



EXMOOR

NATIONAL PARK

EXMOOR NATIONAL PARK AUTHORITY
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22 May 2019

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 4 June 2019 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 Chairman 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 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).

The meeting will be **video and audio recorded**. By entering the Authority's Committee Room and speaking during Public Speaking you are consenting to being video and audio recorded.

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 Chairman 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).

Sarah Bryan
Chief Executive

AGENDA

The first section of the meeting will be chaired by Mr R Milton, the Chairman of the Authority. If the Chairman is absent, the Deputy Chairman shall preside.

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 meeting of the Authority held on 7 May 2019 (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.

Agenda 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 will be chaired by Mr M Dewdney (Deputy Chairperson (Planning)). If the Deputy Chairperson (Planning) is absent, the Deputy Chairperson of the Authority shall be preside.

6. **Development Management:** To consider the report of the Head of Planning and Sustainable Development on the following:-

Agenda Item	Application No.	Description	Page No's.
6.1	6/23/19/101	Resubmission of planning application 6/23/18/102 for the erection of a single storey extension. (Householder) – The Green, North End Road, Monksilver, Somerset	1 - 8

7. **Application Decisions Delegated to the Chief Executive:** To note the applications determined by the Chief Executive under delegated powers (Item 7).

8. **Site Visits:** To arrange any site visits agreed by the Committee (the reserve date being Friday, 28 June (am)).

The remaining section of the meeting will be chaired by Mr R Milton, Chairperson of the Authority. If the Chairperson is absent, the Deputy Chairperson of the Authority shall preside.

9. **Internal Audit Arrangements:** To consider the report of the Internal Auditor and the Chief Finance Officer (Item 9).
10. **Members' Allowances Scheme:** To consider the report of the Chief Finance Officer (Item 10).
11. **Annual Treasury Management Report:** To consider the report of the Head of Finance & Operations (Item 11).
12. **Personnel Update**

Starters

13 May 2019 – Charlotte Thomas, Exmoor Non-Native Invasive Species (ENNIS) Project Officer – 2 year fixed term contract – 14.8 hours per week

13 May 2019 - Holly Moser, Exmoor Non-Native Invasive Species (ENNIS) Project Officer – 2 year fixed term contract – 22.2 hours per week

Leavers

05 May 2019 – Mark Asher, Team Member (Pinkery Centre) – resignation

13. **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 May 2019 at 10.00am in the Committee Room, Exmoor House, Dulverton.

PRESENT

Mr R Milton (Chairperson)
Mr M Dewdney (Deputy Chairperson (Planning))
Mrs L Blanchard
Mr R C Edgell
Mr M Ellicott
Mr B Heywood
Mr N Holliday
Mr J Hunt
Mrs C Lawrence
Mr E Ley
Mrs F Nicholson
Mr B Peacock
Sir Richard Peek
Mr S J Pugsley
Mr B Revans
Mr M Ryall
Mrs E Stacey
Mrs P Webber
Mr V White

An apology for absence was received from Miss A V Davis, Mr I Jones, and Mr J Patrinos.

150. DECLARATIONS OF INTEREST:

In relation to Agenda Item 7.1 – Application No. 6/8/19/101– Proposed area for storing timber and associated equipment. Retrospective (Full) – Allercott Farm, Allercott, Timberscombe, Minehead, Somerset, the following interests were noted:

- Mr B Revans declared a personal interest as a close friend of the occupier of a property on the Allercott Farm holding, and indicated he would withdraw from the meeting when this item was considered.
- All Members declared having been lobbied.

In relation to Agenda Item 7.2 – Application No. 62/41/18/029 – Proposed raising of roof to create additional floor and alterations to dwelling. (Householder) – 21a Park Gardens, Lynton, Devon, Mr B Peacock declared a personal interest as Chairman of Lynton & Lynmouth Town Council and a close neighbour of the Applicant, and indicated he would remain in the room, but would not take part in the debate or vote on the application.

In relation to Agenda Item 7.3 – Application 62/49/19/001 - Retrospective external alterations to farmhouse and ancillary barns. As per amended plans. (Full) – Longstone Wells, Heasley Mill, Devon, Mrs L Blanchard declared a personal interest as she used to work for the Applicants' Agent, although they have not had any contact for several years.

151. CHAIRPERSON'S ANNOUNCEMENTS: The meeting was advised that the Deputy Chairperson and another Member, were representing the Authority at the funeral of Mr Edward Nightingale, a former Member of the Authority. In expressing their condolences to his family, Members recognised Mr Nightingale's valuable work during his time with the Authority.

152. MINUTES

- i. **Confirmation:** The **Minutes** of the Authority's meeting held on 2 April 2019 were agreed and signed as a correct record, subject to amendment to remove the word Annual from the first paragraph of the minutes.
- ii. **Matters arising:** There were no matters arising.

153. PUBLIC SPEAKING: See minutes 156, 157, 158 and 159 for details of public speakers.

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 M Dewdney, Deputy Chairperson (Planning).

APPEALS

- 154.** The Committee noted the **decision** of the Secretary of State for Housing, Communities and Local Government to allow the appeal and grant planning permission for the proposed erection of a rear dormer extension to a dwelling at - 3 The Paddock, Dulverton, Somerset.
- 155.** The Committee noted the **decision** of the Secretary of State for Housing, Communities and Local Government to dismiss the appeal against a condition of planning permission requiring existing upvc windows, doors and fascia's to be replaced (Application 62/11/17/006) at – Hallslake Farm, Lane from Hillsford Bridge to Old School House, Lynton, Devon EX35 6LG.

DEVELOPMENT MANAGEMENT

Before the officer presentation, Mr B Revans left the meeting room.

156. Application No. 6/8/19/101

Location: Allercott Farm, Allercott, Timberscombe, Minehead, Somerset
Proposal: Proposed area for storing timber and associated equipment.
Retrospective (Full)

The Authority considered the **report** of the Head of Planning and Sustainable Development.

Public Speaking:

- (1) Mrs K Weil, Neighbour
- (2) Mr R Wight, Neighbour
- (3) A statement from Mr P Camp, of the National Trust, was tabled
- (4) Mrs S Takle
- (5) Mr R Willford, Applicant's business partner
- (6) Mr S Moore, Applicant

7 May 2019

RESOLVED: To refuse planning permission for the reasons set out in the report.

After the vote, Mr B Revans returned to the meeting room.

Mrs F Nicholson and Mrs C Lawrence left the meeting.

The meeting closed for recess at 11.30am and reconvened at 11.40am.

157. Application No. 62/41/18/029

Location: 21a Park Gardens, Lynton, Devon

Proposal: Proposed raising of roof to create additional floor and alterations to dwelling. (Householder)

The Authority considered the **report** of the Head of Planning and Sustainable Development.

Public Speaking:

(1) Mr K Dwyer, Applicant's Agent

(2) A statement from Mr & Mrs Gorst, the Applicants, was tabled

RESOLVED: To refuse planning permission for the reasons set out in the report.

158. Application No. 62/49/19/001

Location: Longstone Wells, Heasley Mill, Devon

Retrospective external alterations to farmhouse and ancillary barns. As per amended plans. (Full)

The Authority considered the **report** of the Head of Planning and Sustainable Development.

Public Speaking:

(1) Mrs M Bailey, Applicant's Agent

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

159. Application No. 6/3/19/101

Location: Harewood Farm, Hill Lane, Brompton Regis, Dulverton, Somerset

Proposal: Demolition of existing building and erection of mixed use equestrian/agricultural building (18m x 15.5m). Retrospective. (Full)

The Authority considered the **report** of the Head of Planning and Sustainable Development.

Public Speaking:

(1) Mrs L Bengtson, Applicant

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

160. APPLICATION DECISIONS DELEGATED TO THE CHIEF EXECUTIVE: The Authority noted the **decisions of the Chief Executive determined under delegated powers**.

161. SITE VISITS: There were no site visits to arrange.

The remaining section of the meeting was chaired by Mr R Milton, Chairman of the Authority.

162. PROPOSED NEW PAY AND GRADING STRUCTURE AND OUTCOME OF THE JOB EVALUATION REVIEW

The Authority considered the **report** of the Chief Executive.

RESOLVED:

- (1) To adopt the new Pay and Grading Structure at Appendix 2 to the report.
- (2) To note the results of the Job Evaluation review and Equality Impact Assessment in Appendix 3 to the report.
- (3) To delegate to the Chief Executive responsibility to implement the new Pay and Grading structure and the outcome of the Job Evaluation Review effective from 1 April 2019.

163. ACQUISITIONS AND DISPOSALS POLICY

The Authority considered the **report** of the Land and Property Manager.

The Authority's Consideration

Members were fully supportive of the new policy but queried whether it could be amended to also encompass non-property assets. It was agreed to delegate this to Officers to consider and update the policy if considered appropriate.

RESOLVED:

- (1) To approve and adopt the new acquisitions and disposals policy.
- (2) To delegate to Officers to determine if the policy could be amended to also encompass non-property assets.

7 May 2019

164. EXMOOR CONSULTATIVE & PARISH FORUM: The Authority received and noted the **draft minutes** of the Exmoor Consultative & Parish Forum meeting held on 14 March 2019.

165. PERSONNEL UPDATE: The Authority noted the recent staff changes as set out on the Agenda.

166. ANY OTHER BUSINESS OF URGENCY: There was none.

167. CONFIDENTIAL BUSINESS

Pursuant to Section 100A(4) of the Local Government Act 1972 that the press and public be excluded from the remainder of the meeting on the grounds that publicity would be prejudicial to the public interest by reason of the confidential nature of the business arising in Item 16 – Land at Warren and that the following information would be considered which is exempt information as presented in Schedule 12A of the Act (as amended):-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

168. LAND AT WARREN

The Authority considered the confidential report of the Land and Property Manager.

RESOLVED: The Authority Committee resolved to approve the grant of a new 20 year Farm Business Tenancy as described in the report.

The meeting closed at 12:55 pm

(Chairperson)

6.1

Application No: **6/23/19/101**

Grid Ref. 307284 137617

Applicant: Mr J Stace, The Green
North End Road, Monksilver, Somerset

Location: The Green, North End Road, Monksilver, Somerset

Proposal: **Resubmission of planning application 6/23/18/102 for the erection of a single storey extension. (Householder)**

Introduction: The application comes before the Authority Committee in accordance with the agreed scheme of delegation, because the Officer recommendation to refuse planning permission is contrary to the view of Monksilver Parish Council.

The application proposes a single storey extension to "The Green" in Monksilver.

The Green is a detached dwelling with painted, rendered elevations under a slate roof. The property is located adjacent to the western side of Front Street, within the village of Monksilver. The dwelling has off road parking for a number of vehicles in the north area of the site and the gardens are predominantly to the south of the site. The dwelling is within the Historic Settlement Core of Monksilver.

Recent planning applications have been permitted for outbuildings at the property and a conservatory to the west elevation under application reference 6/23/16/106.

The extension proposed under this application would be to the southern side of the dwelling and parallel to Front Street, which leads through Monksilver and to the eastern side of the house.

The application follows a previous application, submitted in November 2018 (reference 6/23/18/102), for the same proposal. That application was amended during the course of its consideration and following concerns raised in relation to the size of the proposed extension. The extension approved under that application measures approximately 6.6 metres by 6 metres.

This fresh application proposes a similar form of extension, but with a larger footprint by proposing an extension with a length of approximately 7.5 metres, projecting out from the south elevation of the dwelling, by a width of 6 metres. The length of the proposed extension would be approximately 0.9 metres longer than that already approved.

There is a hedge boundary to Front Street. The papers explain that it is proposed to remove the vegetation of the hedge during construction of the proposed extension and replant the hedge following completion of the works. The existing dry stone wall/bank would be retained.

