrs F Nicholson  
Miss E Stacey (observing via Teams)

**In Attendance:**

Mr G Bryant, Chief Finance Officer  
Mr G Mills, Grant Thornton (*via Microsoft Teams connection*)  
Mr L Royle, Grant Thornton (*via Microsoft Teams connection*)  
Ms J Coles, Corporate Support Officer (*notetaker*)

1. **APOLOGIES FOR ABSENCE:** Apologies for absence were received from Mr J Patrinos, Mrs S J Pugsley and Mr V White
2. **DECLARATIONS OF INTEREST:** There were no declarations of interest.
3. **MINUTES:** The Minutes of the meeting of the Final Accounts Committee held on 11 January 2022 were approved as a correct record. There were no matters arising.
4. **PUBLIC QUESTION TIME:** There were no speakers at public question time.
5. **STATEMENT OF ACCOUNTS FOR 2021/22**

The Committee considered the report of the Chief Finance Officer.

Gareth Mills and Liam Royle of Grant Thornton joined the meeting remotely via Microsoft Teams, and presented the Audit Findings Report to the Committee which summarised the 2021/22 audit of the Authority's financial statements and its arrangements to secure value for money in its use of resources.

The Committee was advised that the audit process was now fully complete and, subject to this meeting approving the accounts and the letter of representation being signed, it was anticipated that a 'clean' unqualified audit opinion would be released before the end of the week.

1 December 2022

It was confirmed that the outstanding pensions assurance letter from the auditor of Somerset Pensions Fund had just been received. Work on the Value for Money (VFM) arrangements was ongoing, with no significant weaknesses having been found to date. This work was expected to be concluded by February 2023, which was within permitted timescales.

In response to a Member query, the Chief Finance Officer confirmed that the Authority was working with Somerset County Council in relation their new accounting system, which is proposed to be in place at the start of the new financial year, which is also when the new Somerset Unitary forms.

The Committee thanked the Chief Finance Officer and his team, along with the team at Grant Thornton, for their very professional work on behalf of the Authority.

**RESOLVED:**

- (1) To receive the Audit Findings Report of the External Auditor as set out in Annex 1 to the report and to confirm that the changes contained within the report have been carried out.
- (2) To authorise the Chief Finance Officer to issue the letter of representation as set out in Annex 2 to the report.
- (3) To adopt the Statement of Accounts for 2021/22 as set out in Annex 3 to the report.

**6. ANY OTHER BUSINESS OF URGENCY:** There was none.

The meeting closed at 2.15pm.

(Chairperson)



# Auditor's Annual Report on Exmoor National Park Authority

2021-22 Value for Money arrangements review

22 February 2023



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# 1. Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Authority's arrangements under specified criteria and 2021-22 is the second year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our conclusions are summarised in the table below. We have not noted any significant weaknesses in arrangements and this represents a good outcome for the Authority.

Criteria	Risk assessment	2020-21 Auditor Judgment	2021-22 Auditor Judgment	Direction of travel
Financial sustainability	No risks of significant weakness identified	G No significant weaknesses in arrangements identified. Three improvement recommendations made.	G No significant weaknesses in arrangements identified. One improvement recommendation made.	↑
Governance	No risks of significant weakness identified	G No significant weaknesses in arrangements identified. Three improvement recommendations made.	G No significant weaknesses in arrangements identified.	↑
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	G No significant weaknesses in arrangements identified. One improvement recommendation made.	G No significant weaknesses in arrangements identified.	↑

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

# Executive summary



## Financial sustainability

The Authority is operating in an increasingly uncertain financial environment. The Authority, as with all national parks and local authorities, will need to continue to plan on the basis of “flat cash” funding in the medium term, effectively a cut in funding in real terms. This has become particularly acute after the year end at 31 March 2022, given the impact of rising inflation.

Our work has not identified any significant weaknesses in arrangements to secure financial stability at the Authority. We have raised one improvement recommendation in relation to the Medium Term Financial Plan (MTFP). We have also acknowledged the challenging financial position the Authority is facing from 2023-24 onwards, though we have not raised an improvement recommendation in this area as the Authority is already implementing savings plans to mitigate this. We will be monitoring the Authority’s progress against its savings plans as part of our 2022-23 VFM work.

Further details can be seen on pages 7-9 of this report.



## Governance

Our work this year has focused on refreshing our understanding of the governance arrangements in place at the Authority, and the progress made in implementing the recommendations made in the prior year. Our work has not identified any significant weaknesses in arrangements.

Further details can be seen on pages 10-11 of this report.



## Improving economy, efficiency and effectiveness

The Authority has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. Our work has not identified any significant weaknesses in arrangements in relation to delivering economy efficiency and effectiveness.

Further details can be seen on pages 12-13 of this report.



We have completed our audit of your financial statements and issued an unqualified ‘clean’ audit opinion on 2 December 2022, following the Final Accounts Committee meeting on 1 December 2022. Our findings are set out in further detail on page 16.





# 2. Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

## Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the Authority's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22

We issued an unqualified 'clean' opinion on the Authority's financial statements on 2 December 2022.

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

Our work has not identified any issues requiring a statutory recommendation.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

Our work has not identified any issues requiring a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

Our work has not identified any issues requiring an application to the court.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

Our work has not identified any issues requiring an advisory notice.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

Our work has not identified any issues requiring a judicial review.

# 3. Securing economy, efficiency and effectiveness in the Authority's use of resources

All Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Authority's responsibilities are set out at Appendix A.

Authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial Sustainability

Arrangements for ensuring the Authority can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the Authority makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Authority makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the Authority delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the Authority's arrangements in each of these three areas, is set out on pages 7 to 13. Further detail on how we approached our work is included at Appendix B.

# 4. Financial sustainability



## We considered how the Authority:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## Summary of the Authority's Arrangements

The Authority has processes in place which detail the responsibility of Authority members and senior management for planning and managing the Authority's finances, as set out in the Financial Regulations. We have not identified any evidence of the Authority not complying with these processes.

Financial performance is routinely monitored, led by the Chief Finance Officer, who engages with budget holders to identify and respond to any variances emerging during the year.

## 2021-22 revenue outturn

The Authority set a balanced budget for 2021-22 on 2 March 2021, with a revised budget presented on 2 November 2021 to take into account developments during the year. The actual outturn as reported on 5 July 2022, was a small surplus of £6k, very close to the budgeted position. As in the prior year, no additional funding or assistance was required from the Department for Environment, Food, and Rural Affairs (DEFRA). The Authority did receive £45k of Covid-related grants to support the re-opening of National Park Centres and Pinkery Outdoor Education Centre.

## 2022-23 Financial Planning

The Authority set a balanced budget for 2022-23 on 1 March 2022. In the prior year, we raised an improvement recommendation in relation to the Chief Finance Officer's commentary on the robustness of estimates made for the purposes of calculations, as required by s25 of the Local Government Act 2003. The recommendation was included in our VFM report dated 13 April 2022 and was therefore not made in time for the 2022-23 budget. Following discussion with the Chief Finance Officer we have noted that this will be included in the 2023-24 budget.

The Medium Term Financial Plan (MTFP) is updated annually as part of the budget setting process. The most recent MTFP covers the period 2022-23 to 2026-27.

The key assumption underpinning the forecast is salary inflation resulting from the annual pay award, budgeted for at 2% (the average of a 3% assumption for 2022-23 and the 1% assumption for the then-unknown award in 2021-22). There is an additional 1.5% assumption built in due to the job evaluation exercise undertaken in 2018-19.

As at the date of the revised 2022-23 budget presented on 1 November 2022, it had become clear that the pay award for 2022-23 would be much higher than 2%, with a fixed increase of £1,925 awarded which equated to an average 5.3% increase across the Authority and a total cost of £75k.

The Authority has been able to manage this unplanned increase within its core budget, chiefly via managing staff vacancies and savings on travel costs.

# Financial sustainability

## Bridging Funding Gaps

In the prior year, we raised an improvement recommendation in relation to financial sustainability. Our recommendation was that consideration should be given to identifying in advance a range of savings options and schemes which would be implemented should they be required, and that these proposals should be included within the MTFP and annual budget.

Due to the timing of our prior year report and the preparation of the 2022-23 budget, as well as the Authority's historic record on managing costs within its budget without significant savings requirements, this recommendation was not implemented at that time. However, the significant inflationary pressures arising during 2022-23 have made the need for savings plans acute, and the revised budget from November 2022 reflects this.

The revised budget sets out the position for the Authority following the 2022-23 pay award and the confirmation of the additional two years' freeze of National Park Grant (previously assumed to increase by 2% from 2023-24). Savings targets have increased to £300k in 2023-24 (some 10% of the core budget spend in 2021-22 – which is significant) and will grow in the years after, and this challenging financial picture will be presented in the latest iteration of the MTFP in March 2023.

The Authority is therefore undergoing a prioritisation and budgeting process, ongoing since July 2022, reviewing the level of provision to be maintained across the Authority's service offerings. The revised budget sets out a clear plan of action and steps to be taken in facilitating this planning process, and establishes clear principles for prioritisation. The outcomes of this review will be presented in the 2023-24 budget and MTFP in March 2023.

Had these steps not been taken, we would have re-raised our improvement recommendation in this area in light of the higher risk financial environment developments throughout 2022-23. However, as the Authority is now engaging in the process of identifying these savings, no recommendation has been raised. We will review the outcome of the savings programme in our 2022-23 VFM work to be reported in next year's Auditor's Annual Report.

## Identifying and assessing financial risks

The Authority identifies key risks to their revenue position and how it is managing these risks to its financial resilience, led by the Chief Finance Officer. There are a number of contingency reserves in place to reduce the impact of uneven cash-flows or budgetary uncertainties, and these are actively managed throughout the year. There was an overall increase in reserves during the year, but the outturn report presented on 5 July 2022 notes that this view is oversimplified due to the receipt of significant legacies in year (of £450k) and the establishment of the Capital Development Reserve (of £100k), with the "true" position excluding these one-off events being an overall decline in year of £289k.

The Authority still maintains a healthy level of reserves overall, with the year-end position in 2021-22 being £2,485k in reserves excluding the one-offs identified above, but there is a clear downwards trend as identified by the Chief Finance Officer and the Authority cannot rely solely on use of reserves to cover future budget gaps. Although the projected reserves position at the end of the budget year is shown, it would be useful to also show the projected reserves over the life of the MTFP, and we have raised an improvement recommendation on this as per the following page.

## Farming in Protected Landscapes (FiPL)

2021-22 was the first year of delivery for the FiPL programme. The Authority has been able to meet its planned budget profile for the grant of £281k, following the re-profiling in year, and expects to continue to meet this appropriately in the 2022-23 and 2023-24 years. Additional funding has recently been announced to support a further year of FiPL delivery in 2024-25. The delivery of the FiPL programme is cost-neutral to the Authority. The Authority should be able to deliver its full programme of requirements associated with FiPL.

## Summary from our audit review

Overall, we are satisfied that the Authority has appropriate arrangements in place to ensure it manages risks to its financial sustainability. The biggest challenge arose after the 2021-22 year end, with the significant increase in inflation adding pressures beyond those initially planned for.

In line with the robust plan of action set out in the revised budget for 2022-23, we have not identified any risks of significant weakness, and have not raised a recommendations in relation to financial sustainability given that action is already being taken.

# Improvement recommendations



## Financial sustainability

### Recommendation

In order to enhance clarity and transparency for Members and other key stakeholders, the Authority should include a projection of its useable reserves position across the life of the MTFP.

### Why/impact

In assessing the Authority's financial position in the medium-term, it is key to understand how budget gaps will impact on the available useable reserves.

### Auditor judgement

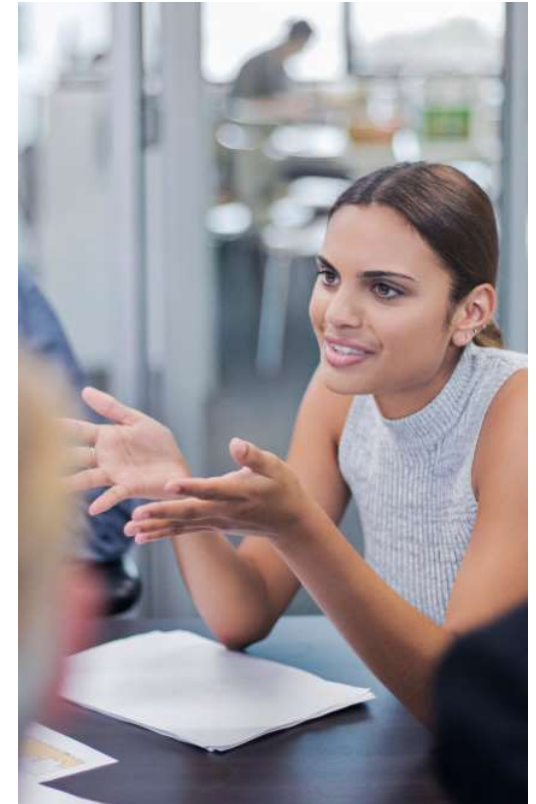
The Authority already includes details of budget gaps and an MTFP covering the four-year period after the budget. However, it could be enhanced with the inclusion of projected reserves positions at each year end.

### Summary findings

Further detail is provided on page 8.

### Management Comments

*Agreed. Management is happy to show how the failure to meet savings targets may impact on useable reserves when we set the 2024-25 budget.*



The range of recommendations that external auditors can make is explained at Appendix B.



# 5. Governance



## We considered how the Authority:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

## Leadership and committee effectiveness

Appropriate leadership arrangements are in place at the Authority. The Authority operates through full Authority meetings as well as through the Standards Committee and the Final Accounts Committee. The full Authority is the meeting which undertakes the role of Those Charged with Governance (TCWG), with the exception of the Final Accounts Committee which meets annually to consider and approve the financial statements. The Authority demonstrates appropriate challenge of financial and non-financial information. It contains a mix of elected and appointed members with financial and non-financial experience.

In the prior year, we recommended that the Authority undertake a self-assessment each year, which is considered best practice. We have followed this up in year and the self-assessment has been completed as reported to the Standards Committee on 19 July 2022.

Major decisions are made at meetings of the full Authority. The Authority meets regularly, and full minutes are taken with details of decisions recorded and available on-line.

## Policies, procedures, and controls

As a public organisation, the Authority aims to maintain the highest standards of conduct and integrity. The Authority expects the highest standards of corporate behaviour and responsibility from all Authority members and staff. The Authority has in place a range of policies and procedures designed to ensure compliance with legislative and regulatory standards, including Standing Orders and a scheme of delegation, Codes/Standards of Conduct for Members and Staff, Financial Regulations, and a range of HR policies and procedures.

The Authority has an established anti-fraud culture and an anti-fraud and corruption policy is in place. Members' interests are recorded on an individual basis on the Authority's website.

In the prior year we made an improvement recommendation relating to the updating of the Authority's Financial Regulations, which had last been updated in 2015. A number of policies including the Financial Regulations were subsequently reviewed at the Authority meeting on 6 December 2022, and the policies updated accordingly. We are therefore satisfied that the recommendation has been implemented in full.

## Monitoring and Assessing Risk

The Strategic Risk Register is updated regularly and key strategic risks are reported through Authority meetings as part of the annual review of risk management arrangements.

The Authority considers risks as part of their decision making role, including the annual budget setting process, major policy decisions, and on major projects. The Leadership Team review the corporate risks on a quarterly basis. The risk management approach and strategic risks are understood across all levels of management at the Authority.

# Governance

## Internal control

Internal audit at the Authority is provided by Devon Audit Partnership, a shared service agreement between a number of the local authorities in Devon. Internal audit agree an annual Audit Plan with the Chief Finance Officer and then present the Plan to the Authority for approval. The Authority use the work and findings of internal audit to consider the operation of key controls during the year which is used to draft the Annual Governance Statement. Internal Audit also issue an Annual Report summarising their work each year, along with the Head of Internal Audit Opinion which provided Reasonable Assurance for 2021-22.

## Budget Setting Process

The Authority has an established budget-setting process in place. The budget for 2021-22 was approved at full Authority on 2 March 2021. The budget is then reviewed and a revised budget presented at the half-year point (2 November 2021), with a final outturn being presented to the Authority meeting on 5 July 2022.

In addition, the Authority has in place a MTFP - included in the same report, which is updated annually for the four years following the current financial year i.e. covering an overall five year period from the approval date. The Authority includes some basic sensitivity analysis focused on projections for core National Park Grant Funding. There is also a table documenting the assumptions made in setting the budget and MTFP identifying risks, likelihood, impact, and mitigating factors. The risks documented are appropriate, but the MTFP could be enhanced by considering sensitivity analysis as to how these risks might impact the budget gaps at the Authority and the effect of any mitigations.

The Authority has a good track record of delivering a balanced year end outturn position and arrangements for budget setting are appropriate.

As identified in the Financial Sustainability section of this report, the economic climate in 2022-23 has been significantly more challenging than expected, with rates of inflation significantly higher than those anticipated by the 2022-23 Budget and MTFP. As reported in that section, plans are being developed to address these significant additional pressures in the 2023-24 budget, to be presented in March 2023.

## Budgetary Control

Budget monitoring reports are provided to budget holders on a monthly basis, with the Leadership Team considering the overall position on a quarterly basis. Members receive a revised budget report in November, where budget changes have been based on the outturn at month 6. In our prior year report, we raised an improvement recommendation that more regular reporting should be undertaken. The Authority has responded positively to this and both month 3 and month 9 reporting has now been included in-year, in line with our recommendation.

## Monitoring and ensuring appropriate standards

The Annual Governance Statement is compliant with the CIPFA Code. The Authority has adopted the CIPFA/SOLACE framework Delivering Good Governance in Local Government, with a Local Code of Corporate Governance in place. An appropriate level of care is taken to ensure the Authority's policies and procedures comply with all relevant codes and legislative frameworks.

## Conclusion

Overall, we found no evidence of significant weaknesses in the Authority's arrangements for ensuring that it makes informed decisions and properly manages its risks. We have not raised any new improvement recommendations in year.



# 6. Improving economy, efficiency and effectiveness



## We considered how the Authority:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

## Performance review, monitoring, and assessment

The Authority's priorities are set out in its Corporate Plan which is updated and presented to the Authority meeting annually. The Corporate Plan is closely aligned with the Exmoor National Park Partnership Plan 2018-2023. The key actions to deliver each priority area are set out in the Plan. The Corporate Plan closely follows the priorities set out in DEFRA's 8-Point Plan for England's National Parks and the Government's 25 year Environment Strategy. It also indicates how the Authority will take forward the spirit of the proposals in the Glover Review.

Performance against these priorities and actions is monitored routinely by the Leadership Team and formally reported to the Authority annually.

The Authority monitors its performance against its Key Corporate Indicators, these include:

- National Park visitor numbers and income trends
- Education and outreach
- Pinkery Centre Occupancy rates
- Rights of way open and easy to use score
- Planning application determination achievement against national targets.

Performance against these indicators is reported to the Authority annually. In 2021-22 there were positive increases against these key indicators, e.g. in visitor numbers to National Park Centres, reflecting the lifting of Covid restrictions.

The majority of the actions identified in the Corporate Plan were completed in year. However, there are a number of actions not met, which are at varying stages of completion ranging from well-progressed to not started. A common theme with these actions is the lack of staff capacity to complete them.

These pressures on staff capacity are highlighted in the Corporate Plan Report presented on 14 June 2022, with the additional reflection that the Authority has a high proportion of staff over 45 and struggles to recruit new ones, and the consequent future risk that this represents as experienced staff reach retirement age and the Authority lacks the ability to replace them.

The Authority is in the process of developing an Organisational Development Strategy, following actions taken in 2021-22 and 2022-23, which will be delivered over a three-year period. This is a wide-ranging strategy with long-term aims, including the support and development of staff capacity. We will undertake a review of this strategy and any outcomes relating to it in our 2022-23 VFM work and Auditor's Annual Report once it has been finalised.

The Authority participates annually in the National Park indicator set, which is co-ordinated by the Yorkshire Dales National Park and includes all national parks. The Authority only includes some of these indicators in its performance reporting to members in the Corporate Plan annual report. We made an improvement recommendation in respect of this in the prior year, and in line with this, the Authority now reports on all of the National Park Indicators in its Corporate Plan.



# Improving economy, efficiency and effectiveness

## Partnership working and working with stakeholders

Partnership working is clearly established within the Authority's strategic framework documents, including the Authority's Partnership Plan and Corporate Plan, and in the way the Authority operates on a day to day basis.

Partnership working is a key focus for the Authority for a number of reasons, including:

- to help generate support funding, for example through the National Lottery Heritage Fund to progress individual projects;
- to encourage volunteering to support the work of the Authority and various projects that the Authority is progressing;
- to support the local community in which the Authority operates

The proactive approach to partnership working is evident from the progress made in a number of key areas including:

- A successful application via the South West Peatland Partnership, securing a total of £12m of funding for a programme across Exmoor, Dartmoor, and Bodmin
- Delivery of a well-attended butterfly habitat day at Haddon Hill
- Completion of a mid-term progress report on the National Park Partnership Plan, which highlighted the significant amount of partnership working that is helping to deliver the Ambitions in the Plan

## Procurement

The Authority has procurement procedures within its Financial Regulations and Standing Orders for the Regulation of Contracts which set out the approach to delivering effective procurement.

## Conclusion

Overall, we are satisfied that the Authority has appropriate arrangements in place for ensuring economy, efficiency, and effectiveness in its use of resources.



# 7. Follow-up of previous recommendations

	<b>Recommendation</b>	<b>Type of recommendation</b>	<b>Date raised</b>	<b>Progress to date per management:</b>	<b>Addressed?</b>	<b>Further action?</b>
1	The Chief Finance Officer's budget setting report should explicitly report to the Authority on the robustness of estimates made for the purposes of calculations within the budget. This is a requirement of the Local Government Act 2003.	Improvement	April 2022	The 2023-24 budget will include this.	Ongoing	Given the timing of our reporting, the Authority could only action this from the 2023-24 budget onwards.  We will review the outcome in our 2022-23 VFM work.
2	Consideration should be given to identifying in advance a range of savings options and schemes which would be available to be implemented should they be required. These proposals should be included within the MTFP and annual budget.	Improvement	April 2022	These proposals are being prepared for inclusion in the 2023-24 annual budget and MTFP.	Ongoing	Given the timing of our reporting, the Authority could only action this from the 2023-24 budget onwards.  We will review the outcome in our 2022-23 VFM work.
3	The Authority should approve a capital budget as part of the budget setting process, and set a capital programme for expected capital spend over the period of the Medium Term Financial Plan (MTFP).	Improvement	April 2022	The 2023-24 budget will include this.	Ongoing	Given the timing of our reporting, the Authority could only action this from the 2023-24 budget onwards.  We will review the outcome in our 2022-23 VFM work.
4	The Authority should report to Members on its financial performance against budget periodically during the year.	Improvement	April 2022	This is now performed, with month 3 and month 9 reporting undertaken in year.	Completed	No further action required.

# 7. Follow-up of previous recommendations

	<b>Recommendation</b>	<b>Type of recommendation</b>	<b>Date raised</b>	<b>Progress to date per management:</b>	<b>Addressed?</b>	<b>Further action?</b>
5	Introduce an annual self-assessment effectiveness review of the Audit and Governance Committee which is the Committee considered to be Those Charged With Governance.	Improvement	April 2022	This has been completed in year, as reported to Standards Committee on 19 July 2022.	Completed	No further action required.
6	The Authority's Financial Regulations should be reviewed and updated to ensure that they remain up to date.	Improvement	April 2022	These regulations were updated in December 2022 along with a number of other policies.	Completed	No further action required.
7	The Authority participates in the annual National Park performance indicator set, which is co-ordinated by the Yorkshire Dales National Park. The Authority's performance against all of these indicators should be included within the performance monitoring reporting to members.	Improvement	April 2022	These indicators are now reported as part of the Corporate Plan.	Completed	No further action required.

# 8. Opinion on the financial statements



## Audit opinion on the financial statements

We issued an unqualified ‘clean’ opinion on the Authority’s financial statements on 2 December 2022.

## Audit Findings (ISA260) Report (AFR)

More detailed findings can be found in our ISA260 Report, which was published and reported to the Final Accounts Committee on 1 December 2022.

## Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Authority. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

The Authority falls below the “minor bodies threshold” and therefore is not required to prepare a WGA return. There is therefore no further work required in this area.

## Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation

## Issues arising from the accounts:

The key issues arising from our 2021-22 accounts audit were:

- One finding relating to the componentisation of a land asset, where we considered it likely that there was a material element which should be classified as a building and therefore depreciated
- The inclusion of a number of “de minimis” assets on the Fixed Asset Register which were not reflected on the balance sheet
- The identification of two assets as heritage assets, and the possibility that the value of heritage assets would be better reflected by a different valuation basis
- The identification of two invoices not accrued in 2021-22 which related to that year

In January 2023, we held a meeting with the Chief Finance Officer and the Authority’s new valuer to discuss the points raised in the first three bullets above. This formed part of a wider discussion in relation to asset valuations for the 2022-23 accounts and audit process.

## Preparation of the accounts

The Authority provided draft accounts in line with the national deadline and provided a good set of working papers to support it. Officers were available throughout the audit process to answer questions and provide additional information, which allowed for a smooth and efficient audit process to take in place in line with the agreed timetable. We would like to thank Authority officers for their engagement in the audit process.



# Appendices

# Appendix A: Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Finance Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Finance Officer (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

# Appendix B: An explanatory note on recommendations

A range of different recommendations can be raised by the Authority's auditors as follows:

Type of recommendation	Background	Raised within this report?	Page reference
Statutory	Written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Authority. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the Authority, but are not a result of identifying significant weaknesses in the Authority's arrangements.	Yes	<p>One improvement recommendation raised in financial sustainability on page 9.</p> <p>In addition, we have also followed up the seven improvement recommendations from our prior year VFM review.</p> <p>We note that three of these remain ongoing for implementation in 2023-24, with the remaining four implemented in 2022-23.</p> <p>We will monitor this as part of our 2022-23 VFM work and report our findings in next year's Auditor's Annual Report.</p>





## EXMOOR NATIONAL PARK AUTHORITY

7 March 2023

### MEDIUM TERM FINANCIAL PLAN 2023/24 TO 2027/28 AND BUDGETS 2023/24

#### Report of the Chief Finance Officer

**Purpose of Report:** To consider and approve a Medium-Term Financial Plan (MTFP) for 2023/24 to 2027/28 and to adopt the revenue budget for 2023/24 within the level of funding being provided by way of National Park Grant (NPG) from the Department for Environment, Food and Rural Affairs (DEFRA) and self-generated income.