Consultee Response:

WESSEX WATER AUTHORITY: Wessex Water has no objections to this application

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and can advise the following:

New drainage and water supply connections

Your builder and plumber should explain how your existing arrangements may be altered to accommodate any new water supply or disposal requirements. If your proposals require new connections to the public foul sewer and public water mains, notes and application forms can be found here.

What to do with rainwater from new driveways and roofs

Rainwater running off new driveways and roofs will require consideration to provide the best solution for the local environment. Rainwater may already connect to our existing foul or surface water networks. If you or your builder believe rainwater connects to the foul water network this should be disconnected and an alternative method of disposal considered; soakaways where possible or connection to a watercourse or surface water sewer. Rainwater flows from hard surfaces running via pipes outside of your property boundary should not be permitted to increase once your extension is built and be reduced, where possible, to reduce local flood risk. This can be achieved by soakaway (where ground conditions are suitable) or slowing flows down within your property boundary with the use of rain butts, permeable paving and rain gardens.

What to do if there is a public sewer or water main close to the proposed extension We do not permit the building over of public water mains or in many instances where affected sewers are greater than 300mm diameter. This is to protect both property and services to our customers.

According to our records there is a public foul sewer which crosses the site. We do not believe this sewer will be affected by the proposed extension. Further information can be found on Wessex Water's website

<https://www.wessexwater.co.uk/services/building-and-developing>

SOMERSET WEST AND TAUNTON COUNCIL: No comments received

SCC - HIGHWAY AUTHORITY: No observations

MONKSILVER PARISH COUNCIL: This application appears to be identical to the original proposals submitted last year in a previous application reference 6/23/18/102. With comments, the Parish Council supported the proposals then. All the current Parish Councillors eligible to vote, again give their unanimous support of the new application.

HISTORIC BUILDINGS OFFICER - ENPA: No comments received

ARCHAEOLOGIST - ENPA: No comments received

ECOLOGIST - ENPA: The proposed single story extension is due to tie into southern elevation wall and soffits of the building where negligible bat roosting potential is present. The proposal will also include the retention of the boundary hedgerow and garden tree. A section of small shrubs will however be effected, though from the photos within the Design and Access Statement, this looks to contain minimal potential for nesting birds.

However, due to the opportunistic behaviour of some bats species, including pipistrelles, and passerines birds, along with the site's location set within habitats that will support both bats and birds, please attach the following as informatives to any planning permission granted:

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- The applicants and their contractors are reminded of the legal protection afforded to bats and bat roosts under legislation including the Conservation of Habitats and Species Regulations 2017. In the unlikely event that bats are encountered during implementation of this permission it is recommended that works stop and advice is sought from a suitably qualified, licensed and experienced ecologist at the earliest possible opportunity.
- The applicants and their contractors are reminded of the legal protection afforded to nesting birds under legislation including the Wildlife and Countryside Act 1981. In the unlikely event that nesting birds are encountered during implementation of this permission it is recommended that works stop and advice is sought from a suitably qualified, licensed and experienced ecologist at the earliest possible opportunity.

Public Response:

1 letter of objection 3 letters of support

2 letters have been received expressing support for the application.

1 letter has been received raising concern that the extension is too big, and that what the public will see is a bland plain (meticulously) straight wall stuck on the side of an old gable face. The extension is not considered to conserve or enhance the character of Monksilver or Exmoor and does nothing to complement the existing cottage.

RELEVANT HISTORY

75469/B	Proposed erection of two dwellinghouses on land adjoining County road B3188 at Monksilver, as described in the plans and drawings submitted		
	Outline	Approved	11 December 1972
	Same Site		
75469/B/1	Proposed erection of a dwellinghouse and garage at Monksilver as described in the detailed plans submitted and in accordance with the conditions attached to the outline permission granted on 11 December 1972		
	Reserve Matters Approved		07 January 1974
	Same Site		
75469/C	Proposed erection of a three-bedroom dwellinghouse and private garage on land adjoining the Monksilver - Woodford Class II County road B3188 at Monksilver, as described in the detailed plans submitted		
	Reserve Matters Refused		03 October 1973
	Same Site		
6/23/18/102	Proposed single storey extension to the south elevation of the property. As per amended plans.		
	Householder	Approved	12 March 2019
	Same Site		
6/23/18/101	Proposed erection of a detached outbuilding to be used as Hobbies/Games Room.		
	Householder	Approved	06 August 2018

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- 75434/2** Same Site
Proposed erection of a detached dwellinghouse and double private garage on land at Monksilver, as described in the detailed plans submitted, as amended by revised plan drawings no 7140/5, (Type B), in accordance with the conditions attached to the outline permission granted on 28 June 1971
Reserve Matters Revoked 26 June 1973
- 75434/B** Same Site
Proposed erection of a house and garage on land adjoining County road B3188 at Monksilver as described in the detailed plans and drawings submitted, as amended by plan (1158/3B/A4) with applicant's agent's letter dated 14 February 1973, in accordance with the conditions attached to the outline permission granted on 2 June 1971
Reserve Matters Approved 17 April 1973
- 75434/1** Same Site
Proposed erection of a detached dwellinghouse and double private garage on land at Monksilver, as described in the detailed plans submitted, as amended by revised plan drawings no 7140/5 (Type A), in accordance with the conditions attached to the outline permission granted on 28 June 1971
Reserve Matters Revoked 26 June 1973
- 75434** Same Site
Proposed development of land for residential purposes adjoining County road B3188 at Monksilver, as described in the plan submitted
Outline Revoked 26 June 1973
- 75434/A** Same Site
Proposed erection of a dwelling on land adjoining County road B3188 at Monksilver, as described in the plans and drawings submitted
Outline Revoked 16 January 1975
- 75469/A** Same Site
Proposed erection of three dwellings on land adjoining the Monksilver - Williton County road B3188 at Monksilver and formation of access thereto, as described in the plans submitted as amended by drawing no 72297/1A received 16 May 1972
Outline Approved 06 June 1972
- 6/23/16/106** Same Site
Proposed conservatory to the west elevation of the dwelling.
Householder Approved 23 December 2016
- 6/23/16/105** Same Site
Proposed erection of a detached open fronted double carport. As per amended plans dated 24/10/2016
Householder Approved 11 November 2016

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	Same Site		
6/23/99/103	Extension to residential property		
	Full	Approved	23 August 1999
	Same Site		
75679	Proposed erection of a garage on land at The Green, Monksilver, as described in the plans and drawings submitted as amended by letter and plan received on 22 November 1973		
	Full	Approved	08 January 1974
	Same Site		

Most Relevant Development Plan Policies:

EXMOOR NATIONAL PARK LOCAL PLAN
GP1 Achieving National Park Purposes and Sustainable Development
GP4 The Efficient Use of Land and Buildings
CE-S1 Landscape and Seascape Character
CE-D1 Protecting Exmoor's Landscapes and Seascapes
CE-S2 Protecting Exmoor's Dark Night Sky
CE-S3 Biodiversity and Green Infrastructure
CE-S4 Cultural Heritage and Historic Environment
CE-S6 Design & Sustainable Construction Principles
CE-D4 Extensions to Buildings
CC-D1 Flood Risk
HC-D15 Residential Extensions

The NPPF is a material planning consideration.

Observations:

The main material planning considerations in this case are considered to the design, scale and materials of the proposed development and its impact on the street scene and neighbouring amenity.

Policy CE-S1 requires that, among other things, the high quality, diverse and distinct landscapes and seascapes of Exmoor National Park are conserved and enhanced. Policy CE-D1 advises that development will be permitted where it can be demonstrated that it is compatible with the conservation and enhancement of Exmoor's landscape and seascapes.

Policy CE-S4 requires that the National Park's cultural heritage is conserved and enhanced and that development proposals affecting heritage assets and their setting will be considered in a manner appropriate to their significance.

Policy CE-S6 requires that development proposals should deliver high quality sustainable designs and conserve and enhance local identity and distinctiveness. The policy also requires that development should not detrimentally affect the amenities of surrounding properties and occupiers.

Policy CE-D4 permits extensions to existing buildings where these complement the form, character and setting of the original building and the extension is appropriate in terms of scale and massing.

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Policy HC-D15 requires, among other things, that extensions to dwellings are not disproportionate and do not increase the floorspace of the original dwelling by more than 35 per cent.

Although the proposed extension is not considered to cause unacceptable adverse impact on the amenity enjoyed at the adjoining residential neighbours, and the proposal would not bring an increase in floor space of the original dwelling by more than 35 per cent, the extension would protrude relatively significantly forward of the south elevation of the dwelling, which is the principal elevation. To provide a better balance and to ensure the extension responds more appropriately to the proportions of the main dwelling, respecting its character and appearance, Officers encouraged the reduction of the proposed extension through the earlier planning application that was made for the same proposal. In that case the proposal was revised and the extension reduced in length. The reduced size extension was considered to better respond to the vernacular and proportions of the main dwelling, particularly the gable end facing the public highway, and reduced the mass of extension when considered from the road. The amended scheme as presented under the earlier application was considered, on balance, to be acceptable and planning permission was granted accordingly in March 2019.

The fresh application now being considered proposes an extension as it was originally presented in the earlier planning application, i.e. an extension with a footprint measuring 7.5 metres by 6 metres. Although the proposed extension is single storey, it lies forward of the principal elevation of the dwelling and close to the road boundary. The proportions of the proposed extension, particularly its length, do not respect or respond to the character and appearance of the dwelling house. The length of extension competes with and unbalances the main gable end of the original dwelling as viewed from the Front Street. The proposed extension, by virtue of its proportions, size and position on the principal elevation of the dwelling, would undermine the character and appearance of the original house contrary to policies CE-D4, CE-S6 and HC-D15 of the Exmoor National Park Local Plan.

It is, therefore, recommended that planning permission be refused for the following reason.

Recommendation:

Refuse for the following reasons

1. The extension proposed by reason of its proportions, size and position on the principal elevation of the dwelling is considered to undermine the character and appearance of the original house contrary to policies CE-D4, CE-S6 and HC-D15 of the Exmoor National Park Local Plan 2011-2031 (including minerals and waste policies).

Notes to Applicant:

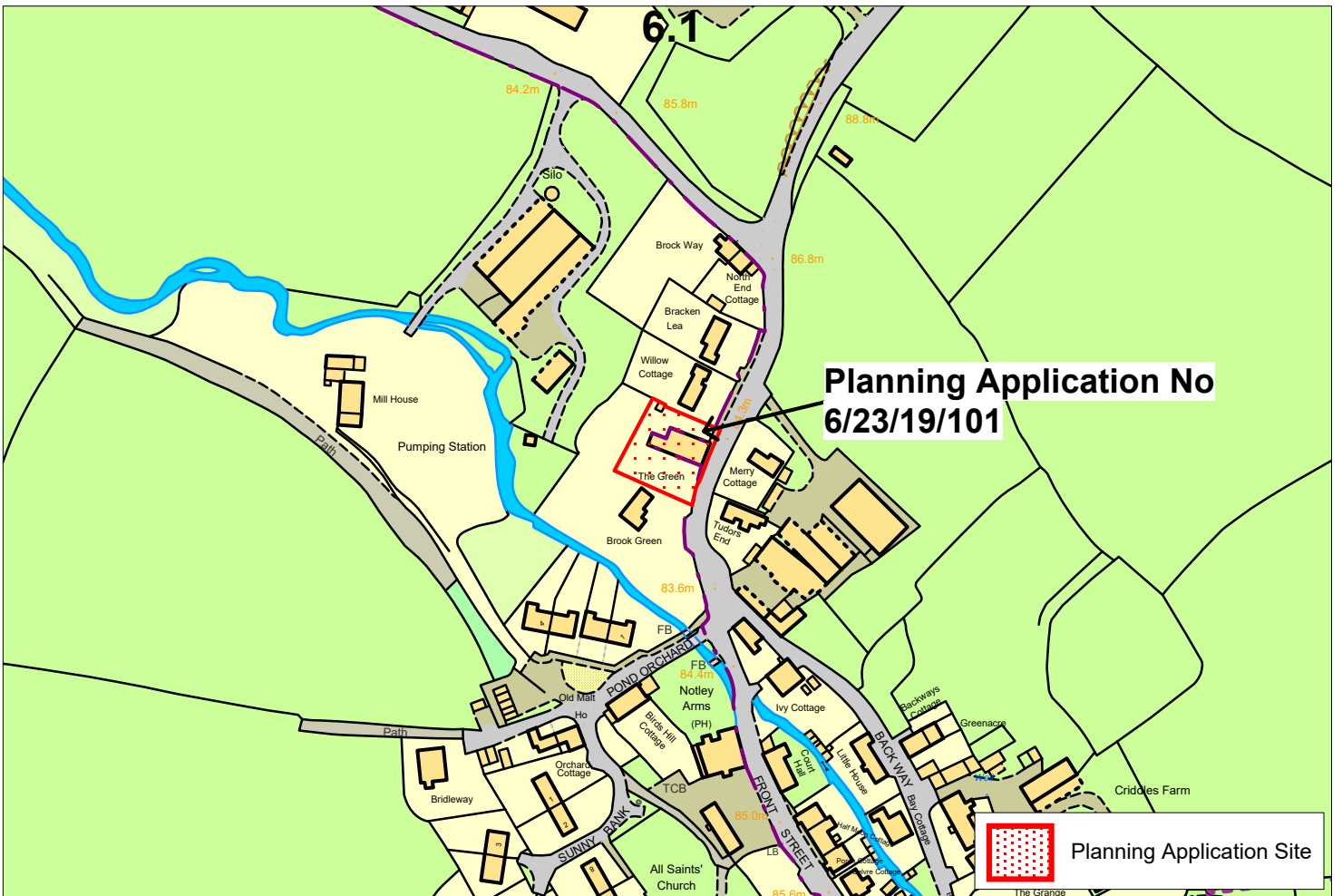
Positive and Proactive Statement

This Authority has a pro-active approach to the delivery of development. Early pre-application engagement is always encouraged. In accordance with the requirements of

6.1

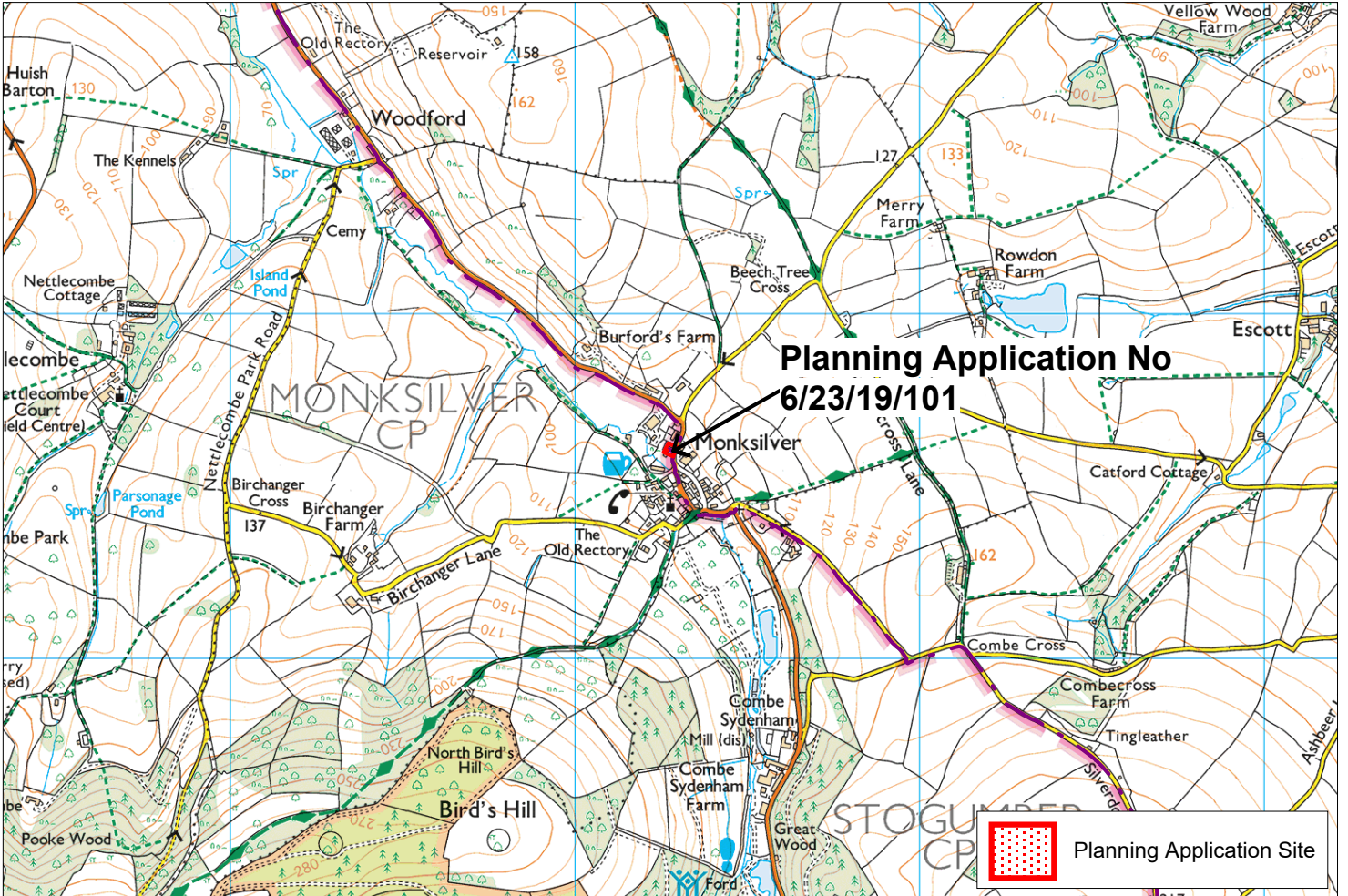
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Article 35 of the Town and Country Planning (General Management Procedure) (England) Order 2015, in determining this application, Exmoor National Park Authority has endeavoured to work positively and proactively with the agent/applicant, in line with the National Planning Policy Framework, to ensure that all relevant planning considerations have been appropriately addressed to achieve a positive outcome. However, in this instance, the relevant considerations have not been addressed and the application has therefore been refused.



Site Map
1:2500

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Overview Map
1:20000

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Application decisions delegated to the Chief Executive

<u>Ref and Grid Ref</u>	<u>Applicant & Location</u>	<u>Decision and Date</u>
62/41/19/008 SS718487	Mr & Mrs Turnbull - Proposed single storey extension. (Householder), Four Winds, Station Hill, Lynton, Devon	Approved 01-May-2019
6/43/19/102 SS937426	Ms SA Pluck - Certificate of Lawful Development for the existing use of land and buildings to keep equines and livestock. (CLEUD), Land at west side of Burrow Lane, Wootton Courtenay, Somerset	Split Decision 13-May-2019
WTCA 19/05 SS991437	Mr C Dixon - Removal of diseased Cherry Tree which is causing structural damage to boundary wall. Removal of Holly Tree which is penetrating structure of building. (Works to Trees in Conservation Area), 21 High Street, Dunster, Somerset	Approved 13-May-2019
6/29/19/103LB SS900476	Ms C Powell - Listed building consent for the proposed replacement of TV aerial and external light with Airband aerial. (Listed Building), West Lynch Farmhouse, Bossington Lane, Allerford, Minehead, Somerset	Approved 13-May-2019
WTCA 19/04 SS886462	Mr R Vowles - Works to trees in Conservation Area: Felling eight ash trees on boundary bank. (Works to Trees in Conservation Area), Porlock Recreation Ground Hall, Parsons Street, Porlock, Somerset	Approved 01-May-2019
6/10/19/105 SS989434	Mr C Jackson - Proposed internal alterations to listed building together with replacement access gates and erection of fence. (Householder), Woodville House, 25 West Street, Dunster, Somerset	Approved 13-May-2019
6/10/19/106LB SS989434	Mr C Jackson - Listed building consent for proposed internal alterations to listed building together with replacement access gates and erection of fence. (Listed Building), Woodville House, 25 West Street, Dunster, Somerset	Approved 13-May-2019

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Application decisions delegated to the Chief Executive

<u>Ref and Grid Ref</u>	<u>Applicant & Location</u>	<u>Decision and Date</u>
62/41/19/011 SS700475	Mr & Mrs Ellis - Proposed single storey extension together with roof canopy on north elevation. (Householder), Beechley, Caffyns Cross, Lynton, Devon	Approved 13-May-2019
6/8/19/102 SS923387	Cutcombe Parish Council - Proposed variation of condition 4 (Notwithstanding the Town and Country Planning (General Permitted Development) Order 2015 and the Town & Country Planning Use Classes Order 1987 as amended (or any order revoking and re-enacting those Orders with or without modification), the part of premises outlined in green on Plan A, attached to this Decision Notice, shall not be used other than as an office under Use Class B1a of the Use Classes Order, as storage under Use Class B8 of the Use Classes Order, or as a gym under Use Class D2 of the Use Classes Order.) of approved application 6/8/17/111 to allow wider B1 and D2 uses. (Alteration/Lift Condition), Business Unit at Former Toilets, Wheddon Cross, Minehead, Somerset	Approved 03-May-2019

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4 June 2019

INTERNAL AUDIT ARRANGEMENTS

Report of the Chief Finance Officer

Purpose of Report: To present to Members a report on the internal audit work carried out during 2018/19 and the planned programme for 2019/20.

RECOMMENDATION: The Authority is recommended to RECEIVE the Internal Audit report for 2018/19 and NOTE the Work Programme planned for 2019/20.

Authority Priority: Achieve by providing core services; getting best value from our resources; and improving our performance.

Legal and Equality Implications: Local Government Act 2003, Parts 1-3 (Capital Finance, Financial Administration and Grants), 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: Provision has been made in the 2018/19 and 2019/20 budgets to cover the costs of both external and internal audit. Internal Audit forms a major part of the governance and risk management arrangements of the Authority.

1. INTERNAL AUDIT

- 1.1 The Local Government Act 1972 and our Financial Regulations require the Chief Finance Officer (Section 151 Officer) to arrange for the provision of an adequate and effective system of internal audit. This service has been provided through a Service Level Agreement with Devon County Council and delivered by the Devon Audit Partnership (DAP) which is a shared service arrangement between Devon County Council, Torbay Council, Torridge and Plymouth City Council. The Partnership also provides the internal audit service to Dartmoor National Park Authority.
- 1.2 Attached at Appendix 1 is the Internal Audit Annual Report for 2018/19 and the proposed Audit Plan for 2019/20. Members will note from the annual audit report that there are no significant issues to be brought to the attention of the Authority. In Section 4.2 of Appendix 1 there is a list of the five core areas concerning our key financial systems and the auditor has given a high standard level of assurance for all of these.
- 1.3 Section 2 of Appendix 1 contains the Internal Audit Plan for 2019/20. This plan continues at the previously agreed number of 23 audit days per annum, that includes 3 days contingency provision.
- 1.4 It is anticipated that a member of the Devon Audit Partnership will be present to introduce their report.

Gordon Bryant
Chief Finance Officer
May 2019

EXMOOR NATIONAL PARK

ANNUAL INTERNAL AUDIT REPORT 2018/19 and PROPOSED INTERNAL AUDIT PLAN 2019/20

Section 1 - ANNUAL INTERNAL AUDIT REPORT 2018/19

1 INTRODUCTION

1.1 The following report sets out the background to audit service provision, review work undertaken in 2018/19, and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

1.2 The Accounts and Audit Regulations 2015 specify that all Authorities are required to carry out a review at least once each year of the effectiveness of its system of internal control, and to incorporate the results of that review into their Annual Governance Statement (AGS), which must be published with the annual Statement of Accounts.