**RECOMMENDATIONS:** The Authority is recommended to:

- (1) NOTE the month 9 budget monitoring position for 2022/23 in Appendix 1;
- (2) APPROVE the Core, Capital and Programmes, Partnerships and Contributions to Reserves Budgets for 2023/24 as summarised in Appendices 2, 3 and 4;
- (3) NOTE the position on reserves as detailed in Appendix 5; and
- (4) ADOPT the attached Medium Term Financial Plan at Appendix 6.
- (5) AUTHORISE the changes to charging in Planning set out in paragraph 8.5

**Authority Priority:** Getting best value from our resources and improving our performance – Finance and Performance - Financial Management.

**Legal and Equality Implications:** Local Government Act 2003, Parts 1-3 (Capital Finance, Financial Administration and Grants), and Sections 1-39

Accounts and Audit (England) Regulations 2011, Part 2 (Financial Management and Internal Control).

The equality and human rights impact of the recommendations of this report have been assessed as having no adverse impact on any particular group or individual.

**Financial and Risk Implications:** The setting of a budget, Medium Term Financial Plan and Capital Strategy are the key elements in the management of financial risk. Section 9 details in more detail the risks surrounding the current budget and our future financial health.

Budgetary control and financial management arrangements are in place to minimise any risk of overspending and to ensure that spending is kept in line with the approved budget. The budget will be reviewed at the half year stage and a progress report made to the November 2023 meeting of the Authority. The budget may have to be revisited before this point if significant adjustments need to be made.

**Climate Change Response:** This report does not have an adverse impact on our ability to respond to Climate Change. Funds have previously been allocated and will be spent in 2022/23 and 2023/24 from the Environmental Resilience Reserve.

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## 1. Introduction

- 1.1 2023/24 is the second year of a three-year settlement from DEFRA. This settlement continues to provide a National Park Grant figure of £3,211,500. This is the fifth

year that the NPG has been at this level and previous funding to the Authority was as high as £4,177,453 back in 2010/11.

- 1.2 This report will inform the 2023/24 Corporate Plan which is being presented to the April Authority. That report is based upon the same financial assumptions as this and if the assumptions prove to be inaccurate then targets within the Corporate Plan may also have to be revisited.
- 1.3 This budget report provides additional statements and declarations from previous years. In particular, we are now showing an additional section on in-year budget monitoring, a capital budget and a formal declaration on the 'Adequacy of Estimates'.
- 1.4 Members will be aware that the budget setting process has been different this year from others. Members have been updated as the assumptions contained in the 2022/23 budget were updated and the savings target grew. There have been regular discussions around the best means of meeting the 2023/24 budget gap. In December 2022 the Authority agreed to a new charging regime being introduced.

## **2. Budget Monitoring 2022/23**

- 2.1 The Authority's External Auditors have recently suggested that in year budget monitoring be increased to three times a year. Members now receive statements on the new year when the previous year's accounts are closed and on month 9 when the forward year budget is presented.
- 2.2 Appendix 1 shows the month 9 income and expenditure figures for the Authority. The information in the statement is not obviously useful but it does provide the opportunity to highlight any issues that have arisen since the month 6 figures were provided with the Revised Budget in November. In particular:
  - Costs in the long running planning dispute continue to rise. The Legal Contingency will be applied to meet these and there is assumed to be an additional take from the General Contingency.
  - The Development Management budget will overspend by approximately £50k due to the costs of employing external consultants.
  - Interest received should be greater than that assumed within the Revised Budget.
- 2.3 The financial impact of these are reflected in the assumed take from reserves shown in Appendix 5.

## **3. Core Budget for 2023/24**

- 3.1 The Core budget for the Authority reflects the anticipated income and expenditure for ongoing services in 2023/24. This is shown in Appendix 2.
- 3.2 The Authority is statutorily required to set a balanced budget in furtherance of the Purposes of its National Park designation. As described in 1.4, the budget setting process this year has been especially challenging, though members have been fully supportive throughout.
- 3.3 List of major savings. All of these changes (except for interest) are ongoing.
  - Budgeting for capital contributions to Public Rights of Way (£111k).
  - Increased estimate for interest received (£63k – one-off)
  - Removal of vacant Rights of Way officer post (£32k)

- Changes to charging practices (£28k)
- Reductions to Corporate Subscriptions (£16k)
- Bringing the Exmoor Visitor Publication inhouse (£16k)
- Reductions in support to third party organisation (£12k)
- Stopping aerial photography (£10k)

- 3.4 It is these changes which have allowed a balanced budget to be set and explain most of the shifts in service budgets that you can see in Appendix 2. The Authority continues to maintain Public Rights of Way.
- 3.5 The other changes to budgets can be explained by the assumptions that underpin it. The main assumption is that staff pay will increase by 5%. This is a key assumption as staff costs are such a high proportion of the Authority's overall costs.
- 3.6 2023/24 is the first year when the most recent pension fund revaluation affects budgets. This sees a halving in pensions deficit funding but an increase in the employer contribution rate from 18.5% to 21.3%. The net effect of these changes are broadly cash neutral. The budget also contains increases for utility bills and further reductions in travel budgets.

#### **4. Programmes, Partnerships & Contributions to Reserves**

- 4.1 The Programmes and Partnerships element of the budget is an important element in achieving National Park purposes and priorities through the engagement and influencing of partners and funding for initiatives aimed at achieving Partnership Plan priorities. We contribute to reserves on an ongoing basis to meet one-off costs that do not arise in a consistent or predictable manner or to put money aside to meet pressures that arise in-year.
- 4.2 Attached at Appendix 3 is the proposed Programmes, Partnerships & Contributions to Reserves Budget for 2023/24. This shows £181,800 contributed to reserves and £66,000 top sliced for fixed term programmes.
- 4.3 Detail on the additions to reserves are listed below.
- Woodlands. This draft budget recommends £30k added to the reserve to meet the costs related to Ash- Die back. This takes the total amount of funding on ADB to £270k. Further tranches of funding will probably be needed before the work is complete.
  - Estates Reserve. £40,000 is requested to contribute towards repairs at Weir Cleave and the depot roof at Exford.
  - Research & Development Reserve. £25,000 is required to add to the £22k already in the reserve to meet the costs of the Partnership Plan review, taking forward the Nature Recovery Vision and Monitoring, and the Climate Adaptation Strategy.
  - IT & Web Development Reserve. £20,000 is required to assist with the transition to Microsoft 365.
  - Interns. £15k is sought to continue the intern's programme.
  - The £50k annual contribution to the Corporate Vehicle & Equipment reserve continues.

4.4 Detail on the fixed term discretionary programmes included in this budget that are £10,000 or above are shown below. Both Tourism and the Hill Farming Network are to receive a reduced level of support from 2022/23.

- Tourism (£10,000). This allocation provides support in relation to our 2nd purpose and includes support to the tourism sector to help promote Exmoor National Park as a special destination and to develop the Exmoor brand, providing advice and support to tourism businesses and those who provide services to visitors to improve their experience, in addition to seeking to grow the capacity of the industry. Work will be led by ENPA and partners such as Visit Exmoor.
- Exmoor Hill Farming Network (£15,000). ENPA has provided financial contributions to the successful and well-regarded Exmoor Hill Farming Network since its genesis, and on 31 January 2020 the Network took the significant step of becoming a Charitable Incorporated Company.
- Though core budget to support the Pinkery Centre for Outdoor Learning has now been withdrawn, it is considered prudent to set aside £20,000 in case it does not break even. This is under greater pressure in 2023/24 due to the large increase in staff costs.

## **5. Capital Programme 2023/24**

5.1 An intrinsic part of the Medium-Term Financial Programme is the Capital Programme/ Capital Budget. This details planned spend on assets over the next twelve months and, importantly, how they are due to be financed. Previously this was not shown as a separate statement, but as capital spend increases in scale and complexity it is now thought necessary. It brings greater attention to spend on assets and highlights the liabilities that come alongside property ownership.

5.2 Appendix 4 shows the existing capital approvals and budget for 2023/24. The existing capital approvals table highlights the extent of ongoing investment in assets we are undertaking. The 2023/24 budget shows three internally funded schemes not referred to anywhere else within the budget papers. These are items that need funding this year and are described below.

- Tarr Steps Bore Hole. £20k will allow this key site to have a new bore hole on our own land. This should also reduce the number of times we have to close the public facilities because water has run out.
- Outdoor Education Centre Water System. £40k will improve the capacity, quality and functionality of the water system to the Pinkery Centre.
- Car Park improvements. £30k is recommended to be set aside within Estates resources to improve and renew our car parks. This will ensure that funds are available for the Exford and Haddon Hill car parks should members choose to support the schemes when they are presented to the Authority.

5.3 Members will note that the three schemes described above are all due to be funded from capital receipts. This has been made possible by the decision of the Authority in February to seek disposal of certain assets. If receipts are not generated in time, then funds will have to be found from an alternative source.

5.4 Appendix 4 also shows a transfer of budgets from the Capital Development Reserve to the Estates Reserve for Driver Farm. This brings the total amount of funds available for Driver Farm to £80k. Of this, the service are looking to apply £50k towards the restoration of the roof and the walls of the historic barn on the

east side of the yard. Though not listed or protected in a formal manner, the barn is an old and attractive building and is an intrinsic part of the farm complex.

- 5.5 Please note that the capital budget contains assumptions over the future accounting treatment of the schemes described. However, when the accounts are closed there may be other schemes not included that will actually be treated as capital and schemes shown as capital in Appendix 4 that are not actually capitalizable. Funding decisions may also change at the year-end depending on the availability of capital receipts. Members will have full transparency on the final accounting and funding decisions regarding capital spend.

## **6. Capital Investment Strategy**

- 6.1 The obligation to provide a Capital Investment Strategy has arisen as some local authorities nationally have become increasingly willing to borrow to invest significant amounts in commercial developments to generate returns to provide additional resources. The Capital Investment Strategy ensures that decision makers are fully briefed on the Authority's approach to managing assets and making investment decisions.
- 6.2 This is the first year where the Authority is presented a Capital Programme as part of the MTFP. This has become necessary to improve visibility to members as our use of capital resources and investment in assets has increased in complexity. Previously, pretty much all capital spend was funded from revenue and was small scale or was a distinct scheme that had its own Authority paper.
- 6.3 Where capital schemes are recommended as part of the budget setting process, we will ensure that the financial implications of the scheme are fully laid out in that paper and that members have sufficient detail. This will include how the scheme will be funded, why the scheme is necessary and any other financial consequence of the investment decision.
- 6.4 The Authority historically has a low-risk attitude towards capital investment and much lower need for capital investment than many other public authorities. Our capital schemes often involve maintaining or replacing existing assets rather than new ones. It has never internally or externally borrowed to fund capital schemes, nor has it entered into other long-term liabilities such as Private Finance Initiatives and does not invest for commercial purposes. Capital investment decisions are made to support National Park purposes.
- 6.5 We seek external contributions towards supporting our capital spend wherever possible. Where capital receipts are available these may be used to finance spend. In the absence of both of these then revenue is applied.
- 6.6 Stewardship of our assets is delivered by a small Land and Property team with a qualified Chartered Surveyor post within the structure. The portfolio is large and diverse, and staff are drafting a new Estates Strategy and Lettings policy at the time of writing. The Authority's Acquisitions and Disposals policy was updated a few years ago. The Rural Surveyor has recently identified assets in our possession that do not contribute towards park purposes and members have agreed to their disposal. The proceeds will finance the spend listed in 5.2.
- 6.7 Built assets are subject to regular condition assessment, with the majority on a 5-year cycle of external repair and redecoration. Rental income is optimised through regular rent reviews and other opportunities to generate income from property are maximised. The Leadership team are currently considering how best to manage the estate to achieve park purposes and generate increased income (see 8.19).

6.8 Please note our existing risks attached to property liabilities in the table in section 9 also.

## **7. Reserves (level of)**

7.1 Appendix 5 shows the anticipated level of reserves as at the end of 2022/23 and reflects the additions to reserves described in section 4 that are recommended as a part of this budget. The reserves position as at the end of 2022/23 includes £450k of funds received as legacies.

7.2 The following assumptions have been maintained as part of the review:

- The General Fund Reserve has been maintained at a level of approximately £300,000 as per the Medium-Term Financial Plan. It is the view of the Chief Finance Officer that this is sufficient to manage in-year fluctuations.
- The Legal Support Reserve is due to fall to zero at the end of 2022/23. This is due to the long running planning case and other pressures described in 2.2. This pot should return to its prudent level when legal processes have completed in 2023/24.
- The Authority's General Contingency is predicted to fall below the level where it will require topping up. It is the view of the Head of Finance that a general contingency of £250k is necessary to meet one off pressures that can arise suddenly and need urgent funding. Again, this pot should return to its prudent level when legal action has been completed.

7.3 In recent years there has been a gentle fall in the overall level of reserves and in 2022/23 there is a large reduction in the planned level of reserves. For the most part this is due to programmed spend in areas such the NPC Spend to Save Reserve, Dunster Action Plan, Environmental Resilience, IT or the Estates Reserve. However, there is also the in-year need to find funds for the issues described in 2.2 and 7.2. The prudent level of individual reserves should automatically return when legal processes complete. We have a high degree of confidence that this will be over the 2023/24 financial year.

7.4 Though there is an assumed large take from reserves in 2022/23 it is important to note two key things. Firstly, that the overall level of reserves is still very good for a public body of the Authority's size and secondly that a budget for 2023/24 is being recommended that doesn't take from reserves but adds to them. It is for these reasons that I am content to state that the level of reserves is adequate to meet future challenges.

7.5 It is a challenge to maintain the Authority's financial resilience in the context of high inflation, a National Park Grant that hasn't increased since 2019/20 and exceptional one-off pressures. We will continue to seek new areas of funding such as capital receipts, external grants or income streams to improve resilience.

## **8. Medium Term Financial Plan**

8.1 The Medium-Term Financial Plan (MTFP) is a key feature of the Authority's forward planning process, and it is reviewed annually on a rolling five-year basis. Numbers for 2023/24 are budgets that determine income and expenditure levels whereas numbers from 2024/25 and beyond are projections that will be revisited before they formally become budgets. The MTFP is a key document for:

- outlining future resources, funding opportunities and cost pressures;
- highlighting key assumptions; and

- providing an overview of the future financial position of the Authority.

Appendix 6 details the overarching income and expenditure categories for the Authority for the next five financial years. It is the only Appendix that brings together the Core ongoing budget and investment in Programmes, Partnerships and Contributions to Reserves.

### **MTFP - Income**

- 8.2 2023/24 is the second year of a three-year settlement from DEFRA. We have been informed that the National Park Grant level will be cash neutral for the years 2022/23 to 2024/25. From 2025/26 we are continuing to assume a cash neutral NPG level. This is considered to be the more prudent assumption though it is quite possible that we get small uplifts. Further cash neutral grant uplifts after the current settlement period is the main reason why savings targets continue to increase over the period of the MTFP. These are significant assumptions as this grant provides approximately 75% of our funding. Analysis of the impact of more pessimistic and optimistic scenarios of NPG changes upon savings targets are shown in the table in 8.16.
- 8.3 In addition to NPG the Authority receives:
- income generated from fees, charges, rents, grants for joint works and from interest earned on the investment of funds held in reserves etc;
  - contributions from the County Councils towards the maintenance of the rights of way network; and
  - external funding for specific projects that either the Authority delivers in its own right or in partnership with others. This will be a key theme in accessing additional resources in the medium term.
- 8.4 The income figures in Appendix 6 show slight increases over the period of the MTFP. Trading income from the National Park Centres, Planning and the Outdoor Education centre is forecast to continue to increase gradually. The investment in our car parks is intended to improve the visitor experience and bring in additional funds.
- 8.5 In addition, as part of our ongoing approach to implement a charging strategy that more accurately reflects the cost of delivering our services, it is proposed to make further changes to the planning charges already agreed by Members in December 2022. Member approval is therefore sought for ENPA to recover all reasonable charges associated with the preparation of S106 Agreements and other professional advice, for example in relation to viability.
- 8.6 The figures in Appendix 6 reflect the increased and now budgeted revenue and capital contribution from the County Councils towards the management of Public Rights of Way. From Somerset we have contributions indicated for the next three years and for Devon, these are still being confirmed. The MTFP assumes that the level of support continues however both authorities are under significant financial pressure also.
- 8.7 Rent from the estate has for many years been highlighted as potentially impacted by the UK's exit from the EU. Information on future Environmental Land Management Schemes and in particular Countryside Stewardship schemes is starting to become available but is not yet so clear that we can assess the financial impact. The MTFP reflects the known changes to Estates income for 2023/24 and rolls this forward, but the actual picture will be more volatile and less stable than that appears.

- 8.8 So far over the course of 2022/23 base rates have increased from 0.10% to 4%. This had led to large increases in anticipated returns on cash balances and very much helped to balance the budget in 2023/24. It is very hard to reliably estimate interest on cash for the years after this, but it could possibly provide returns in excess of that currently shown in the MTFP. We have prudently estimated £30k from year 2 and onwards.

### **MTFP - Expenditure**

- 8.9 Appendix 6 also anticipates future expenditure over the MTFP period. The single largest areas of expenditure for ENPA are staff salaries. We don't yet know what the pay award will be for future years, but we have budgeted 5% for next year, 3.5% for the year after that (2024/25) and then 2% for further years. This affects both members expenses and staff pay.
- 8.10 Members will also recall that the Authority developed a new grading structure and undertook a Job Evaluation exercise in 2018-19. The financial impact of this will last for 6 years as staff who are affected move through the new increments. 2024/25 is the last year that this has an effect, and this adds on an additional 1.5% p.a. on the salary estimates for that year. The Pensions Fund Revaluation has been completed and the MTFP reflects known costs for the years 2023/24 – 2025/26. We assume that those same trends continue for the last 2 years of the MTFP.
- 8.11 For other categories of cost to the Authority a small provision has been found for future years increases. Where increases are known, i.e. that related to the Audit Fee, then provision is made for that. If this proves insufficient, then additional resources will have to be found in future years. The MTFP assume that the organisation undertakes the same activities in the future as it does now. The reality may be very different.

### **MTFP – Programmes, Partnerships & Contributions to Reserves**

- 8.12 The updated version of the plan in Appendix 6 summarises not only the income and expenditure projections across the period of the plan but also the proportions proposed for Core (the recurring costs and unavoidable commitments for essential services) and Programmes, Partnerships and Contributions to Reserves Budgets. Section 4 details the objectives of the Programmes & Partnerships budget area and planned use in 2023/24.
- 8.13 The MTFP developed includes a planning assumption that the Authority should have £100k set aside annually to meet pressures arising. It also assumes further reductions in support to external bodies, though this is still to be confirmed.

### **MTFP – Overview**

- 8.14 The MTFP presented shows a balanced budget for 2023/24 but then large and increasing savings targets in future years. This is the key trend that has been highlighted as part of the process of developing this MTFP.
- 8.15 The Authority has historically monitored the proportion of National Park Grant that is needed to meet the costs of employing permanent staff. This is a proxy for the ability of the Authority to manage short term fluctuations in funding. Staff costs as a percentage of NPG are projected at 78% in 2023/24 and are anticipated to continue to increase further over the period of the MTFP.
- 8.16 The historic budgetary aspiration of staff costs being only 70% of NPG and having £200,000 of uncommitted funds to meet one-off pressures (or a steep grant cut) is very much out of reach. However, these indicators are still mentioned as they provide some context to our current financial challenges.



- 8.17 Our future financial health will be determined by the accuracy of the assumptions supporting the MTFP and our ability to deliver savings. Overall, I am content that the budget presented provides robust estimates and assumptions. However, it is important to show how the savings gap in the final section of Appendix 6 from year 2 onwards could be affected by movements in the key financial assumptions. This is provided for illustrative purposes.

#### Optimistic Scenario

£'000's	2024-25	2025-26	2026-27	2027-28
<b>Current savings Gap</b>	<b>193</b>	<b>246</b>	<b>311</b>	<b>376</b>
<b>NPG Increase 2%</b>	-	-64	-66	-68
<b>Staff Pay Award 4% 23/24</b>	-27	-28	-29	-30
<b>Interest Received</b>	-30	-30	-30	-30
<b>Capital Funding Received</b>	?	?	?	?

#### Pessimistic Scenario

£'000's	2024-25	2025-26	2026-27	2027-28
<b>Current savings Gap</b>	<b>193</b>	<b>246</b>	<b>311</b>	<b>376</b>
<b>NPG Decrease 5%</b>	-	161	161	161
<b>Staff Pay Award per 1%</b>	27	28	29	30
<b>5% Reduction in Traded Income</b>	52	53	54	55

- 8.18 The Optimistic Scenario shows a reduction in the savings gap if the Authority receives a 2% increase in NPG for the new settlement period, if the 2023/24 pay award is 1% less than anticipated and if we are able to receive 3% interest rate on cash balances to £2m. We may also receive in future ongoing capital funding from DEFRA for ad hoc asset spend at a level that we couldn't estimate. The pessimistic scenario reflects a one-year 5% reduction in NPG for the new settlement period, the impact of a staff pay award being 1% higher than envisaged and traded income being 5% lower. All of the scenarios shown in the two tables above are entirely plausible. This table attempts to illustrate the effects of small changes in assumptions on the savings gap.
- 8.19 The other method by which financial health may be maintained are by the Authority delivering savings. 3.3 describes the savings that we delivered to deliver a balanced budget in 2023/24. These are ongoing savings (except for interest) but we cannot assume that we can simply apply the same savings options to future years. To give Authority members an illustration of how challenging meeting the savings gap will be, below is a range of indicative savings options.
- Closure of a National Park Centre £40-£50k.
  - The loss of one management post at Leadership Team or Delivery Team £65k - £78k.
  - The loss of one non managerial post £30k - £40k.
- 8.20 There are other savings options which cannot be precisely quantified but may still generate significant savings. This includes reducing the number of buildings that we maintain or sharing buildings with other public bodies. It is difficult to see charging bringing in a further large increase in income. Perhaps the greatest opportunity for

the Authority to improve its financial position comes from looking more closely at how the Estate can generate income including through the option of bringing land back in hand.

## 9. Risk Analysis

9.1 The budget and MTFP recommended contain within them a number of assumptions that may or may not prove accurate. In addition, events may occur that have the potential affect the Authority's underlying finances. The risk analysis is as follows:

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigating Factors</b>
National Park Grant is reduced.	Medium	High	Level of Reserves held. Annual Review. Some notice will be provided of future funding reductions sufficient to enable a timely response.
Pay awards and other inflationary pressures may be higher than anticipated.	Medium	Medium	Annual review of MTFP Some variations containable.
Liabilities related to the Property or Woodlands Estate arise.	Medium	Medium	A Contingency fund has been established to meet one off costs that arise. Opportunities for developing a pot of capital receipts is being explored.
Contributions from County Councils and Public Rights of Way may reduce.	Medium	Medium	This is subject to an annual review. Reduction in income will be projected in the MTFP.
The UK's exit from the European Union impacts upon the Land and Property income stream.	Medium	Medium	The establishment of UK led Land Management schemes should become clearer soon. Existing stewardship schemes end gradually in the period up to 2023.
Economic situation could deteriorate and impact on self-generated income and costs. Areas of income generation in the budget prove unrealistic.	Low	Low	MTFP constructed on a five-year time span with a review each year. Budgetary Control arrangements in place to monitor income and expenditure on a monthly basis. The Pinkery Centre will be looked at directly.
An increased reliance on one-off funding sources. This could be a capital receipt, the proceeds from legal action or an external grant.	Medium	Medium	We need to ensure that the Authority's financial stability is independent of any individual one-off event or process.

9.2 This year the key risk is managing the consequences of inflation in the context of a cash neutral NPG and limited opportunities for additional traded income.

## **10. Conclusion and Financial Standing**

10.1 It is the job of the budget setting process to ensure that resources are kept in balance while maintaining financial resilience. This report describes the process to achieve a balanced budget, the challenges in the medium term, the level of financial capacity and options available to us in future.

10.2 Within the Annual review of Risk Management it was stated that the extent of the financial challenge would be a major test of the leadership and governance of the Authority. So far, the test has been passed and the Authority has done very well to get to the point where we are able to recommend a balanced budget for 2023/24. However major challenges remain, and indications are that balanced budgets will be increasingly hard to set. In such circumstance, those external funding pots such as the Farming in Protected Landscape scheme or the proceeds of a Heritage Lottery Fund bid, or other schemes yet to be released become increasingly important to deliver key priorities.

10.3 This Authority has an excellent record of managing its financial affairs within the resources that are made available and that it is able to generate. The Medium-Term Financial Plan and 2023/24 Budget continue this effective stewardship.

10.4 The proposed MTFP, Capital Programme, Core Budget and Programmes and Partnerships Budgets for 2023/24 are contained in Appendices 2-6 which the Authority is requested to approve.