2 BACKGROUND

2.1 Service Provision

2.1.1 The Internal Audit (IA) Service for Exmoor National Park Authority is delivered by the Devon Audit Partnership. This is a shared service arrangement between Devon, Torbay, Plymouth, Torridge and Mid-Devon councils constituted under section 20 of the Local Government Act 2000.

2.2 Regulatory Role

2.2.1 There are two principal pieces of legislation that impact upon internal audit in local authorities:

- **Section 6 of the Accounts and Audit Regulations (England) Regulations 2015** which states that:
 - “.....A relevant authority must, each financial year—
 - (a) conduct a review of the effectiveness of the system of internal control and
 - (b) prepare an annual governance statement”
- **Section 151 of the Local Government Act 1972**, which requires every local authority to make arrangements for the proper administration of its financial affairs.

2.2.2 'Proper practices' have been agreed and defined by the accounting bodies including the Chartered Institute of Public Finance and Accounts and the Chartered Institute of Internal Auditors as those set out in the Public Sector Internal Audit Standards (PSIAS).

2.2.3 In addition, Internal Audit is governed by policies, procedures, rules and regulations established by the Authority. These include standing orders, schemes of delegation, financial regulations, conditions of service, anti-fraud and corruption strategies, fraud prevention procedures and codes of conduct, amongst others.

3 OBJECTIVES AND SCOPE

3.1 This report presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year.

3.2. The Chief Internal Auditor is required to provide the Authority with an assurance on the system of internal control of the Authority. It should be noted, however, that this assurance can never be absolute. The most that the internal audit service can do is to provide reasonable assurance, based on risk-based reviews and sample testing, that there are no major weaknesses in the system of control. In assessing the level of assurance to be given the following have been taken into account:

- the audits completed during 2018/19;
- any significant recommendations not accepted by management and the consequent risks;
- internal audit's performance;
- any limitations that may have been placed on the scope of internal audit.

4 INTERNAL AUDIT COVERAGE 2018/19

4.1 In January 2019, Devon Audit Partnership carried out the annual review of the Authority's Key Financial Systems. In addition, we were asked to provide assurance that the Authority was progressing action plans for data protection compliance, following the introduction of the new Data Protection Regulations in May 2018, in an effective and timely manner.

Key Financial Systems

4.2 We are able to provide a "high" level of assurance to the Authority in relation to the internal controls that are in place to manage the Main Accounting System, budget setting / monitoring process, Payroll and Treasury Management. This means the system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and



substantial reliance can be placed upon the procedures in place. The individual opinions issued in respect of our assignment work were as follows:-

Areas Covered		Level of Assurance
1	Main Accounting System	High Standard
2	Budgetary Control	High Standard
3	Bank Reconciliations	High Standard
4	Investments	High Standard
5	Payroll and Travel Expenditure	High Standard

4.3 As noted in previous annual reports the financial management arrangements within the Authority are well established and many members of staff have long experience giving them a good understanding and knowledge of the financial controls and requirements of regulations and policies. We have developed good relations with the Head of Finance & Operations and are available to be consulted on matters relating to control mechanisms.

4.4 Areas of concern found during our review were in respect of the publishing of the minutes of Authority meetings and the review and reconciliation of payroll data and records.

4.5 Our testing highlighted that the Authority meeting minutes are not published on the website as a separate document although they do appear as an item on the agenda of the next meeting and are available as an audio recording. In the interests of transparency, the Authority should consider publishing the minutes of meetings on the website.

4.6 Whilst the Authority maintains a central record of staff, which includes details of the pay and grading structure, this is in Excel format. The payroll salary data is held by the payroll provider, Somerset County Council, on SAP, to which the National Park has limited access. At present there is no formal process to reconcile these two records, though changes to staff salaries are checked on a month to month basis, and there is a check to ensure that any annual increments applied by the payroll provider are being correct. Whilst we consider there is a low risk of staff salary data being incorrect on the SAP pay record, we would consider it to be best practice to formally reconcile the two records on (at least) an annual basis. This should help to mitigate the risk of staff salary overpayments, which could have both a financial and reputational impact.

4.7 At present there are reasonable checks to ensure that staff Salaries have been correctly processed via a review of the monthly payroll data. To help both HR and the Finance Team on checking the monthly payroll data, we would suggest that the payroll provider be requested to provide a month to month variance report (exception report). This could be used as a secondary check to identify any potential payroll anomalies and further reduce the likelihood of any staff salary overpayments.

Data Protection Act 2018 (GDPR)

4.8 A “point in time” assessment had been conducted by Devon Audit Partnership in February 2018 as part of the 2017/18 audit plan, using a pre-site visit self-assessment, followed up with discussions with staff directly involved with attaining compliance with the new data protection requirements. This found that Exmoor National Park were well placed to achieve a good level of compliance, based on the evidence of the work that had already been undertaken by officers. The data that is held by the Park Authority is generally not of a ‘sensitive’ nature which reduces the level of risk. However, the auditor considered that, due to the culture and role of the Park Authority within the local community, a significant risk was posed by the helpful and embedded nature of how Park staff have historically undertaken their respective roles.

4.9 A number of recommendations were made to supplement and support the Park Authority in achieving and maintaining compliance with the Data Protection Act. These included:

- Embedding good data protection process and culture;
- The role of Data Protection Officer;
- Data Protection awareness and training;
- Software compliance;
- Data Sharing Agreements.

4.10 As part of the 2018/19 Audit Plan, auditors re-visited this area following the legislation coming into effect in May 2018. As previously reported whilst the designated Data Protection Officer (DPO) does not fully comply with each and every requirement of the new regulation they have been identified as having appropriate skills and having limited direct line management responsibilities. One year on, this approach has been mirrored by many small and medium organisations.

4.11 The Park Authority’s Data Protection Officer (DPO) is still developing their knowledge and skills required to fulfil the position. However, as well as receiving formal GDPR training, they continue to develop their understanding of what can be a complex subject area and participate in a Parks DPO Discussion Group. This adds value in developing understanding and gaining assurance with DPO’s responsible for the data sets within similar organisations.

4.12 It remains important that there is a data protection/ information governance champion. Despite a noted change in the level of data protection awareness, there is currently no one on the Leadership Team (LT) to do this. It is strongly recommended that the designated DPO formally reports to LT on an agreed periodic basis in order to maintain awareness and obtain support where necessary.

4.13 Exmoor National Park’s Information Asset Register (IAR) is complete, allowing for better management of its data assets as well as better fulfilling the underlying requirements of the DPA. The challenge now is to maintain the register as an accurate record of the information held so that its value is not lost. Periodic review of the IAR will maintain its value and aid information management, particularly in respect of information retention.

4.14 Initial review of the IAR identifies the need for some refinement in respect of the legal basis and true understanding of the required retention periods within the individual areas. The

use of “indefinite” retention periods, as well as retentions for volunteer data for up to five years after they cease to contribute, evidence this opinion.

4.15 All staff have undergone their Data Protection training using an eLearning module developed specifically for National Park staff. Vigilance and ongoing awareness remain fundamental in safeguarding data subjects and the staff that administer their information. It is, therefore, essential that periodic formal training is provided as well as ad hoc initiatives resulting from local or national data breach incidents.

4.16 In conclusion the review found that, whilst there should be continued refinement of data protection and information governance processes, Exmoor National Park has progressed since the last review. It remains essential that knowledge and awareness is further developed throughout the organisation so that the risk of data breach, reputational damage and poor information management are properly mitigated. Once processes are in place and embedded, continued staff awareness and the appropriate management of breaches (or near misses) are fundamental.

Annual Governance Statement

4.17 As part of the agreed 2018/19 Audit Plan, time was allocated to review the arrangements in place to generate the Authority’s Annual Governance Statement (AGS). Due to resourcing and timing issues, this audit was not undertaken and with the agreement of the Head of Finance & Operations, it has been deferred and will be undertaken during 2019/20 ahead of the production of the 2019/20 AGS at the end of the financial year.

5 INTERNAL AUDIT OPINION

5.1 In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report.

5.2 Our final audit reports also include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans are reviewed during subsequent audits or as part of a specific follow-up process.

5.3 Management has been provided with details of our work completed in 2018/19 to assist them when considering governance arrangements. The expectation is that if significant weaknesses are identified in specific areas, these should be considered by the Authority in preparing its Annual Governance Statement; there are no such "significant weaknesses" arising from our work in 2018/19.

5.4 Overall, and based on work performed during 2018/19, Internal Audit is able to provide Full Assurance on the adequacy and effectiveness of the Authority’s internal control environment.

Full Assurance	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.
Significant Assurance	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.
Limited Assurance	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
No Assurance	Risks are not mitigated and weaknesses in control, and /or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.

Section 2 - INTERNAL AUDIT PLAN 2019/20

1 INTRODUCTION

1.1 Under the Local Government Act 1972, the Chief Financial Officer has a statutory duty to ensure that all financial systems in the Authority are secure. Assurance that this is the case is given through the reporting of Internal Audit. Audits will be carried out under the terms of Accountancy and Audit Regulations 2015.

1.2 As the Internal Auditors for Exmoor National Park Authority it is our responsibility to ensure that all financial systems are operating effectively and in line with the Authority's financial regulations.

2 THE AIM OF THE PLAN

2.1 The plan is reviewed and agreed on an annual basis, incorporating the key risks identified through the Authority's risk register and areas identified by Internal Audit. The plan also incorporates the requirements of the External Auditors in reviewing finance systems.

2.2 The main objectives of the plan are to provide assurance to the Section 151 Officer and the external auditors that all financial systems are: -

- Secure;
- Effective;
- Efficient;
- Accurate;
- Complete;
- Compliant.

2.3 In order to confirm this, system reviews and compliance testing are completed at the Authority's HQ (Dulverton, Somerset) and other sites located throughout the Park, as required.

3 THE PLAN

3.1 The audit plan for the financial year 2019/20 allows for up to 23 days of internal audit support.

3.2 This covers the financial audit reviews required as part of Internal Audit responsibilities in reporting to the Section 151 Officer, but also satisfies your external auditors of the security and effectiveness of the financial systems. As your Internal Auditors we will provide the documentation required by external audit to ensure they are satisfied with operations.

3.3 We liaise with your external auditors to discuss the testing planned to ensure this satisfies their requirements and reduces their need for review of these financial systems. The remainder of the planned days incorporates reviews of specific systems as identified through an audit risk assessment process, the Authority's risk register and liaison with management.

3.4 The plan includes a review of the following key financial systems:-

- Payroll
- Creditors (payments)
- Debtors (income collection)
- Main Accounting system
- Budgetary control
- Bank Reconciliation

Note – these reviews may change to take account of the needs of External Audit.

3.5 Any major findings (if applicable) from the previous year’s audit plan will be reviewed to ensure that agreed recommendations have been implemented and are effective. An annual report for your Park Authority Committee will be produced in good time and for the expected June 2020 meeting.

3.6 As part of the audit plan we will also provide assistance and advice and be a central contact point for the Head of Finance and Operations. We would be happy to consider undertaking special project work as and when appropriate and required.

4 TIMETABLE

4.1 The audits will be completed at specified times of the year through consultation and prior agreement of the Head of Finance and Operations. This will also take into account the timetable of external audit where applicable.

4.2 All findings will be reviewed with the Head of Finance and Operations at the end of each audit programme and prior to the issue of any draft reports.

4.3 A copy of all final reports will be available to your External Auditors for their information.

5 2019/20 PLAN

5.1 The following table sets out the planned internal audit work for 2019/20. Other issues and systems are sometimes identified during the course of the audits and if found will be discussed with the Head of Finance and Operations. These issues may be incorporated into future audit plans dependent upon priority and risk assessment.