**Gordon Bryant**  
**Chief Finance Officer**  
**February 2023**



Section	Budget Heading	2022/23 Revised Budget £	Month 9 2022/23 Expenditure £	Month 9 2022/23 Income £	Month 9 2022/23 Net Expenditure £	22/23 Anticipated Outturn £	Notes
Support to Land Managers	Access & Recreation	111,500	122,232	-70,736	51,496	broadly on budget	Grant still to be spent in year on Access.
	Archaeology & Historic Environment	82,500	68,470	-2,458	66,012	broadly on budget	
	Field Services	307,000	271,227	-5,150	266,077	broadly on budget	
	Conservation Advice & Support	321,400	477,166	-133,892	343,274	broadly on budget	external funding still to come in re Bye Wood
	Rangers	108,500	152,513	-6,500	146,013	broadly on budget	
<b>Support to Land Managers Total</b>		<b>930,900</b>	<b>1,091,608</b>	<b>-218,736</b>	<b>872,872</b>		
Support services to the Community	Development Management	338,500	394,806	-65,277	329,529	will overspend	significant costs related to use of external contractors
	Sustainability & Economy	112,400	213,155	-20,989	192,166	broadly on budget	NPC improvements to be reserve funded
<b>Support services to the Community Total</b>		<b>450,900</b>	<b>607,961</b>	<b>-86,266</b>	<b>521,695</b>		
Support to National Park Users	Education & Volunteers	97,600	113,201	-14,879	98,322	broadly on budget	new electric minibus to be reserve funded
	National Park & Information Centres	155,300	290,138	-144,267	145,871	broadly on budget	
	Information & Interpretation Management	146,600	103,907	-42	103,865	broadly on budget	
	Pinkery	0	144,706	-119,360	25,346	broadly on budget	much decarbonisation income and expenditure still to accrue
	Visitor Facilities	9,900	66,701	-59,042	7,659	broadly on budget	
<b>Support to National Park Users Total</b>		<b>409,400</b>	<b>718,653</b>	<b>-337,590</b>	<b>381,063</b>		
Strategy & Performance	Legal Support	70,000	85,394	0	85,394	large overspend	And large take from legal contingency
	Strategy & Performance	331,800	327,825	-14,418	313,407	broadly on budget	
Finance and ICT Services	Finance and ICT Services	401,600	333,922	-14,653	319,269	possibly under budget	interest received is over budget
Land and Property Services	Land and Property Services	16,100	282,245	-165,630	116,615	broadly on budget	
<b>Support Services Total</b>		<b>819,500</b>	<b>1,029,386</b>	<b>-194,701</b>	<b>834,685</b>		
Corporate Management	Corporate Management	145,000	102,017	0	102,017	on budget	
	Historic Pensions Contributions	150,000	112,500	0	112,500	on budget	
	Corporate Subscriptions	33,400	25,540	0	25,540	on budget	
	Members	89,400	66,530	0	66,530	on budget	
<b>Corporate Management Total</b>		<b>417,800</b>	<b>306,587</b>	<b>0</b>	<b>306,587</b>		
<b>Total Core Budget</b>		<b>3,028,500</b>	<b>3,754,195</b>	<b>-837,293</b>	<b>2,916,902</b>		



Section	Budget Heading	2022/23 Original Budget £	2023/24 Expenditure £	2023/24 Income £	2023/24 Original Budget £	Variance between 22/23 Original and 23/24 Original
Support to Land Managers	Access & Recreation	130,200	139,300	-61,000	78,300	-51,900
	Archaeology & Historic Environment	81,900	90,300	-1,200	89,100	7,200
	Field Services	298,900	339,300	-63,500	275,800	-23,100
	Conservation Advice & Support	302,100	333,600	-4,000	329,600	27,500
	Rangers	107,200	140,700	-58,000	82,700	-24,500
<b>Support to Land Managers Total</b>		<b>920,300</b>	<b>1,043,200</b>	<b>-187,700</b>	<b>855,500</b>	<b>-64,800</b>
Support services to the Community	Development Management	308,100	439,800	-103,000	336,800	28,700
	Sustainability & Economy	105,600	117,500	0	117,500	11,900
<b>Support services to the Community Total</b>		<b>413,700</b>	<b>557,300</b>	<b>-103,000</b>	<b>454,300</b>	<b>40,600</b>
Support to National Park Users	Education & Volunteers	95,500	111,600	-3,000	108,600	13,100
	National Park & Information Centres	155,200	330,300	-159,500	170,800	15,600
	Information & Interpretation Management	166,900	176,400	-16,000	160,400	-6,500
	Pinkery	0	145,000	-145,000	0	0
	Visitor Facilities	9,400	94,400	-85,000	9,400	0
<b>Support to National Park Users Total</b>		<b>427,000</b>	<b>857,700</b>	<b>-408,500</b>	<b>449,200</b>	<b>22,200</b>
Strategy & Performance	Legal Support	70,000	70,000	0	70,000	0
	Strategy & Performance	331,900	357,600	0	357,600	25,700
Finance and ICT Services	Finance and ICT Services	411,800	463,600	-80,000	383,600	-28,200
Land and Property Services	Land and Property Services	21,400	328,100	-279,200	48,900	27,500
<b>Support Services Total</b>		<b>835,100</b>	<b>1,219,300</b>	<b>-359,200</b>	<b>860,100</b>	<b>25,000</b>
Corporate Management	Corporate Management	150,500	154,500	0	154,500	4,000
	Historic Pensions Contributions	150,000	75,000	0	75,000	-75,000
	Corporate Subscriptions	33,400	16,800	0	16,800	-16,600
	Members	98,500	98,300	0	98,300	-200
<b>Corporate Management Total</b>		<b>432,400</b>	<b>344,600</b>	<b>0</b>	<b>344,600</b>	<b>-87,800</b>
<b>Total Core Budget</b>		<b>3,028,500</b>	<b>4,022,100</b>	<b>-1,058,400</b>	<b>2,963,700</b>	<b>-64,800</b>

**EXMOOR NATIONAL PARK AUTHORITY  
ANALYSIS OF PROGRAMMES, PARTNERSHIPS AND  
CONTRIBUTIONS TO RESERVES**

**2023/24**

ORIGINAL BUDGET	<b>247,800</b>
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**LESS: Contributions to Reserves**

Woodlands - ADB	30,000
Corporate Equipment & Vehicle Replacement	50,000
Weir Cleave	20,000
Exford Roof Repairs	20,000
Internship and Trainee Fund	15,000
Nature recovery vision and monitoring	10,000
Partnership Plan review	15,000
MS 365 Migration	21,800

**181,800**

**LESS: Top sliced Programmes**

Tourism	10,000
Hill Farm Network	15,000
Potential Pinkery overspend	20,000
HLF Bid development	7,000
Website Development	5,000
SERC/DBRC Bio-records	5,000
STEAM	4,000

**66,000**

<b>2023/24 Programmes &amp; Partnership Fund</b>	<b>247,800</b>
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## Exmoor National Park Authority 2023/24 Capital Programme

### Pre existing approvals

<b>Scheme</b>	<b>Amount</b>	<b>Method of funding</b>	<b>Name of funding source</b>
Valley of rocks car park improvements	12,000	revenue	estates reserve
Electric Minibus	25,000	revenue	Corp Equipment reserve
Accessibility Grant	42,000	external grant	Defra
Rights of Way Maintenance	80,000	external grant	County Councils
Display Trailer	7,000	external grant	Visitor Economy Support Programme
Secondary double glazing Exmoor House	28,000	revenue	Environmental Resilience Reserve
Pinkery decarbonisation	30,000	revenue	estates reserve
Pinkery decarbonisation	115,000	external grant	Salix - Treasury
Pinkery decarbonisation	31,000	revenue	Environmental Resilience Reserve
Pinkery Roof	62,000	revenue	estates reserve
Lynmouth NPC external work	15,000	revenue	estates reserve
Driver Farm	50,000	revenue	estates reserve
Dulverton NPC Roof/ Offices	15,000	revenue	estates reserve
Adits and mines	40,000	revenue	estates reserve
Bye Wood	50,000	external grant	Forestry Commission
Photocopiers	12,000	revenue	Corp Equipment reserve
<b>614,000</b>			

### Capital schemes approved as part of 2023/24 mtfp

Rights of way - cap maint	80,000	external grant	row reserve
Weir Cleave	20,000	revenue	part capital
Tarr Steps bore hole	20,000	receipts	estates reserve
Pinkery water system	40,000	receipts	estates reserve
Corp equipment reserve	50,000	revenue	Corp equipment reserve
Car park improvements	30,000	receipts	estates reserve
<b>240,000</b>			

### Budgets transferred as part of the 2023/24 MTFP

Driver Farm	30,000	revenue	estates reserve
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**EXMOOR NATIONAL PARK AUTHORITY  
ANALYSIS OF RESERVES**

	Balance 31/03/22	2022/23 Budget Allocations	2022/23 In year Budget Transfers	Projected Transfers (from) Reserves 2022/23	Anticipated Balance 31/03/23	2023/24 Budget Allocations	Projected Balance 01/04/23
	£	£	£	£	£	£	£
<b>REVENUE EARMARKED RESERVES</b>							
<b>Support to Land Managers</b>							
Ashcombe Garden Restoration	3,942		728		4,670		4,670
Mire - Archaeology	29,758			-29,758	(0)		(0)
Heritage Projects	25,297			-10,000	15,297		15,297
Deer Monitoring Study	13,424				13,424		13,424
Woodland Mgt Reserve	716	30,000		-30,000	716	30,000	30,716
Ennis	13,528			-13,528	0		0
Rights of Way	206,663			-30,000	176,663		176,663
Simonsbath Project Delivery	728		-728		(0)		(0)
<b>Support to National Park Users</b>							
Caremoor For Exmoor	460,084				460,084		460,084
National Park Centres spend to save	105,336			-90,000	15,336		15,336
Get Involved Programme	1,349			-1,349	0		0
Health & Well-being	7,003			-7,003	0		0
Engagement & Outreach	23,968			-12,000	11,968		11,968
<b>Support to the Community and Business</b>							
Development of Planning Service	50,559			-50,559	(0)		(0)
Conserv Area Appraisals & Neighbourhd Plan	12,283				12,283		12,283
Dunster Action Plan	20,891			-20,891	0		0
Rural Enterprise	63,218			-18,000	45,218		45,218
<b>Strategy &amp; Performance</b>							
Environmental Resilience	65,081			-40,000	25,081		25,081
IT and Web Development	56,975			-45,000	11,975	21,800	33,775
Corporate Equipment & Vehicle Replacement	163,125	50,000		-40,000	173,125	50,000	223,125
Planning Policy	103,356			-15,000	88,356		88,356
Research & Development	21,901				21,901	25,000	46,901
Modernisation	99,306				99,306		99,306
Internship and Trainee Fund	46,993	10,000		-36,000	20,993	15,000	35,993
Capital Development Reserve	100,000				100,000	-30,000	70,000
Authority Estate	282,034	25,000		-50,000	257,034	70,000	327,034
	1,977,518	115,000	0	-539,088	1,553,430	181,800	1,735,230
<b>PROGRAMMES &amp; PARTNERSHIPS</b>							
Programmes - fixed term	200,286	68,000		-80,000	188,286	66,000	254,286
Partnership Fund/ small grants scheme	34,821	25,000		-6,000	53,821		53,821
Programmes & Partnership Earmarked - County Gate	30,000			-30,000	0		0
	265,108	93,000	0	-116,000	242,108	66,000	308,108
<b>GENERAL FUND AND CONTINGENCIES</b>							
General Fund	317,551				317,551		317,551
Contingency Fund - General	374,966	-25,000		-200,000	149,966		149,966
Contingency Fund - Legal	100,000			-100,000	0		0
	792,516	-25,000	0	-300,000	467,516	0	467,516
<b>TOTAL RESERVES</b>	<b>3,035,142</b>	<b>183,000</b>	<b>0</b>	<b>-955,088</b>	<b>2,263,054</b>	<b>247,800</b>	<b>2,510,854</b>



**Exmoor National Park Authority  
 Medium Term Financial Plan 2023/24 - 2027/28**

	2022/23 Original £'000	2023/24 Original £'000	2024/25 Projected £'000	2025/26 Projected £'000	2026/27 Projected £'000	2027/28 Projected £'000
<b>Income</b>						
<b>National Park Grant Income (Defra) - including one off funding</b>	<b>3,211</b>	<b>3,211</b>	<b>3,211</b>	<b>3,211</b>	<b>3,211</b>	<b>3,211</b>
- Fees - planning,	95	103	106	109	112	115
- Fees - car parks	80	85	90	95	95	95
- Interest earned	16	80	30	30	30	30
- Rents & Contributions	300	328	335	341	348	355
- National Park Centre Sales Income	99	110	113	116	119	122
- Grants	10	16	16	16	16	16
- Rights of Way Income	50	155	155	155	155	155
- Pinkery Trading Income	140	145	150	155	160	165
- Other	13	36	36	36	36	36
<b>Total:</b>	<b>803</b>	<b>1,058</b>	<b>1,031</b>	<b>1,053</b>	<b>1,071</b>	<b>1,089</b>
<b>Total Income</b>	<b>4,014</b>	<b>4,269</b>	<b>4,242</b>	<b>4,264</b>	<b>4,282</b>	<b>4,300</b>
<b>Expenditure</b>						
<b>Core budget - Pay</b>						
Current Establishment (excluding Pinkery)	2,444	2,682	2,816	2,872	2,930	2,988
Pension Costs - Fixed Element	150	75	78	81	84	87
<b>Target Pay Budget</b>	<b>2,594</b>	<b>2,757</b>	<b>2,894</b>	<b>2,953</b>	<b>3,014</b>	<b>3,075</b>
<b>Core budget Non-Pay</b>						
Member costs	98	98	99	100	101	102
Premises costs	184	223	226	229	232	235
Insurance	53	53	54	55	56	57
Travel / vehicle costs	101	98	100	102	104	106
Equipment	58	64	65	66	67	68
Contracted work (e.g. audit fees, legal services)	243	234	272	275	278	281
Grants and contributions	11	7	7	7	7	7
Subscriptions	35	22	22	22	22	22
National Park Centre Cost of Goods Sold	60	65	67	69	71	73
Consumables	63	62	63	64	65	66
ICT Expenditure	70	72	73	74	75	76
Communications	32	27	28	29	30	31
Toilet & car park costs	89	94	95	96	97	98
Pinkery	140	145	150	155	160	165
<b>Total non-pay budget</b>	<b>1,237</b>	<b>1,264</b>	<b>1,321</b>	<b>1,343</b>	<b>1,365</b>	<b>1,387</b>
<b>Total Core Budget</b>	<b>3,831</b>	<b>4,021</b>	<b>4,215</b>	<b>4,296</b>	<b>4,379</b>	<b>4,462</b>
<b>Programmes, Partnerships &amp; Contributions to Reserves</b>						
Contributions to Reserves	115	182	70	65	65	65
Top Sliced Programmes	68	66	149	149	149	149
Partnership Fund - small grants scheme	0	0	0	0	0	0
<b>Total available Programmes &amp; Partnerships Budget</b>	<b>183</b>	<b>248</b>	<b>219</b>	<b>214</b>	<b>214</b>	<b>214</b>
<b>Total expenditure</b>	<b>4,014</b>	<b>4,269</b>	<b>4,434</b>	<b>4,510</b>	<b>4,593</b>	<b>4,676</b>
<b>Savings yet to be identified</b>	<b>0</b>	<b>0</b>	<b>-193</b>	<b>-246</b>	<b>-311</b>	<b>-376</b>

## EXMOOR NATIONAL PARK AUTHORITY

7 March 2023

### TREASURY MANAGEMENT STRATEGY STATEMENT 2023-24

#### Report of the Chief Finance Officer

**Purpose of Report:** To remind Members of the requirements of the CIPFA Prudential and Treasury Management Codes, and the Local Government Act 2003 Guidance on Investments, and to adopt the proposed Treasury Management Strategy for 2023-24.

**RECOMMENDATION:** The Authority is RECOMMENDED to:

- (1) NOTE the report of the Chief Finance Officer.
- (2) APPROVE the proposed Treasury Management Strategy for 2023-24 as set out in Sections 2 and 3 of this report.
- (3) NOTE the Prudential Indicators for 2023-24 to 2025-26 as set out in Section 4 of this report (Although some are currently set at zero, all Treasury Management indicators are included for completeness of information and others may well be used in the future).

**Authority Priority:** Achieve Best Value from our resources and improve our performance.

**Legal and Equality Implications:** The Local Government Act 2003 (LGA 2003), specifically Guidance under Section 15(1)(a) 3<sup>rd</sup> Edition, effective from 1<sup>st</sup> April 2018.

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes: Revised 2021 Edition (CIPFA TM Code).

The CIPFA Prudential Code for Capital Finance in Local Authorities: Revised 2021 Edition (CIPFA Prudential Code).

**Financial and Risk Implications:** Interest from investments forms part of the revenue income of the Authority. This income is impacted by the market fluctuations in interest rates. As from 1<sup>st</sup> April 2023 the Authority's cash will be aggregated with that of the newly formed Somerset Council. Somerset Council will invest sizeable sums into the London Money Market in its name only. ENPA will receive the interest rate that is achieved by Somerset Council on its cash investments, minus 5 basis points. For this, Somerset Council will assume the risk to capital of counterparty default, but any loss of interest would reduce the overall return of the cash balances.

**Climate Change Response:** It has been assessed that this report does not have an adverse impact on our ability to respond to climate change.

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## 1. Introduction and Background

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and treasury investments, and the associated risks. The Authority has no debt but has investments that average over £3m and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risks are therefore central to the Authority's prudent financial management.

- 1.2 Treasury risk management at the Authority is conducted within the framework of the CIPFA Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 1.3 Under Section 3 of the LGA 2003 (duty to determine affordable borrowing limit), a Local Authority must have regard to the CIPFA Prudential Code. This code requires the setting of a number of Prudential Indicators, benchmarks within which Treasury and Investment Management, and Capital Financing are managed. The setting of Prudential Indicators for Treasury Management requires Authorities to recognise key implications of their borrowing and investment strategies. These relate to the affordability of overall borrowing limits, the maturity structure of borrowing, and longer-term investments.
- 1.4 In formulating the Treasury Management Strategy, and the setting of Prudential Indicators, Exmoor National Park Authority (ENPA) adopts the Treasury Management Framework and Policy recommended by CIPFA. These can be found in Appendix A.

### **External Context**

- 1.5 The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023-24.
- 1.6 The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.
- 1.7 The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.
- 1.8 The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.
- 1.9 CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.
- 1.10 The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both

measures was -2.7%. Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.

- 1.11 Interest rates have also been rising sharply in the US, with the Federal Reserve increasing the range on its key interest rate by 0.5% in December 2022 to 4.25%-4.5%. This rise follows four successive 0.75% rises in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% (revised up from 2.9%) between July and September 2022, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.
- 1.12 Inflation rose consistently in the Euro Zone since the start of the year, hitting a peak annual rate of 10.6% in October 2022, before declining to 10.1% in November. Economic growth has been weakening with an upwardly revised expansion of 0.3% (from 0.2%) in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.50% in December, following two consecutive 0.75% rises, taking its main refinancing rate to 2.5% and deposit facility rate to 2.0%.

### Internal Context

- 1.13 As at 31<sup>st</sup> December 2022 ENPA had no external debt. The investments of ENPA as at 31<sup>st</sup> December 2022 stood at just under £2.54m

	<b>Balance on 31/03/2022 £000</b>	<b>Rate as at 31/03 %</b>	<b>Balance on 31/12/2022 £000</b>	<b>Rate as at 31/12 %</b>	<b>Average Balance YTD £000</b>
Revenue Balances	24	0.375	-62	3.125	86
Comfund Balances	2,900	0.67	2,600	2.75	2,828
<b>Total Balances</b>	<b>2,924</b>		<b>2,538</b>		<b>2,914</b>

- 1.14 In receiving funding for its functions, the National Park Authority effectively turns over approximately £6.5m a year. This represents significant cash movements, and it is important that the Authority has strategies and policies in place to manage such turnover effectively.
- 1.15 The Authority currently manages its investments and cash flow via service arrangements with the Finance and Treasury Management Sections of Somerset County Council and will continue this relationship with the new Somerset Council from 1<sup>st</sup> April 2023. In so doing it needs to adopt policies consistent with the Council's. The Authority is, however, formally separated with its own bank accounts, and it is therefore important that it adopts a Strategy of its own, albeit following very closely that of Somerset Council.

## 2. Borrowing Strategy

- 2.1 The Authority is currently debt free. Any potential borrowing would be driven by the capital plan. There are no plans that would necessitate borrowing during 2023-24. As stated in previous strategy statements, when future borrowing is agreed, and Prudential Indicators set, the Chief Finance Officer will make specific decisions with

regard to the timing of any borrowing and the length of maturities. Borrowing would be undertaken to minimise borrowing costs and would be consistent with the Authorities' Prudential Indicators.

2.2 The Chief Finance Officer has the delegated power to raise capital finance from such sources as is deemed appropriate within the statutory limitations that apply to the Authority. These are termed 'borrowing instruments' and include: -

- PWLB loans – Fixed or Variable
- Transferable loan instruments
- Non-transferable loan instruments
- Local bonds
- Other (e.g. commercial loan)
- Bank overdraft

2.3 **Sources of borrowing:** For such long-term funding as may be required, the most likely source would be the Public Works Loan Board (PWLB). Short-term borrowing will be sought via Somerset County Council from the money market direct from lenders or from the Authority's bankers in the form of overdraft or otherwise. Internal resources may be used in lieu of external borrowing, and leasing or soft loans will form an alternative to borrowing where appropriate. No new borrowing will be in the form of LOBOs.

2.4 **Debt rescheduling:** The Authority is currently debt free.

### **3. Investment Strategy**

3.1 In 2018, the MHCLG issued revised Statutory Guidance on Local Government Investments (3rd Edition). It states "Investments made by local authorities can be classified into one of two main categories:

- Investments held for treasury management purposes; and
- Other investments.

3.2 "Where local authorities hold treasury management investments, they should apply the principles set out in the Treasury Management Code. They should disclose that the contribution that these investments make to the objectives of the local authority is to support effective treasury management activities. The only other element of this Guidance that applies to treasury management investments is the requirement to prioritise Security, Liquidity and Yield in that order of importance."

3.3 This strategy applies only to investments held for treasury purposes. Any non-treasury investments would be dealt with in a separate Investment Strategy.

3.4 The Authority's current arrangement with Somerset County Council for the provision of treasury management services includes investment management. As from 1<sup>st</sup> March 2023 there will be no Comfund. All the Authority's cash will be aggregated with that of the newly formed Somerset Council. Somerset Council will invest sizeable sums into the London Money Market in its name only. ENPA will receive the interest rate that is achieved by Somerset Council on its cash investments, minus 5 basis points. For this, Somerset Council assumes the risk to capital of counterparty default, but any loss of interest would reduce the overall return of the cash balances.

3.5 **Strategy:** With the new arrangements in place with Somerset Council, there will be no need to identify separate pots of cash. All funds will be invested within the Somerset portfolio and will receive the rate achieved minus 5 basis points.

- 3.6 **Credit rating:** As Somerset Council will be the only counterparty to the Authority there is no need for specific policies or procedures regarding counterparty creditworthiness, to be set out in this strategy. Full details of the Somerset Council counterparty policy and procedures will be available on their website when approved by Full Council. For information, the current 2022-23 Somerset County Council counterparty criteria is included at Appendix B.
- 3.7 Somerset Council has constructed and will maintain a counterparty list based on the criteria set out in Appendix B. The minimum credit quality is proposed to be set at A- or equivalent. The credit standing of institutions (and issues if used) will be monitored and updated on a regular basis.
- 3.8 Somerset Council will continuously monitor counterparties creditworthiness. All three credit rating agencies' websites will be visited frequently, and all ratings of proposed counterparties will be subject to verification on the day of investment. (DLUHC guidance states that a credit rating agency is one of Standard & Poor's, Moody's Investor Services Ltd, and Fitch Ratings Ltd). All ratings of currently used counterparties will be reported to the regular Somerset Council treasury management meeting, where proposals for any new counterparties will be discussed. New counterparties must be approved by the Somerset Council Section 151 Officer (Director of Finance) before they are used. Any changes to ratings that put the counterparty below the minimum acceptable credit quality whilst we have a deposit, or a marketable instrument will be brought to the attention of the SC Section 151 Officer (Director of Finance) immediately, and an appropriate response decided on a case-by-case basis. Sovereign credit ratings will be monitored and acted on as for financial institution ratings. Investment limits are set by reference to the lowest published long-term credit rating from the three rating agencies mentioned above. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.
- 3.9 **Other information on the security of investments:** SC understands that credit ratings are good, but not perfect predictors of investment default. Full regard is therefore given to other available information on the credit quality of the organisations in which it invests, including those outlined below.
- Credit Default Swaps and Government Bond Spreads.
  - GDP and Net Debt as a Percentage of GDP for sovereign countries.
  - Likelihood and strength of Parental Support.
  - Banking resolution mechanisms for the restructure of failing financial institutions, i.e. bail-in.
  - Market information on corporate developments and market sentiment towards the counterparties and sovereigns.
  - Underlying securities or collateral for 'covered instruments'.
  - Other macroeconomic factors

#### **4. Prudential and Treasury Management Indicators**

- 4.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.
- 4.2 **Authorised limit and Operational Boundary:** The Authority is required to set an authorised limit for total external debt, gross of investments, separately identifying borrowing from other long-term liabilities. The Authority is also required to set an operational limit separately identifying borrowing from other long-term liabilities.

This prudential indicator is referred to as the operational boundary. They are both set for the forthcoming, and the following two years. The authorised limit will, in addition, need to provide headroom over and above the operational boundary sufficient for example to accommodate unusual cash movements. A contingency limit of £100,000 has been set for each

	2023-24 £000	2024-25 £000	2025-26 £000
Authorised limit Borrowing	100	100	100
Operational boundary Borrowing	100	100	100

- 4.3 **Maturity Structure of Borrowing:** The Authority has set for the forthcoming year, both the upper and lower limits with respect to the maturity structure of its borrowing.

	Upper Limit	Lower Limit
Under 12 months	100%	0%
>12 months and within 24 months	100%	0%
>24 months and within 5 years	100%	0%
>5 years and within 10 years	100%	0%
>10 years	100%	0%

- 4.4 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. As all investments are with SCC and ENPA have the ability to access all funds at one month's notice, an indicator of zero is appropriate.