Audit	Days
Material systems	
Financial Systems	12
Risk Based	
Safeguarding	6
Other work	
Audit Plan / Annual Report etc	2
Contingency - To cover additional work if required	3
Total days	23

5.2 The cost of these 23 days will be £6,555 (plus VAT) (please note we shall only charge for contingency days if these are required). Additional support will be provided as and when required. Our standard daily rate for this work will be £285, although specialist support may be at a different rate. Please contact us for further details. (Please note that this is an increase of £5 on last year's rates due to Pay related increases).

Note – The review of the Annual Governance Statement arrangements, deferred from 2018/19, will be in addition to the 23 days shown above but has already been accounted for in terms of invoicing the Authority as part of the overall cost of the 2018/19 audit.

Robert Hutchins
Head of Devon Audit Partnership
May 2019

Exmoor National Park Authority

INTERNAL AUDIT CHARTER (May 2019)

MISSION

The Mission of Devon Audit Partnership is to enhance and protect organisational value by providing risk based and objective assurance, advice and insight across its partners.

TERMS OF REFERENCE

This Charter formally describes the purpose, authority, and principal responsibilities of the Authority's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP), and the scope of Internal Audit work. This Charter complies with the mandatory requirements of the Public Sector Internal Audit Standards.

DEFINITIONS

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) as “an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

The PSIAS set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within the Authority the role of the Board within the Standards is taken by the Exmoor National Park Authority Committee and senior management is the Authority's Leadership Team.

The PSIAS make reference to the role of “Chief Audit Executive”. For the Authority this role is fulfilled by the Head of Devon Audit Partnership (HoDAP).

STATUTORY REQUIREMENTS

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state:

5.—(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

In addition, the Local Government Act 1972, Section 151, requires every local authority to designate an officer to be responsible for the proper administration of its financial affairs. In the

Park Authority, the Head of Finance and Operations is the 'Section 151 Officer'. One of the ways in which this duty is discharged is by maintaining an adequate and effective internal audit service.

THE PURPOSE AND AIM OF INTERNAL AUDIT

The role of Internal Audit is to understand the key risks of the National Park Authority; to examine and evaluate the adequacy and effectiveness of the system of risk management and the entire control environment as operated throughout the organisation and contribute to the proper, economic, efficient and effective use of resources. In addition, the other objectives of the function are to:

- support the Section 151 Officer to discharge his / her statutory duties;
- contribute to and support the Finance function in ensuring the provision of, and promoting the need for, sound financial systems;
- support the corporate efficiency and resource management processes by conducting value for money and efficiency studies and supporting the work of corporate working groups as appropriate;
- provide a quality fraud investigation service which safeguards public monies.

The existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

Internal Audit for the Authority is provided by Devon Audit Partnership (DAP). We aim to provide a high quality, professional, effective and efficient Internal Audit Service to the Members, service areas and units of the Authority, adding value whenever possible.

PROFESSIONALISM, ETHICS AND INDEPENDENCE

Being Professional

We (Devon Audit Partnership) will adhere to the relevant codes and guidance. In particular, we adhere to the Institute of Internal Auditors' (IIA's) mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the Public Sector Internal Audit Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing within the public sector and for evaluating the effectiveness of Internal Audit's performance. The IIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, Internal Audit will adhere to the Authority's relevant policies and procedures and the internal audit manual.

Internal Auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not, however, imply infallibility.

Our Ethics

Internal auditors in UK public sector organisations must conform to the Code of Ethics as set out by the Institute of Internal Auditors. This Code of Ethics promotes an ethical culture in the profession of internal auditing. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

The Code of Ethics extends beyond the definition of internal auditing to include two essential components:

1. Principles that are relevant to the profession and practice of internal auditing;
2. Rules of Conduct that describe behaviour norms expected of internal auditors.

The Code of Ethics provides guidance to internal auditors serving others, and applies to both individuals and entities that provide internal auditing services.

The Code of Ethics promotes an ethical, professional culture. It does not supersede or replace Codes of Ethics of employing organisations. Internal auditors must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life.

Being Independent

Internal Audit should be independent of the activities that it audits.

The status of Internal Audit should enable it to function effectively. The support of the Authority is essential and recognition of the independence of Internal Audit is fundamental to its effectiveness.

The Head of Devon Audit Partnership should have direct access to and freedom to report in his or her own name and without fear or favour to, all officers and members and particularly to those charged with governance (the Authority). In the event of the necessity arising, the facility also exists for Internal Audit to have direct access to the Chief Executive, the S.151 Officer and the Chair of the Authority and Exmoor National Park Authority Committee.

The Authority should make arrangements for Internal Audit to have adequate budgetary resources to maintain organisational independence.

The Head of Devon Audit Partnership should have sufficient status to facilitate the effective discussion of audit strategies, audit plans, audit reports and action plans with senior management and members of the Authority.

Auditors should be mindful of being independent. They;

- Must have an objective attitude of mind and be in a sufficiently independent position to be able to exercise judgment, express opinions and present recommendations with impartiality;
- Notwithstanding employment by the Partnership / Authority, must be free from any conflict of interest arising from any professional or personal relationships or from any pecuniary or other interests in an activity or organisation which is subject to audit;
- Must be free from undue influences which either restrict or modify the scope or conduct of their work or significantly affect judgment as to the content of the internal audit report; and
- Must not allow their objectivity to be impaired by auditing an activity for which they have or have had responsibility.

AUTHORITY

Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement.

All employees are requested to assist Internal Audit in fulfilling its roles and responsibilities. This is enforced in the Accounts and Audit (England) Regulations 2015 section 5(2-3) that state that:

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

- (a) make available such documents and records; and
- (b) supply such information and explanations;

as are considered necessary by those conducting the internal audit.

(3) In this regulation “documents and records” includes information recorded in an electronic form.

In addition, Internal Audit, through the Head of Devon Audit Partnership, where deemed necessary, will have unrestricted access to:

- the Chief Executive
- Members
- individual Heads of Service
- Section 151 Officer
- Monitoring Officer
- all authority employees
- all authority premises.

ACCOUNTABILITY

Devon Audit Partnership is a shared service established and managed via a Partnership Committee and Board with representation from each of the founding partners. The Partnership operates as a separate entity from the client authorities and Internal Audit is therefore independent of the activities which it audits. This ensures unbiased judgements essential to proper conduct and the provision of impartial advice to management. Devon Audit Partnership operates within a framework that allows the following:

- unrestricted access to senior management and members
- reporting in its own name
- separation from line operations

Every effort will be made to preserve objectivity by ensuring that all audit members of audit staff are free from any conflicts of interest and do not, ordinarily, undertake any non-audit duties.

The Head of Devon Audit Partnership fulfils the role of Chief Audit Executive at the Authority and will confirm to the Exmoor National Park Authority Committee, at least annually, the organisational independence of the internal audit activity.

The National Park Authority ‘Section 151 Officer’ will liaise with the Head of Devon Audit Partnership and is therefore responsible for monitoring performance and ensuring independence.

Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Head of Devon Audit Partnership reports functionally to the Exmoor National Park Authority Committee on items such as:

- approving the internal audit charter;
- approving the risk based internal audit plan;

- receiving reports from the Head of Devon Audit Partnership on the section's performance against the plan and other matters;
- approving the Head of Devon Audit Partnership's annual report'
- approve the review of the effectiveness of the system of internal audit.

The Head of Devon Audit Partnership has direct access to the Chair of the Authority and Exmoor National Park Authority Committee and has the opportunity to meet with the Authority Committee in private.

RESPONSIBILITIES

The Chief Executive (National Park Officer), Heads of Service and other senior officers are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services.

The Head of Devon Audit Partnership will provide assurance to the Head of Finance and Operations 'Section 151 Officer' regarding the adequacy and effectiveness of the Authority's financial framework, helping meet obligations under the LGA 1972 Section 151.

The Head of Devon Audit Partnership will provide assurance to the Monitoring Officer in relation to the adequacy and effectiveness of the systems of governance within the Authority helping him / her meet obligations under the Local Government and Housing Act 1989 and the Authority's Standing Orders. He will also work with the Monitoring Officer to ensure the effective implementation of the Authority's Whistleblowing Policy.

Internal Audit responsibilities include but are not limited to:

- examining and evaluating the soundness, adequacy and application of the Authority's systems of internal control, risk management and corporate governance arrangements;
- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- reviewing the systems established to ensure compliance with those policies, plans, procedures and regulations which could have a significant impact on operations;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- investigating alleged fraud and other irregularities referred to the service by management, or concerns of fraud or other irregularities arising from audits, where it is considered that an independent investigation cannot be carried out by management;
- appraising the economy, efficiency and effectiveness with which resources are employed and the quality of performance in carrying out assigned duties including Value for Money Studies;
- working in partnership with other bodies to secure robust internal controls that protect the Authority's interests;
- advising on internal control implications of new systems;
- providing consulting and advisory services related to governance, risk management and control as appropriate for the organisation;
- being responsible for reporting significant risk exposures and control issues identified to the Authority Committee and to senior management (Leadership Team), including fraud risks, governance issues.

INTERNAL AUDIT MANAGEMENT

The PSIAS describe the requirement for the management of the internal audit function. This sets out various criteria that the Head of Devon Audit Partnership (as Chief Audit Executive) must meet, and includes:-:

- be appropriately qualified;
- determine the priorities of, deliver and manage the Authority's internal audit service through a risk based annual audit plan;
- regularly liaise with the Authority's external auditors to ensure that scarce audit resources are used effectively;
- include in the plan the approach to using other sources of assurance if appropriate;
- be accountable, report and build a relationship with the Authority and the Exmoor National Park Authority Committee and S.151 Officer; and
- monitor and report upon the effectiveness of the service delivered and compliance with professional and ethical standards.

These criteria are brought together in an Audit Strategy which explains how the service will be delivered and reflect the resources and skills required.

The Head of Devon Audit Partnership is required to give an annual audit opinion on the governance, risk and control framework based on the audit work done.

The Head of Devon Audit Partnership should also have the opportunity for free and unfettered access to the Chief Executive and meet periodically with the Monitoring Officer and S.151 Officer to discuss issues that may impact on the Authority's governance, risk and control framework and agree any action required.

INTERNAL AUDIT PLAN AND RESOURCES

At least annually, the Head of Devon Audit Partnership will submit to the Authority and / or Exmoor National Park Authority Committee a risk-based internal audit plan for review and approval. The Head of the Devon Audit Partnership will:

- develop, in consultation with Heads of Service, an annual audit plan based on an understanding of the significant risks to which the organisation is exposed;
- submit the plan to the Exmoor National Park Authority Committee for review and agreement;
- implement the agreed audit plan;
- maintain a professional audit staff with sufficient knowledge, skills and experience to carry out the plan and carry out continuous review of the development and training needs;
- maintain a programme of quality assurance and a culture of continuous improvement;

The internal audit plan will include timings as well as budget and resource requirements for the next fiscal year. The Head of Internal Audit will communicate the impact of resource limitations and significant interim changes to senior management and the Exmoor National Park Authority Committee.

Internal Audit resources must be appropriately targeted by assessing the risk, materiality and dependency of the Authority's systems and processes. Any significant deviation from the approved Internal Audit plan will be communicated through the periodic activity reporting process.

It is a requirement of the Authority's Anti-Fraud and Corruption Strategy that the Head of Devon Audit Partnership be notified of all suspected or detected fraud, corruption or impropriety. All reported irregularities will be investigated in line with established strategies and policies. The audit plan will also include sufficient resource to carry out proactive anti-fraud work.

Internal Audit activities will be conducted in accordance with Authority strategic objectives and established policies and procedures.

Monitoring of Internal Audit's processes is carried out on a continuous basis by Internal Audit management, and the Authority's members and management may rely on the professional expertise of the Head of the Devon Audit Partnership to provide assurance. From time to time, independent review is carried out: for example, through peer reviews; ensuring compliance with the PSIAS is an essential approach to such a review.