	2023-24 £m	2024-25 £m	2025-26 £m
Prudential Limit for principal sums invested for periods longer than 1 year	0	0	0

- 4.5 **Credit Risk Indicator:** All of the Authority's investments are placed with SCC, as a result the Authority do not believe that adopting a credit risk indicator would be appropriate.
- 4.6 **Liability Benchmark:** A new prudential indicator, the liability benchmark has been introduced, but as ENPA has no debt and all investments are in effect instant access, this indicator is irrelevant for ENPA.

## 5. **Other Matters**

- 5.1 The CIPFA Code requires the Authority to include the following in its treasury management strategy.
- 5.2 **Derivative Instruments:** The code requires that the Authority must explicitly state whether it plans to use derivative instruments to manage risks. The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). However, the Authority does not intend to use derivatives.

- 5.3 Should this position change, the Authority may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require Full Authority approval.
- 5.4 **External Service Providers:** The code states that external service providers should be reviewed regularly and that services provided are clearly documented, and that the quality of that service is controlled and understood.
- 5.5 Officers from the Somerset Council Treasury Management team report investment positions and performance via a monthly statement. As required by the CIPFA TM Code, the Chief Finance Officer reports to the Authority on its treasury activities in the form of a mid-year review and an Annual Treasury Management Report.
- 5.6 **Markets in Financial Instruments Directive II (MiFID II):** As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could “opt up” to professional client status, providing certain criteria was met. This included having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the Authority have at least a year’s relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess that that person(s) have the expertise, experience, and knowledge to make investment decisions and understand the risks involved.
- 5.7 Somerset Council has met the conditions to opt up to professional status and has done so in order to maintain its erstwhile MiFID II status prior to January 2018. As a result, SC, and thereby ENPA, will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

## 6. Background papers

- Local Government Act 2003 – Guidance under section 15(1)(a) 3rd Edition, effective from 1 April 2018.
- The CIPFA ‘Treasury Management in the Public Services’ Code of Practice Revised Edition 2021.
- The CIPFA Prudential Code for Capital Finance in Local Authorities: Revised Edition 2021.

**Note:** For sight of individual background papers please contact the report author.

**Gordon Bryant**  
**Chief Finance Officer**  
**February 2023**



## Treasury Management Policy Statement

### 1. Introduction and Background

- 1.1 The Exmoor National Park Authority (ENPA) adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the code), as described in Section 5 of the Code
- 1.2 Accordingly, ENPA will create and maintain, as the cornerstones for effective treasury management:
- A treasury management policy statement, stating the policies, objectives, and approach to risk management of its treasury management activities.
  - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
  - Investment management practices (IMPs) for investments that are not for treasury management purposes.

The content of the policy statement, TMPs and IMPs will follow the recommendations contained in Sections 6, 7 and 8 of the TM Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the TM Code's key principles.

- 1.3 ENPA will receive reports on its treasury management policies, practices, and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review, and an annual report after its close, in the form prescribed in its TMPs.
- 1.4 ENPA delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices, and for the execution and administration of treasury management decisions to the Chief Finance Officer as Section 151 Officer, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

### 2. Policies and Objectives of Treasury Management Activities

- 2.1 ENPA defines its treasury management activities as: -

*“The management of the organisation's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.”*

- 2.2 ENPA regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- 2.3 ENPA acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 2.4 ENPA's borrowing will be affordable, sustainable, and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken, and the type of borrowing should allow ENPA transparency and control over its debt.
- 2.5 ENPA's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of ENPA's investments followed by the yield earned on investments remain important but are secondary considerations.

# Appendix B

## **SCC Lending Counterparty Criteria 2022-23**

The following criteria will be used to manage counterparty risks to Somerset County Council investments for new deposits / investments from the time that the new Treasury Management Strategy is passed by Full Council at its meeting in February 2022.

Please note that the limits in this appendix apply only to Treasury Management Investments, not to those detailed in the Separate Investment Strategy.

Where deposits held were made under previous criteria, there will be no compulsion to terminate those deposits to meet new criteria, where a penalty would be incurred.

### **Deposits**

Any Financial Institution that is authorised by the Prudential Regulation Authority to accept deposits in the UK, or is a UK Building Society can be lent to, subject to the rating criteria below at the time of the deposit.

### **Unrated Building Societies**

Unrated Building Societies as identified by Treasury Advisors can be used, with a maximum of £1m per Society and a maximum maturity of 1 year.

**Marketable Instruments** – Any bank, other organisation, or security whose credit ratings satisfy the criteria below: -

### **Rating of Counterparty or Security**

#### **Deposits or instruments of less than 13 months duration (refer to long-term ratings)**

Fitch A- or above

S&P A- or above

Moody's A3 or above

The maximum deposit / investment amount for any authorised counterparty or security that has as a minimum at least two ratings of the three above will be £20m. This is approximately 5.6% of maximum balance, 6.4% of average balance for the year to 31<sup>st</sup> December 2021-22. The % may be significantly less if borrowing up to the CFR is taken early in the year.

The maximum deposit / investment amount for any authorised counterparty or security that has as a minimum - Fitch AA-, S&P AA-, and Moody's Aa3, will be £25m. This is approximately 7.0% of maximum balance, 8.0% of average balance for the year to 31<sup>st</sup> December 2021-22. The % may be significantly less if borrowing up to the CFR is taken early in the year.

#### **Deposits or instruments of more than 13 months duration (refer to long-term ratings)**

Fitch AA- or above

S&P AA- or above

Moody's Aa3 or above

The maximum deposit / investment amount for more than 13 months for any authorised counterparty or security that has as a minimum at least two ratings of the three above will be £10m. This figure is to be included in the overall figure above.

The allowed deposit amounts above are the single maximum per counterparty at any one time, and that counterparty or security must be rated as above or better by at least two of the three agencies. Short-term ratings will be monitored and considered in relative rather than absolute terms.

It remains the Council's policy to suspend or remove institutions that still meet criteria, but where any of the other factors below give rise to concern. Also, when it is deemed prudent, the duration of deposits placed is shortened or lengthened, depending on counterparty specific metrics, or general investment factors.

Where deposits held were made under previous criteria, there will be no compulsion to terminate those deposits to meet new criteria, where a penalty would be incurred.

### Operational Bank Accounts

As the Council's current bankers, Nat West are currently within the minimum criteria. If they should fall below criteria, the instant access Call Account facility may still be used for short-term liquidity requirements and business continuity arrangements. This will generally be for smaller balances where it is not viable to send to other counterparties or in the event of unexpected receipts after the daily investment process is complete. Money will be placed in the instant access Nat West call account overnight.

### Public Sector Bodies

Any UK Local Authority or Public Body will have a limit of £15m and a maximum maturity of 5 years.

The UK Government, including Gilts, T-Bills, and the Debt Management Office (DMADF) will be unlimited in amount and duration.

Due to the Local Government Reorganisation, it will be appropriate to consider the potential borrowing and investment needs of the other Somerset Councils. If they needed short-term borrowing, it may be possible and appropriate for SCC to cover that need. For this reason, there will be no limit on the lending to the other 4 Somerset Councils.

The table below gives a definition and approximate comparison of various ratings by the three main agencies: -

### Definitions of Rating Agency Ratings

	Fitch		Moody's		S&P
Short-Term	<b>F1+</b> Exceptionally strong	<b>P-1</b>	Superior	<b>A-1+</b>	Extremely strong
	<b>F1</b> Highest quality			<b>A-1</b>	Strong
	<b>F2</b> Good quality	<b>P-2</b>	Strong	<b>A-2</b>	Satisfactory
	<b>F3</b> Fair quality	<b>P-3</b>	Acceptable	<b>A-3</b>	Adequate
	<b>B</b> Speculative	<b>NP</b>	Questionable	<b>B and below</b>	Significant speculative characteristics
	<b>C</b> High default risk				
	<b>(+) or (-)</b>	<b>(1,2, or 3)</b>		<b>(+) or (-)</b>	
Long-Term	<b>AAA</b> Highest quality	<b>Aaa</b>	Exceptional	<b>AAA</b>	Extremely strong
	<b>AA</b> V High quality	<b>Aa</b>	Excellent	<b>AA</b>	Very strong
	<b>A</b> High quality	<b>A</b>	Good	<b>A</b>	Strong
	<b>BBB</b> Good quality	<b>Baa</b>	Adequate	<b>BBB</b>	Adequate capacity
	<b>BB</b> Speculative	<b>Ba</b>	Questionable	<b>BB and below</b>	Significant speculative characteristics
	<b>B</b> Highly Speculative	<b>B</b>	Poor		
	<b>CCC</b> High default risk	<b>Caa</b>	Extremely poor		

## Financial Groups

For Financial Groups (where two or more separate counterparties are owned by the same eventual parent company) investments can be split between entities, but an overall limit equal to the highest rated constituent counterparty within the group will be used.

## Country Limits

Excluding the UK, there will be a limit of £30m. This is approximately 8.4% of maximum balance, 9.6% of average balance for the year to 31<sup>st</sup> December 2021-22. The % may be significantly less if borrowing up to the CFR is taken early in the year.

## Money Market Funds

With regulatory changes now effected, previously titled Constant Net Asset Value (CNAV) Money Market Funds have been converted into Low Volatility Net Asset Value (LVNAV) funds. Any LVNAV Fund used must be rated by at least two of the main three ratings agency, and must have the following, (or equivalent LVNAV) ratings.

Fitch AAmmf	Moody's Aaa-mf	Standard & Poor's AAAM
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Subject to the above, deposits can be made with the following limits: -

The lower of £15m or 0.5% of the total value for individual Funds.

No more than 50% of total deposits outstanding are to be held in LVNAV MMFs.

## VNAV and other Pooled Funds

Currently, not all Variable Net Asset Value (VNAV) Funds carry a rating. Many VNAV bond funds are not rated. Equity, multi-asset and property funds are also not credit rated.

Whilst it is not currently the Council's intention to invest further in Pooled Funds during 2022-23. The decision to invest in a particular asset class or fund will be primarily based on the liability benchmark, and specifically whether the duration of debt and the necessary level of reserves supports longer-term investments. Secondly, it will consider the evaluation of the risk/reward characteristics including volatility, expected income return and potential for capital growth. Diversification of asset classes/funds and the overall level of investment will be determined by the Section 151 Officer with reference to the level of core balances and reserves. As potential investment would lock away capital for 3 to 5-years plus, the level of prudent investment would be commensurate with the level of core balances and reserves available for/during that timeframe.

Fluctuations in SCC cash balances, and particularly cash balances net of external bodies is difficult to predict over a 3 to 5-year timeframe. Furthermore, the amalgamation of the five Council's portfolios due to LGR will determine strategy in longer-term assets. The Section 151 Officer will determine a suitable level of longer-term investment with reference to the level of core balances and reserves, it may be that a % of core balances and reserves is deemed the most appropriate limit for Pooled Funds, but in any case, this will not exceed £60m in total (Including current Pooled Fund investments of £25m), or £15m in any one fund.

## Other Indicators

The Council will continue to use a range of indicators, not just credit ratings. Among other indicators to be taken into account will be:

- Credit Default Swaps and Government Bond Spreads.
- GDP, and Net Debt as a Percentage of GDP for sovereign countries.

- Likelihood and strength of Parental Support.
- Banking resolution mechanisms for the restructure of failing financial institutions, i.e. bail-in.
- Share Price.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.
- Underlying securities or collateral for covered instruments.
- Other macroeconomic factors

## EXMOOR NATIONAL PARK AUTHORITY

7 March 2023

### SCHEME OF MEMBERS' ALLOWANCES 2023/24

#### Report of the Head of Finance and Operations

**Purpose of the report:** To consider and adopt a Scheme of Members' Allowances for 2023/24.

**RECOMMENDATION:** To ADOPT the Scheme of Members' Allowances 2023/24 as set out in Appendix 1, subject to future adjustments to Members' Allowances as linked to staff cost of living pay awards.

**Authority Priority:** Achieve best value from our resources and improve our performance.

**Legal and Equality Implications:** The Local Authorities (Members' Allowances) (England) Regulations 2003 require the Authority to adopt a scheme of allowances before the start of each financial year. The equality and human rights impact of the recommendation of this report has been assessed as having no adverse impact on any particular group or individual.

**Financial and Risk Implications:** Provision was made within the Core Budget for a 1% increase in the Scheme of Allowances for 2021/22 and for 3% in 2023/24. If the actual increase differs to this, then there will be the opportunity when the Revised Budget is set in November 2023 to make the necessary adjustments.

**Climate Change Response:** It has been assessed that this report does not have an adverse impact on our ability to respond to climate change.

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## 1. Introduction

1.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003, the Authority is required to publish a Scheme of Members' Allowances every 12 months and the Scheme for 2023/24 should be published before the start of the 2023/24 financial year on 1 April.

## 2. Local Government Pay and the Basic Allowance

2.1 Under the Authority's Scheme of Members' Allowances, adjustments to the Basic Allowance are linked to staff cost of living pay awards. As of February 2023, the staff pay award for 2023/24 has yet to be announced. When this has been agreed Members' expenses will be uplifted and backdated to reflect this change.

2.2 The Scheme of Members' Allowances will therefore be revised to reflect this.

## 3. Special Responsibility Allowances

3.1 Special Responsibility Allowances are payable to Members who have been given significant responsibilities on the basis of the multipliers set out below.