REPORTING

The primary purpose of Internal Audit reporting is to communicate to management within the organisation, information that provides an independent and objective opinion on governance, the control environment and risk exposure and to prompt management to implement agreed actions.

Internal Audit should have direct access and freedom to report in their own name and without fear or favour to, all officers and members, particularly to those charged with governance (the Authority and / or Exmoor National Park Authority Committee).

A written report will be prepared for every internal audit project and issued to the appropriate manager accountable for the activities under review. Reports will include an 'opinion' on the risk and adequacy of controls in the area that has been audited, which, together, will form the basis of the annual audit opinion on the overall control environment.

The aim of every Internal Audit report should be:

- to give an opinion on the risk and controls of the area under review, building up to the annual opinion on the control environment; and
- to recommend and agree actions for change leading to improvement in governance, risk management, the control environment and performance.

The Manager will be asked to respond to the report in writing, within 30 days, although this period can be extended by agreement. The written response must show what actions have been taken or are planned in relation to each risk or control weakness identified. If action is not to be taken this must also be stated. The Head of Devon Audit Partnership is responsible for assessing whether the manager's response is adequate.

Where deemed necessary, the Internal Audit report will be subject to a follow-up, normally within six months of its issue, in order to ascertain whether the action stated by management in their response to the report has been implemented.

The Head of the Devon Audit Partnership will

- submit periodic reports to the Exmoor National Park Authority Committee summarising key findings of reviews and the results of follow-ups undertaken;
- submit on an annual basis an Annual Internal Audit Report to the Exmoor National Park Authority Committee, incorporating an opinion on the Authority's control environment, which will also inform the Annual Governance Statement.

RELATIONSHIP WITH THE AUTHORITY COMMITTEE

The Exmoor National Park Authority Committee will act as the Board as defined in the Public Sector Internal Audit Standards (PSIAS),

The Specific Functions of the Exmoor National Park Authority Committee are set out in the Authority's Standing Orders (Appendix 1) "Powers Duties and Functions of the Authority Meeting".

The Head of Devon Audit Partnership will assist the Committee in being effective and in meeting its obligations. To facilitate this, the Head of Devon Audit Partnership will:

- attend meetings, and contribute to the agenda;
- ensure that it receives, and understands, documents that describe how Internal Audit will fulfil its objectives (e.g. the Audit Strategy, annual work programmes, progress reports);
- report the outcomes of internal audit work, in sufficient detail to allow the committee to understand what assurance it can take from that work and/or what unresolved risks or issues it needs to address;
- establish if anything arising from the work of the committee requires consideration of changes to the audit plan, and vice versa;
- present an annual report on the effectiveness of the system of internal audit; and
- present an annual internal audit report including an overall opinion on the governance, risk and control framework

QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The PSIAS states that a quality assurance and improvement programme must be developed; the programme should be informed by both internal and external assessments.

An external assessment must be conducted at least once in five years by a suitably qualified, independent assessor.

In December 2016, Terry Barnett, Head of Assurance for Hertfordshire Shared Internal Audit Service, completed an external validation of the Partnership. Terry concluded that;

“It is our overall opinion that the Devon Audit Partnership **generally conforms*** to the Public Sector Internal Audit Standards, including the Definition of Internal Auditing, the Code of Ethics and the Standards.

* **Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

CHARTER – NON CONFORMANCE AND REVIEW

Any instances of non conformance with the Internal Audit Definition, Code of Conduct or the Standards must be reported to the Exmoor National Park Authority Committee, and in significant cases consideration given to inclusion in the Annual Governance Statement.

The Head of Devon Audit Partnership will advise the Exmoor National Park Authority Committee on behalf of the Authority on the content of the Charter and the need for any subsequent amendment. The Charter should be approved and regularly reviewed by the Exmoor National Park Authority Committee.

Devon Audit Partnership

May 2019



Auditing for achievement

Exmoor National Park Authority

INTERNAL AUDIT STRATEGY (May 2019)

1 INTRODUCTION

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state:

5.—(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards (PSIAS) or guidance.

In addition, the Local Government Act 1972, Section 151, requires every local authority to designate an officer to be responsible for the proper administration of its financial affairs. In the Authority, the Head of Finance and Operations is the 'Section 151 Officer'. One of the ways in which this duty is discharged is by maintaining an adequate and effective internal audit service.

The PSIAS refers to the role of Chief Internal Auditor, and requires this officer to ensure and deliver a number of key elements to support the internal audit arrangements. For the Authority, the role of Chief Audit Executive is provided by the Head of Devon Audit Partnership.

The PSIAS require the Head of Devon Audit Partnership to produce an Audit Charter setting out audit's purpose, authority and responsibility. We deliver this through our an Audit Strategy, which:

- is a high-level statement of how the internal audit service will be delivered and developed in accordance with the Charter and how it links to the organisational objectives and priorities;
- will communicate the contribution that Internal Audit makes to the organisation and should include:
 - internal audit objectives and outcomes;
 - how the Head of Devon Audit Partnership will form and evidence his opinion on the governance, risk and control framework to support the Annual Governance Statement;
 - how Internal Audit's work will identify and address significant local and national issues and risks;
 - how the service will be provided, and
 - the resources and skills required to deliver the Strategy.
- should be approved, but not directed, by the Exmoor National Park Authority Committee.

The Strategy should be kept up to date with the organisation and its changing priorities.

2 INTERNAL AUDIT OBJECTIVES AND OUTCOMES

The primary objective of Internal Audit is to provide an independent and objective opinion to the Authority on the governance, risk and control framework by evaluating its effectiveness in achieving the organisation's objectives through examining, evaluating and reporting on their adequacy as a contribution to the proper, economic, efficient use of resources.

To achieve this primary objective, the Head of Devon Audit Partnership aims to fulfil the statutory responsibilities for Internal Audit by:

- identifying all of the systems, both financial and non-financial, that form the Authority's control environment and governance framework, and contribute to it meeting its obligations and objectives – the 'Audit Universe';
- creating an audit plan providing audit coverage on the higher risk areas in the Audit Universe;
- undertaking individual audit reviews, to the standards set by the PSIAS, to independently evaluate the effectiveness of internal control;
- providing managers with an opinion on, and recommendations to improve, the effectiveness of risk management, control and governance processes;
- providing managers with advice and consultancy on risk management, control and governance processes;
- liaising with the Authority's external auditors to ensure efficient use of scarce audit resources through the avoidance of duplication wherever possible; and
- providing the Authority, through the Exmoor National Park Authority Committee, with an opinion on governance, risk and control framework as a contribution to the Annual Governance Statement.

3 OPINION ON THE GOVERNANCE, RISK AND CONTROL FRAMEWORK

As stated above, one of the key objectives of Internal Audit is to communicate to management an independent and objective opinion on the governance, risk and control framework, and to prompt management to implement agreed actions.

Significant issues and risks are to be brought to the attention of the S.151 Officer as and when they arise. Regular formal meetings should also be held to discuss issues arising and other matters.

The Head of Devon Audit Partnership will report progress against the annual audit plan and any emerging issues and risks to the Exmoor National Park Authority Committee.

The Head of Devon Audit Partnership will also provide a written annual report to the Exmoor National Park Authority Committee, timed to support their recommendation to approve the Annual Governance Statement, to the Authority.

The Head of Devon Audit Partnership's annual report to the Exmoor National Park Authority Committee will:

- (a) include an opinion on the overall adequacy and effectiveness of the Authority's governance, risk and control framework;
- (b) disclose any qualifications to that opinion, together with the reasons for the qualification;
- (c) present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance streams;

- (d) draw attention to any issues the Head of Devon Audit Partnership judges particularly relevant to the preparation of the Annual Governance Statement;
- (e) compare the audit work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and targets; and
- (f) comment on compliance with the Public Sector Internal Audit Standards and communicate the results of the internal audit quality assurance programme.

4 PLANNING, INCLUDING LOCAL AND NATIONAL ISSUES AND RISKS

The audit planning process includes the creation of and ongoing revision of an “audit universe”. This seeks to identify all risks, systems and processes that may be subject to an internal audit review.

The audit universe will include a risk assessment scoring methodology that takes account of a number of factors including: the Authority’s own risk score; value of financial transactions; level of change, impact on the public; political sensitivity; when last audited; and the impact of an audit. This will inform the basis of the resources allocated to each planned audit area.

The results from the audit universe will be used in creating an annual audit plan; such a plan will take account of emerging risks at both local and national level.

Assignment planning

Further planning and risk assessment is required at the commencement of each individual audit assignment to establish the scope of the audit and the level of testing required.

5 PROVISION OF INTERNAL AUDIT

The Internal Audit for the National Park Authority is provided by Devon Audit Partnership

The Head of Devon Audit Partnership has established policies and procedures in an Audit Manual to guide staff in performing their duties and complying with the latest available PSIAS guidance. The manual is reviewed and updated to reflect changes in working practices and standards.

Internal Audit Performance Management and Quality Assurance

The PSIAS state that the Head of Devon Audit Partnership should have in place an internal performance management and quality assurance framework; this framework must include:

- a comprehensive set of *targets to measure performance*. These should be regularly monitored and the progress against these targets reported appropriately;
- seeking *user feedback* for each individual audit and periodically for the whole service;
- a periodic review of the service against the Strategy and the achievement of its aims and objectives. The results of this should inform the future Strategy and be reported to the Exmoor National Park Authority Committee;
- internal quality reviews to be undertaken periodically to ensure compliance with the PSIAS and the Audit Manual (self assessment); and
- an action plan to implement improvements.

Performance Measures and targets

The Head of Devon Audit Partnership will closely monitor the performance of the team to ensure agreed targets are achieved. A series of performance indicators have been developed for this purpose (please see below).

Exmoor National Park Authority - Internal Audit Performance Monitoring Targets.

Performance Indicator	Full year target
Percentage of Audit Plan completed	90%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%
Draft reports produced with target number of days (currently 15 days)	90%
Final reports produced within target number of days (currently 10 days)	90%

There are a number of other indicators that are measured as part of the audit process that will be captured and reported to senior management.

Task	Performance measure
Agreement of Annual audit plan	Agreed by the Head of Finance and Operations and Exmoor National Park Authority Committee prior to start of financial year
Agreement of assignment brief	Assignment briefs are agreed with and provided to auditee at least two weeks before planned commencement date.
Undertake audit fieldwork	Fieldwork commenced at agreed time
Verbal debrief	Confirm this took place as expected; was a useful summary of the key issues; reflects the findings in the draft report.
Draft report	Promptly issued within 15 days of finishing our fieldwork. Report is "accurate" and recommendations are both workable and useful.
Draft report meeting (if required)	Such a meeting was useful in understanding the audit issues
Annual internal audit report	Prepared promptly and ready for senior management consideration by end of May. Report accurately reflects the key issues identified during the year.
Presentation of internal audit report to management and committee.	Presentation was clear and concise. Presented was knowledgeable in subject area and able to answer questions posed by management / members.
Contact with the audit team outside of assignment work.	You were successfully able to contact the person you needed, or our staff directed you correctly to the appropriate person. Emails, letters, telephone calls are dealt with promptly and effectively.

Once collated the indicators will be reported to the Section 151 Officer on a regular basis, and will be summarised in an annual report. Performance indicator information will also be presented to the Exmoor National Park Authority Committee for information and consideration.

The Head of Devon Audit Partnership is expected to ensure that the performance and the effectiveness of the service improves over time, in terms of both the achievement of targets and the quality of the service provided to the user.

Customer (user) feedback

The PSIAS and the Internal Audit Manual state that internal audit performance, quality and effectiveness should be assessed at two levels:

- for each individual audit; and
- for the Internal Audit service as a whole.