Chairperson of the Authority	2 x basic allowance
Deputy Chairperson of the Authority	1.5 x basic allowance
Deputy Chairperson (Planning)	1.5 x basic allowance
Chairperson of the Standards Committee	.25 basic allowance
Chairperson of the Exmoor Consultative and Parish Forum	.5 x basic allowance

#### **4. Mileage and Subsistence Claims**

- 4.1 Mileage allowance rates are paid to Members and staff in accordance with the Authority's Green Travel Plan.
- 4.2 Levels of subsistence allowances for Members and staff are broadly based on the movement of indices provided by others, such as the Consumer Price Index, and the scheme provides flexibility for allowances to be updated as necessary. The current levels of subsistence allowances are set out in the attached draft Scheme of Allowances.

#### **5. Business Review**

- 5.1 As part of the 2023 Business Review, ENPA will be exploring potential efficiencies in Corporate Governance. This will include a review of the Scheme of Delegation, Committee structures and allowances.

**Gordon Bryant**  
**Head of Finance and Operations**  
**February 2023**



**EXMOOR NATIONAL PARK AUTHORITY  
SCHEME OF MEMBERS' ALLOWANCES 2023/24**

**1. INTRODUCTION**

Exmoor National Park Authority's scheme provides for payment of:-

- A **Basic Allowance** which is a flat rate payable to each Member;
- A **Special Responsibility Allowance** for Members undertaking additional roles as defined by the Authority.

**2. GENERAL POINTS**

The term "Member" in these notes means a Member of the Exmoor National Park Authority.

Members have the option of not claiming all or part of any allowance. The Head of Finance and Operations must be notified in writing if a Member chooses this option.

All enquiries relating to Members allowances should be made to Judy Coles (tel 01398 322250) or e-mail [jcoles@exmoor-nationalpark.gov.uk](mailto:jcoles@exmoor-nationalpark.gov.uk).

**3. BASIC ALLOWANCE:-**

- Is payable to all Members.
- Is £2,979.72 per annum from 1 April 2023, payable in arrears in monthly instalments. This is paid automatically (unless a Member has opted not to receive it in whole or in part) and Members do not need to claim it.
- Recompenses Members for time devoted to their work as a Member and is intended to cover
  - preparation for and attendance at Authority, committee, sub-committee, panel and working group meetings (including travel time to and from meetings)
  - preparation for and attendance at seminars, conferences and training sessions
  - representing the Authority on "outside organisations"
  - dealing with correspondence
  - single Member duties
  - other incidental costs for which no other specific provision is made, including use of Member's home
- Adjustments to the annual Basic Allowance of £2,979.72 will be linked to staff cost of living pay awards.
- Where the Member's term of office begins or ends at any time other than the start of the financial year, they are entitled to the appropriate proportion of the annual allowance.

#### 4. SPECIAL RESPONSIBILITY ALLOWANCE:-

- Is payable in addition to the Basic Allowance.
- Is payable to Members who have been given significant responsibilities e.g. Chairperson, Deputy Chairperson, Deputy Chairperson (Planning).
- Is allocated on the degree of responsibility and upon the perceived call on the Member's time, as agreed by the Authority, with no Member receiving more than one Special Responsibility Allowance at any one time.
- Is paid in arrears in 12 equal instalments automatically (with no need for the Member to claim) and where applicable is apportioned for part year entitlements.
- Is intended to cover:-
  - significant additional work preparing for meetings
  - meetings with officers
  - meetings with fellow chairpersons
  - acting as the spokesperson for their area of special responsibility
  - dealing with correspondence
  - visits directly connected to the performance of a Special Responsibility Allowance, eg official openings, fact finding visits
- Does not include any element for travel expenses, which are claimable in the normal way for any Special Responsibility Allowance duty.
- Is banded on multiples of the basic allowance to reflect the work and responsibilities that have to be undertaken and will be paid as follows:-

Chairperson of the Authority	2 x basic allowance
Deputy Chairperson of the Authority	1.5 x basic allowance
Deputy Chairperson of the Authority (Planning)	1.5 x basic allowance
Chairperson of the Standards Committee	.25 basic allowance
Chairperson of the Exmoor Consultative and Parish Forum	.5 x basic allowance

- To cater for changes in circumstances that can occur during the year and to ensure that no individual cases of exceptional hardship are experienced, the Chief Executive and the Head of Finance & Operations in consultation with the Chairperson can agree Special Responsibility Allowances temporarily for individual Members as considered necessary.

#### 5. TRAVEL ALLOWANCE

- Current rates are shown in Appendix 2.
- Can only be claimed for an approved duty (which is set out in Appendix 3) or one covered by a Special Responsibility Allowance.
- Should be claimed promptly at the end of each month on the Members' claim form.
- For official journeys outside Somerset and Devon see policy as set out in Appendix 2.
- Train fares are normally reimbursed at the standard class rate. Members eligible for a Railcard who regularly use the train for Authority business may reclaim the cost of the railcard.

**NB** The Corporate Support Officer can obtain pre-booked tickets for Members; such advance bookings attract cheaper fares and reserved seats.

- Wherever possible, Members should share transport.
- Taxi fares will be reimbursed in exceptional circumstances on production of receipts.
- Expenditure on tolls, parking fees, etc may be claimed for re-imbusement on production of receipts.
- Members are advised to check the position with their insurer to ensure they have adequate vehicle insurance cover in place to include use of their vehicle for Authority business.

## 6. **SUBSISTENCE ALLOWANCE**

- Is claimable for the actual cost of the meal or overnight expenses (excluding alcoholic drinks) up to the same maximum set out for staff which is updated annually. Current rates are shown in the attached Appendix 2.
- Subsistence claims should not include receipts for the purchase of alcoholic drinks.
- Is claimable for any approved duty or Special Responsibility Attendance exceeding 4 hours which spans the agreed meal time periods where additional expenditure is incurred.
- Should be claimed promptly at the end of each month on the Members' claim form and receipts must be attached to support the claim. Claims made without proof of expenditure will only be paid in special circumstances and will be referred for the approval of the Head of Finance and Operations in consultation with the Chairperson or Deputy Chairperson.
- Is not claimable if a meal is provided free of charge.
- For special circumstances the Head of Finance and Operations can agree allowances in excess of the maximum where this is considered necessary and appropriate.

## 7. **NON CLAIMABLE DUTIES**

- For the avoidance of doubt, the following duties are not approved for the purpose of claiming travel or subsistence allowances:-
  - Single Member duties
  - Attendance at Parish Council meetings
  - Attendance at any committee, panel or working group meetings to which a Member has not been appointed, unless as a previously named substitute

## 8. **PAYMENT OF ALLOWANCES**

- Basic Allowances and Special Responsibility Allowances are paid automatically monthly after completion of:-
  - Written undertaking to comply with the Code of Conduct for Members
  - Declaration of interests
  - Tax, National Insurance and Bank detail pro-formas

- These allowances are treated as imbursements and subject to Tax and National Insurance Contributions under PAYE regulations.
- Travel and subsistence must be claimed monthly on the Members' Claim Form. Mileage Allowances are taxed according to the profit element which is calculated by comparing the amounts paid per mile with the Inland Revenue's Authorised Mileage Rates. Reimbursement of subsistence and other expenses incurred (car park fees, tolls, taxis etc) should not give rise to a tax or national insurance contribution liability as there is no profit element involved.
- Fuel receipts which predate the dates of travel should be attached to the monthly mileage claim form in order that VAT can be reclaimed on the expenses paid.
- Claims must be submitted monthly. Claims not received by the Corporate Support Officer by the 5th day of the following month will not be paid that month.
- A supply of claim forms can be obtained from the Corporate Support Officer.
- Allowances must not be claimed where the Member is entitled to receive payment from another body for the same duty/activity.
- Payments are made through Somerset County Council which provides a payroll bureau service to Exmoor National Park Authority.
- Payment has to be made directly into a Bank or Building Society account.
- Members can request a PAYE code from the Inland Revenue for the taxable payments, otherwise payments will be taxed at the basic rate of tax. Some Members may be able to obtain an exemption card for national insurance. Some female Members may be able to obtain a reduced rate certificate (married women or widows). Members seeking advice on the national insurance calculation matters should contact their tax office or the Head of Finance and Operations.
- The Authority regularly reviews expenditure on Members Allowances to ensure the budget is not overspent. In order to assist with the monitoring of the budget Members are asked to submit claims monthly, no matter how small.
- Claims older than 2 months will be referred for the approval of the Head of Finance and Operations in consultation with the Chairperson or Deputy Chairperson and therefore payment may be delayed or refused.

## 9. **UNEMPLOYMENT PAY and STATUTORY SICK PAY**

- Members who are unemployed normally do not lose entitlements to unemployment benefit as a result of receiving a Basic Allowance or Special Responsibility Allowance, even though the earnings rule may be exceeded. Members entitled to Disability Benefits may find this entitlement is affected. In such cases Members should clarify the situation with their Tax Office.
- Members are regarded as "employees" under the Social Security and Housing Benefits Act 1982 and are entitled to receive sick pay for the first 28 weeks of sickness a year. If Members wish to pursue claims for sickness benefit, the period of sickness should be in excess of 3 consecutive days and the Corporate Support Officer must be given prompt notification of sickness.

**EXMOOR NATIONAL PARK AUTHORITY  
TRAVEL AND SUBSISTENCE**

1. **MILEAGE RATES** (up to 8500 miles per annum after which reduced rates apply) for journeys within Somerset and Devon, and between Members' homes and Dulverton:-

A flat rate allowance: **46.9p**, Passenger supplement: **5p** per passenger per mile  
 The rate for use of a motor cycle is 21p per mile.

2. **JOURNEYS OUTSIDE DEVON AND SOMERSET** For journeys outside Devon and Somerset Members should use public transport whenever possible and appropriate. Recognising that there are situations when it would be more appropriate to travel by private vehicle the rate of **35.2p** per mile is payable unless a case can be made for payment of the full mileage rate and this is subject to PRIOR approval by the Chairperson or Deputy Chairperson. Travel by car can be either by the use of a hire car or by the payment of the normal mileage rates for the journey. Situations where such prior approval is appropriate are on the grounds of:-

- sustainability where two or more people are sharing a vehicle
- inadequacy where public transport is not available or the journey is too time consuming involving changes of trains and taxis
- economy where the costs of using public transport are significantly greater, overnight stays would be avoided, etc.
- efficiency where savings in staff and Members time could justify the payment of the full rate

**NB** Members must ensure that they have adequate insurance cover for journeys made by them in respect of Exmoor National Park Authority business.

3. **SUBSISTENCE ALLOWANCES**

Breakfast	£7.50	Claimable if away from normal place of residence for more than 4 hours before 11.00am.
Lunch	£10.15	Claimable if away from normal place of residence for more than 4 hours including the lunch time period of 11.30am and 2.30pm.
Tea	£4.30	Claimable if away from normal place of residence for more than 4 hours including the period 3pm to 6pm and cannot be claimed if Evening Meal Allowance is also claimed.
Dinner	£14.00	Claimable if away from the normal place of residence more than 4 hours, ending after 7pm and cannot be claimed if tea is also claimed.
Overnight	£120.00	Claimable if away overnight from normal place of residence for overnight accommodation including breakfast.
Out of Pocket	£5.80 per night £23.25 per week	Claimable for residential courses and conferences.
<b>Receipts must be submitted to obtain subsistence allowances up to maximum allowances above.</b>		

**Notes:** Members will be taxed at their marginal rate for the cost of travelling between home and Exmoor House. Reimbursement of all other receipted subsistence and other expenses should not give rise to a tax or national insurance liability.

**EXMOOR NATIONAL PARK AUTHORITY  
LIST OF APPROVED DUTIES FOR THE PAYMENT OF  
TRAVEL AND SUBSISTENCE ALLOWANCES**

Each of the following duties shall be regarded as authorised by the ENPA:-

- Attendance at any
  - Exmoor National Park Authority meeting
  - Meeting of any Authority Committee or Sub Committee to which the Member is formally appointed by the Authority or specifically invited by the Chairperson
  - Working group or panel meetings to which the Member has been appointed by the Authority
  - “ad hoc” meetings and site visits set up by the ENPA or its committees when attending as an appointed Member.
  - Association of National Park Authorities meetings as agreed by the Authority.
- The undertaking of any duty associated with the ENPA or its committees and sub-committees, including briefing sessions, site visits, meetings with outside bodies or individuals, by
  - the Chairperson, Deputy Chairperson and Deputy Chairperson (Planning)
  - the Chairperson of the Standards Committee
  - the Chairperson of the Exmoor Consultative and Parish Forum
- Attendance on Authority, committee and sub-committee tours of inspection and at Members' conferences or seminars where formally appointed by the ENPA
- Attendance as the ENPA's nominee or representative at meetings associated with approved bodies
- Attendance at Open Days, official ceremonies where the Member is performing a specific function
- Attendance at any approved conference where appointed by the ENPA or a committee or sub-committee.
- Any other attendance for which prior approval has been given by the Chairperson or Deputy Chairperson of the ENPA

NB A duty cannot be approved, in retrospect, for the purpose of paying allowances.