Customer feedback is also used to define and refine the audit approach. Devon Audit Partnership will seek feedback from:-

- auditees;
- senior leadership; and
- executive management.

The results from our feedback will be reported to Senior Management and the Exmoor National Park Authority Committee in the half year and annual reports.

Internal quality reviews

Devon Audit Partnership management have completed a self-assessment checklist against the PSIAS and have identified that there are no omissions in our practices. We consider that we fully meet over 95% of the elements; partially meet 3% (six); and are not required to or do not meet 2% (five) of the elements. The self-assessment will be updated annually, and, if management identify areas where we could further strengthen our approaches, these will be added to the Quality Action Improvement Plan.

In December 2016 Devon Audit Partnership welcomed Terry Barnett, Head of Assurance for Hertfordshire Shared Internal Audit Service and his colleague Chris Wood, Audit Manager, who completed an external validation of the Partnership.

Terry and Chris concluded that;

“It is our overall opinion that the Devon Audit Partnership **generally conforms*** to the Public Sector Internal Audit Standards, including the Definition of Internal Auditing, the Code of Ethics and the Standards.

* **Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

6 RESOURCES AND SKILLS

Resources

The PSIAS and the Audit Manual states that:

- Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its responsibilities and objectives, or have access to the appropriate resources;
- The Internal Audit service shall be managed by an appropriately qualified professional with wide experience of internal audit and of its management; and
- The Chief Audit Executive (Head of Devon Audit Partnership) should be of the calibre reflecting the responsibilities arising from the need to liaise with members, senior management and other professionals, and be suitably experienced.

Devon Audit Partnership currently has c.30 staff who operate from any one of our three main locations (Plymouth, Torquay and Exeter). The Partnership employs a number of specialists in areas such as Computer Audit, Contracts Audit and Counter Fraud Investigations as well as a mix of experienced, professionally qualified and non-qualified staff.

The Partnership draws on a range of skilled staff to meet the audit needs. Our current staff (as at February 2019) includes:-

- 3 x CCAB qualified
- 6 x qualified IIA 2 x qualified computer audit (QICA & CISA)
- 10 x AAT qualified
- 5 x ACFS (accredited counter fraud specialists)
- 4 x ILM (Institute of Leadership & Management) level 5 or above

Devon Audit Partnership uses MorganKai Insight (MKi) as an audit management system. This system allows Partnership management to effectively plan, deliver and report audit work in a consistent and efficient manner. The system provides a secure working platform and ensures confidentiality of data. The system promotes mobile working, allowing the team to work effectively at client locations or at remote locations should the need arise.

Staff Development and Training

Devon Audit Partnership management assess the skills of staff to ensure the right people are available to undertake the work required.

Staff keep up to date with developments within internal audit by attending seminars, taking part in webinars and conferences, attending training events and keeping up to date on topics via websites and professional bodies. Learning from these events helps management to ensure they know what skills will be required of our team in the coming years, and to plan accordingly.

Devon Audit Partnership follows formal appraisal processes that identify how employees are developing and create training and development plans to address needs.

Devon Audit Partnership

May 2019

Auditing for achievement

EXMOOR NATIONAL PARK AUTHORITY

4 June 2019

MEMBERS' ALLOWANCES SCHEME

Report of the Chief Finance Officer

Purpose of Report: To publish the amounts paid to Members during 2018/19 by way of the Members' Allowances Scheme adopted by the Authority for that year.

RECOMMENDATIONS: The Authority is recommended to note the amounts paid to members in 2018/19 through its Scheme for Members' Allowances.

Authority Priority: Achieve by providing core services; getting best value from our resources; and improving our performance.

Legal and Equality Implications: Publication of the amounts paid to Members through the Members' Allowance Scheme is required under The Local Authorities (Members' Allowances) (England) Regulations 2003.

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: No financial or risk implications have been identified in publishing the amounts paid to members of the Authority by way of the approved scheme of allowances.

1. INTRODUCTION

- 1.1 Members agreed the Scheme of Members' Allowances to be operated in 2018/19 at the Authority's meeting held on 6 February 2018. The scheme adopted provided for:-
- Future in-year adjustments to Basic Allowances and Special Responsibility Allowances to be linked to staff pay cost of living awards.
 - Automatic updating of subsistence allowances in line with the agreed indices.

2. SCHEME OF ALLOWANCES 2018/19

- 2.1 The total allowances paid to Members for meetings attended during the year are set out in Appendix 1. The allowances and reimbursements paid in 2018/19 totals £84,274 (2017/18 = £85,657).
- 2.2 The amount paid in 2018/19 represents a decrease from the previous year of £1,383, or 1.6%. Members will also recall that the Authority made a payment of £7,579 to HMRC in 2018/19 to meet the liability attached to the historic undertaxation of members expenses. This is not included in the figures stated above.

- 2.3 The financial data in the appendix is supplemented by columns which show for each member the actual mileage claimed, the number of main meetings of the Authority, Standards and Final Accounts Committees attended by Members in the year, and the number of other meetings and training/ awareness events attended.

Gordon Bryant
Head of Finance and Operations
May 2019

SUMMARY OF ALLOWANCES PAID TO MEMBERS 2018/19

APPENDIX 1

Member (Home town)	Basic Allowance £	Special Responsibility Allowance £	Sub-sistence £	Re-imbursment for Fares, Tickets etc £	Mileage Allowance £	Total Allowances paid £	Miles claimed in connection with Authority business	Main business meetings attended Actual/Possible	Other meetings and training events attended
Mrs L Blanchard Tansley <i>(Parracombe)</i>	2,685			47	372	3,105	828	9/11	30
Miss A Davis <i>(Kentisbury)</i>	2,685	4,028		67	868	7,649	1,786	10/12	51
Mr M Dewdney <i>(Watchet)</i>	2,685	4,028			676	7,389	1,372	11/11	45
Mr R Edgell <i>(South Molton)</i>	2,685			49	252	2,986	577	11/11	33
Mr M Ellicott <i>(Exford)</i>	2,685			60	197	2,942	519	12/12	42
Mr B Heywood <i>(Dulverton)</i>	2,685					2,685		11/11	36
Mr N Holliday <i>(Stroud)</i>	2,685		48	804	2,049	5,587	4,169	10/12	45
Mr J Hunt <i>(Wellington)</i>	2,685			32	208	2,925	504	9/11	21
Mr I Jones <i>(Porlock)</i>	2,685				103	2,789	230	8/11	27
Mrs C Lawrence <i>(Minehead)</i>	2,685			28	137	2,850	304	11/11	31
Mr E Ley <i>(Bishops Nympton)</i>	2,685				141	2,827	314	9/11	23
Mr R Milton <i>(West Anstey)</i>	2,685	5,371		76	636	8,768	1,414	12/12	73
Mrs F Nicholson <i>(East Anstey)</i>	2,685			40	66	2,791	147	11/11	36
Mr J Patinos <i>(Parracombe)</i>	2,685			29	281	2,996	714	8/12	26
Mr B Peacock <i>(Lynton)</i>	2,685			17	276	2,979	568	7/11	23
Sir R Peek <i>(North Molton)</i>	2,685				208	2,893	522	9/11	36
Mr S Pugsley <i>(Withypool)</i>	2,685	1,343			200	4,228	480	11/11	60
Mr W Revans <i>(North Petherton)</i>	2,685					2,685		9/11	26
Mr M Ryall <i>(Kentisbury)</i>	2,685			62	562	3,309	1,158	10/11	45
Mrs E Stacey <i>(Chudleigh)</i>	2,685			108	939	3,733	1,838	10/12	36
Mrs P Webber <i>(Minehead)</i>	2,685			43	192	2,920	435	10/11	25
Mr V White <i>(Wheddon Cross)</i>	2,685			81		2,766		12/12	47
Rail Fares, coach hire and accommodation purchased centrally by the Authority				473		473			
TOTALS	59,081	14,770	48	2,013	8,362	84,274	17,879		

NB:

- Mileage allowances paid vary because of the distances members have to travel to attend meetings
- Those members in particular who receive a special responsibility allowance attended a range of other meetings and events outside the recognised Authority meetings
- Some details of "Other meetings and training events attended" are noted from claims submitted by members. If members have chosen not to claim, it may mean that some meetings attended by that member are not included.

EXMOOR NATIONAL PARK AUTHORITY

4 June 2019

ANNUAL TREASURY MANAGEMENT REPORT

Report of the Head of Finance & Operations

Purpose of Report: To report to Members on Treasury Management Performance in 2018-19.

Recommendation: The Authority is recommended to NOTE the Treasury Management Outturn for 2018/19.

Authority priority: Achieve by providing core services; getting best value from our resources; and improving our performance.

Legal and Equality Implications: Section 65(4) Environment Act 1995 – provides powers to the National Park Authority to “do anything which in the opinion of the Authority, is calculated to facilitate, or is conducive or incidental to-

(a) The accomplishment of the purposes mentioned in s. 65 (1) [National Park purposes]

(b) The carrying out of any functions conferred on it by virtue of any other enactment.”

The Local Government Act 2003 (LGA 2003)

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes: Revised 2017 Edition (CIPFA TM Code).

The CIPFA Prudential Code for Capital Finance in Local Authorities: Revised 2017 Edition (CIPFA Prudential Code).

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.

1. Introduction

1.1 The Authority’s Treasury Management activities are defined as follows: -

“The management of the Authority’s investments and cash flows, its banking and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

It is acknowledged that effective treasury management provides support to the business and service objectives of the Authority.

1.2 Some Local Authorities have been investing in non-financial assets, with the primary aim of generating profit. Others have entered into very long-term investments or providing loans to local enterprises or third sector entities as part of regeneration or economic growth projects. The National Audit Office and the Public Accounts

Committee raised a number of concerns about Local Authority (investment) behaviour, and as a result Statutory Guidance on Local Government Investments has been revised as from 1st April 2018. The CIPFA Treasury Management and Prudential Codes have also been reviewed and updated.

- 1.3 The CIPFA Treasury Management Code requires public sector authorities to determine an annual Treasury Management Strategy and as a minimum, formally report on their treasury activities and arrangements mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate they have properly fulfilled their responsibilities and enable those with ultimate responsibility/governance of the treasury management function to scrutinise and assess its effectiveness and compliance with policies and objectives.
- 1.4 During 2018-19, Somerset County Council (SCC) has continued to manage Treasury Management activities under an agreed Service Level Agreement. Investments were made on the basis of aggregating funds in order to maximise the benefits for both bodies (including using SCC's "Comfund"). Accounting arrangements were in place to divide the interest gained (and charged) between the Authorities.
- 1.5 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. SCC continues to meet 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, SCC will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.
- 1.6 The Authority delegates responsibility for the implementation and monitoring of its treasury management policies and practices, and the execution of administration of treasury management decisions, to me as Head of Finance & Operations.

2. The Economic Background to 2018-19

- 2.1 All Treasury Management decisions are made in a dynamic environment in which market sentiment, and rates for borrowing and investment are subject to constant change from many different factors. Any volatility in markets makes risk management, forecasting and decision making more difficult. Here follows a brief review of the key issues for 2018-19.
- 2.2 UK GDP rose to 0.6% in the third calendar quarter from 0.4% in the second, but fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend.
- 2.3 After spiking at over \$85 a barrel in October 2018, oil prices fell back sharply by the end of the year, declining to just over \$50 in late December before steadily climbing toward \$70 in April 2019. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year on year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report.

- 2.4 Labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.
- 2.5 Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.
- 2.6 The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in December. However, a recent softening in US data caused the Fed to signal a pause in hiking interest rates at the last Federal Open Market Committee (FOMC) meeting in March.
- 2.7 December was a month to forget in terms of performance of riskier asset classes, most notably equities. The FTSE 100 (a good indicator of global corporate sentiment) returned -8.8% assuming dividends were reinvested; in pure price terms it fell around 13%. However, since the beginning of 2019 markets have rallied, and the FTSE 100 and FTSE All share indices were both around 10% higher than at the end of 2018.
- 2.8 Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year. The 5-year benchmark gilt yield fell as low as 0.80% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The August increase in Bank Rate pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period. A summary of PWLB and key benchmark rates is included at Appendix A.

3. Treasury Management Outturn for 2018-19

3.1 Debt Management

- 3.1.1 The Authority is currently debt free. Any potential borrowing is driven by the capital plan. There were no plans that necessitated borrowing during 2018-19.

3.2 Investment Activity

- 3.2.1 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.
- 3.2.2 As mentioned in 1.4, SCC has managed Treasury Management activities under an agreed Service Level Agreement. Investments were made on the basis of aggregating funds in order to maximise the benefits for both bodies (including using SCC's "Comfund"). The current arrangement strategy of lending all surplus funds to SCC represents an investment that is virtually free from risk of counterparty default, as SCC is the only counterparty. Also, with the arrival of MiFID II, SCC will continue to have access to products that would be beyond ENP.

3.2.3 Security of capital remained SCC's main investment objective. Current SCC approved counterparties are listed below. Those used during the year are denoted with a star.

Bank or Building Society		Bank or Building Society	
Australia & NZ Bank	*	Standard Chartered Bank	*
Bank of Scotland		Svenska Handelsbanken	
Bank of Montreal		Toronto-Dominion Bank	*
Bank of Nova Scotia		United Overseas Bank	*
Barclays Bank Plc			
Canadian Imperial Bank of Commerce			
Close Brothers Ltd	*	Sterling CNAV Money Market Funds	
Commonwealth Bank of Australia	*	Goldman Sachs MMF	
DBS Bank Ltd	*	Deutsche MMF	
DZ Bank		Invesco Aim MMF	*
Goldman Sachs International Bank	*	Federated Prime MMF	*
HSBC Bank	*	JP Morgan MMF	
Landesbank Hessen-Thuringen		Insight MMF	*
Lloyds Bank	*	Aberdeen Standard MMF	*
National Australia Bank		LGIM MMF	*
National Westminster	*	SSGA MMF	*
Nationwide BS			
Nordea Bank			
OP Corporate Bank	*		
Oversea-Chinese Banking Corporation		Other Counterparties	
Rabobank	*	Other Local Authorities	* (21)
Royal Bank of Scotland		Debt Management Office	
Santander UK	*	CCLA Property Fund	*

3.2.4 SCC has continuously monitored counterparties, and all ratings of proposed counterparties have been subject to verification on the day, immediately prior to investment. Other indicators taken into account have been:-

- 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.
- 3.2.5 The ringfencing of the big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/Natwest Bank plc) transferred their business lines into retail (ringfenced) and investment banking (non-ringfenced) entities, and the subsequent re-rating by the agencies resulted in some notable changes to the ring-fenced entities. Fitch upgraded Barclays, RBS, Nat West, and Santander UK to A+, RBS and Nat West from BBB+, which was previously below SCC minimum criteria.
- 3.2.6 Moody's also elevated RBS and Nat West, from A2 to A1, but Barclays went in the opposite direction. Standard & Poor's upgraded Bank of Scotland and Lloyds to A+ from A, and RBS and Nat West from BBB+ to A-. This put RBS and Nat West above minimum criteria across the 3 agencies and made them eligible for consideration for investments.
- 3.2.7 Credit Default Swap (CDS) spreads drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms. After hitting around 129 basis points in December 2018, the spread on non-ringfenced bank NatWest Markets plc fell back to around 96bps at the end of March, while for the ringfenced entity, National Westminster Bank plc, the CDS spread held relatively steady around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 33 and 79bps at the end of the period.
- 3.2.8 In response to the above, the Council reintroduced RBS and Nat West onto the lending list. Nordea Bank and Rabobank were reduced to 6-months, leaving the 3 Singaporean banks as the only ones with durations beyond 6-months.
- 3.2.9 At year-end maximum durations per counterparty were as follows: -
- Barclays, Goldman Sachs International Bank, Nat West, and RBS – **100 days**;
 - Bank of Scotland, Close Brothers, Handelsbanken Plc, HSBC Bank Plc, Lloyds Bank, Nationwide BS, Santander UK, Standard Chartered, DZ Bank, Landesbank Hessen-Thuringen, Nordea, OP Corporate, Rabobank and all Australian and Canadian banks – **6-months**;
 - DBS Bank, OCBC, and UOB (Singaporean banks) – **13-months**.
- 3.2.10 In order to increase diversification of the portfolio, more deposits were placed with UK Local Authorities. Twenty-One deposits were placed with Local Authorities during the year. This allowed for longer-dated maturities with excellent creditworthiness and an appropriate yield.
- 3.2.11 It should be emphasised that the current Authority strategy of lending all surplus funds to SCC represents an investment that is virtually free from risk of counterparty default, as SCC is the only counterparty.

3.2.12 The Treasury portfolio at the end of this and the previous financial year is set out below.

	Balance on 31/03/2018 £000	Rate %	Balance on 31/03/2019 £000	Rate %	Average Balance £000	Average Rate %
Revenue Balances	84	0.25	7	0.375	256	0.29
Comfund Balances	2,900	0.68	2,800	1.01	2,975	0.86
Total Balances	2,984	0.67	2,807	1.01	3,232	0.82

There was a decrease of £176,000 in overall cash balances held by the Authority at 31st March 2019 as compared with 31st March 2018.

3.2.13 The average daily balance of the Authority's revenue cash was around £256k, an increase of £35k, earning net interest at Base Rate minus 0.375%. Net interest earned on revenue was £735 compared to £103 for the year in 2017-18.

3.2.14 At year-end, revenue cash held by SCC was £7k. Minimising revenue cash enables a larger balance to remain invested in Comfund. The Comfund rate (net of fees of 2% of interest) earned more than the net revenue return of 0.29% by 0.55%.

3.2.15 Comfund investment averaged £2.975m over the year (£3.186m in 2017-18). Investment peaked at £3.3m in July and ended the year at £2.8m. Interest earned was 0.86% gross, 0.84% net, producing £25,197 income net of fees (£18,772 in 2017-18). Fees amounted to £514 (2% of interest received). The net benefit of investing in the Comfund equates to a monetary benefit of £16,794.

3.2.16 The ENPA combined average gross return of 0.82% was 0.16% higher than the average Base Rate for the year. This out-performed the benchmark used by SCC and was 3 basis points in excess of that for the average 6-month LIBID rate, and just 12 basis points below above the average 12-month LIBID rate (see Table 1 in Appendix A).

4. **Compliance**

4.1 During the year, all ENPA treasury management policies, practices, and activities remained compliant with all relevant statutes and guidance, namely the MHCLG investment guidance issued under the Local Government Act 2003, the CIPFA Code of Practice for Treasury Management, and the CIPFA Prudential Code.

4.2 The MHCLG's current Guidance on Investments, revised 1st April 2018, reiterated security and liquidity as the primary objectives of a prudent investment policy. All lending was compliant with guidance issued by the MHCLG, and as SCC was the only counterparty for all funds for the year, this was achieved at minimal risk.

4.3 For completeness, and to comply with guidance, Prudential limits set, and actual outcomes are to be reported. All treasury activity was conducted within the benchmarks set as Prudential limits for prudent and sustainable capital plans, financing, and investment. Indicators approved for the year are set out in the left-hand columns, with actual outturns on the right.

1	Borrowing Limits		Actual		
	Authorised	£100,000	Nil		
	Operational	£100,000	Nil		
2	% Fixed / Variable		N/A		
	100% Fixed				
	100% Variable				
3	Maturity Structure		Actual		
	Upper Limit	Lower Limit	Value	%	
	%	%			
	< 12m	100	0	0.00	0.0
	> 12m < 24m	0	0	0.00	0.0
	> 24m < 5yrs	0	0	0.00	0.0
	> 5yrs < 10yrs	0	0	0.00	0.0
	> 10yrs	0	0	0.00	0.0
			0.00	0.0	
4	Investments > 364 days		0	0	

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Head of Finance & Operations
May 2019

Table 1. Money Market Rates 2018-19 (LIBID Source = ICE LIBOR previously BBA LIBOR)

	O/N LIBID	7-Day LIBID	1-Month LIBID	3-Month LIBID	6-Month LIBID	12-Month LIBID	2-Yr SWAP
01/04/2018	0.35	0.36	0.39	0.59	0.70	0.88	1.10
30/04/2018	0.35	0.37	0.39	0.59	0.68	0.85	1.05
31/05/2018	0.35	0.36	0.37	0.49	0.59	0.76	0.93
30/06/2018	0.34	0.36	0.38	0.55	0.66	0.84	1.01
31/07/2018	0.33	0.50	0.56	0.67	0.78	0.93	1.11
31/08/2018	0.58	0.58	0.60	0.68	0.77	0.92	1.10
30/09/2018	0.58	0.59	0.60	0.68	0.78	0.94	1.14
31/10/2018	0.57	0.59	0.60	0.69	0.80	0.93	1.12
30/11/2018	0.56	0.58	0.61	0.77	0.89	1.01	1.17
31/12/2018	0.55	0.58	0.61	0.79	0.91	1.05	1.16
31/01/2019	0.55	0.58	0.61	0.79	0.90	1.04	1.09
28/02/2019	0.55	0.57	0.60	0.73	0.87	1.01	1.10
31/03/2019	0.55	0.57	0.61	0.72	0.83	0.94	0.96
Average 2018-19	0.49	0.51	0.53	0.67	0.79	0.94	1.09
Minimum	0.33	0.35	0.37	0.48	0.59	0.75	0.89
Maximum	0.58	0.59	0.61	0.81	0.92	1.06	1.23
Spread	0.25	0.24	0.24	0.33	0.33	0.31	0.34
Average 2017-18	0.20	0.21	0.23	0.28	0.40	0.60	0.73
Difference in average	+0.29	+0.30	+0.30	+0.29	+0.39	+0.34	+0.36

Table 2. PWLB Rates 2018-19 (Maturity rates unless stated)

	1 Year	5 Year	5 Year EIP	10 Year	15 Year EIP	30 Year	50 Year
03/04/2018	1.68	2.04	1.84	2.42	2.26	2.71	2.47
30/04/2018	1.63	2.06	1.82	2.51	2.33	2.86	2.63
31/05/2018	1.50	1.91	1.68	2.36	2.18	2.72	2.49
30/06/2018	1.60	1.97	1.75	2.38	2.21	2.74	2.55
31/07/2018	1.66	2.04	1.82	2.44	2.28	2.80	2.61
31/08/2018	1.69	2.03	1.82	2.42	2.26	2.80	2.62
30/09/2018	1.75	2.13	1.91	2.53	2.37	2.91	2.76
31/10/2018	1.72	2.01	1.82	2.42	2.24	2.87	2.75
30/11/2018	1.73	1.93	1.79	2.35	2.15	3.06	2.94
31/12/2018	1.73	1.90	1.78	2.28	2.10	2.82	2.70
31/01/2019	1.74	1.90	1.78	2.25	2.09	2.74	2.62
28/02/2019	1.79	1.96	1.85	2.30	2.13	2.81	2.69
31/03/2019	1.68	1.75	1.68	2.05	1.90	2.57	2.43
Average 2018-19	1.70	2.00	1.81	2.39	2.22	2.82	2.66
Minimum	1.48	1.70	1.63	2.00	1.85	2.50	2.36
Maximum	1.84	2.27	2.02	2.70	2.53	3.10	2.99
Spread	0.36	0.57	0.39	0.70	0.68	0.60	0.63
Average 2017-18	1.31	1.70	1.45	2.28	2.04	2.85	2.61
Difference in average	+0.39	+0.30	+0.36	+0.11	+0.18	-0.03	+0.05