

Auditor's Annual Report on Exmoor National Park Authority

2020-21

13 April 2022



Contents



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

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



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1. Executive summary



Value for money arrangements and improvement recommendations

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The auditor is no longer required to give a binary qualified / unqualified VFM conclusion. Instead, auditors report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under specified criteria. As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any significant weaknesses but have considered risks in respect of:

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness.

Criteria	Risk assessment	Findings
Financial sustainability	No risks of significant weakness identified	No significant weaknesses in arrangements identified. Three improvement recommendations made.
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified. Three improvement recommendations made.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified. One improvement recommendation made.



Financial sustainability

The Authority is operating in an increasingly uncertain financial environment. The Authority, as with all national parks and local authorities, will need to continue to plan with little certainty over funding in the medium term.

Despite this uncertainty, and the challenges posed by Covid-19, the Authority has taken appropriate action to secure its financial position.

Our work has not identified any significant weaknesses in arrangements to secure financial stability at the Authority. We have raised three improvement recommendations for the Authority.

Further details can be seen on pages 7-11 of this report.



Governance

Our work this year has focussed on developing a detailed understanding of the governance arrangements in place at the Authority and the changes instigated as a response to the pandemic.

Our work has not identified any significant weaknesses in arrangements. We have raised three improvement recommendations.

Further details can be seen on pages 12-16 of this report.



Improving economy, efficiency and effectiveness

The Authority has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources.

Our work has not identified any significant weaknesses in arrangements in relation to delivering economy efficiency and effectiveness. We have raised one improvement recommendation.

Further details can be seen on pages 17-19 of this report.

Overall summary

This is the first year of the new VFM audit code. The new VFM arrangements assessment asks auditors to look at potential areas of significant weakness. Based on our assessment of the Authority, we have not identified any significant weaknesses.

2. Statutory and key recommendations



The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Authority. We have defined these recommendations as 'key recommendations'.

Our work has not identified any significant weaknesses in arrangements and therefore we have not made any key recommendations.

Appendix C outlines the Use of auditor's statutory powers. These powers include the use of written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Authority to discuss and respond publicly to the report.

Our work has not identified any significant and persuasive weaknesses in arrangements and therefore we have not made any statutory recommendations or had to discharge any other wider powers under the Local Audit and Accountability Act 2014, for the 2020-21 audit year.



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

3. Opinion on the financial statements



Audit opinion on the financial statements

We issued an unqualified opinion on the financial statements on 14 January 2022.

Audit Findings (ISA260) Report (AFR)

More detailed findings can be found in our AFR, which was published and reported to the Authority on 11 January 2022. We concluded that the other information published with the financial statements, including the Narrative Report and Annual Governance Statement, was consistent with our knowledge of the Authority and the financial statements we have audited.

Preparation of the accounts

The Authority provided draft accounts in line with the national deadline and provided a good set of working papers to support it. Officers were available throughout the audit process to answer questions and provide additional information. This allowed for a smooth and efficient audit process to take place during October and November, in line with the agreed timetable..

Issues arising from the accounts:

There were no significant issues arising from our audit of the financial statements, with the only a small number of amendments made for misclassification and disclosure changes.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to complete the WGA Component Assurance Statement for the Authority under group audit instructions issued by the National Audit Office.

We are unable to complete our work in this area as the instructions and Assurance Statement have not yet been issued by the National Audit Office.

Grant Thornton provides an independent opinion ensuring the accounts are:

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



4. Commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources

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

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

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

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



Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 7 to 21.

5. Financial sustainability



We considered how the Authority:

- identifies all the significant financial pressures it is facing and builds these into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Summary of the Authority's arrangements

Exmoor National Park Authority has processes in place which detail the responsibilities of Authority members and senior management for planning and managing the Authority's finances. These are set out in the Authority's Financial Regulations. We have not identified any evidence of the Authority not complying with these processes.

2020-21 revenue outturn

The Authority set a balanced budget for 2020-21 on 3 March 2020. The budget was prepared before the uncertainty of the Covid-19 pandemic was known.

The Covid-19 pandemic impacted upon the Authority's planned work programmes and core business activity, with some increased costs incurred. These were offset to some extent by savings and government support. This meant that the Authority did not need to use reserves or to request any additional funding from Department for Environment, Food and Rural Affairs (DEFRA) to cover any shortfall in the year.

The final revenue outturn position was a surplus of £104k.

2021-22 Financial Planning and beyond

The Authority set a balanced budget for 2021-22 on 2 March 2021. This was achieved by the by the Authority not making the usual £50k contribution to the Corporate Equipment and Vehicle Reserve. This was a one-off action and the contribution is reinstated for 2022-23. The Chief Finance Officer's budget setting report covers the adequacy of the Authority's reserves but does not report on the robustness of estimates made for the purposes of calculations, as required by s25 of the Local Government Act 2003. We have raised an improvement recommendation in respect of this.

The Authority's Medium Term Financial Plan (MTFP) is updated annually as part of the budget setting process. The MTFP we reviewed runs from 2021-22 to 2025-26.

The Authority has applied several key assumptions in developing its financial plans for 2021-22 to 2025-26. These include:

- salary inflation of 1% in 2021-22 and 2% per annum for 2022-23 onwards
- Cash neutral national park grant allocation in 2021/22 and 2% increase from 2022-23.

With the benefit of hindsight, the assumptions may appear to be optimistic in the context the Office for National Statistics (December 2021) reporting rises in inflation during 2021-22. However, we note that the most recent MTFP (from March 2022) has updated some of the assumptions. In addition, the Authority has set aside £150k per annum in the MTFP to met one-off pressure and priorities.

Financial sustainability

Capital budget

The Authority's budget report includes a section on the Capital Investment Strategy but does not set a capital budget for approval, or include details of the planned capital spend over the MTFP period. Capital additions in 2020/21 were £197k, with £332k in 2019/20. We have included an improvement recommendation in respect of this.

Bridging Funding Gaps

The Authority's Medium Term Financial Plan run from 2021-22 to 2025-26. This assumes a nil increase in National Park Grant (NPG) in 2021-22 and a 2% increase thereafter. This shows a budget gap of £60k in 2022-23, 80k in 2023-24 and circa £100k in 2024-25 and 2025-26.

We note that the 2022/23 MTFP has recently been updated in March 2022, with the funding gaps being updated. We have not reviewed this latest MTFP in any detail but will be doing so as part of our 2021-22 review of the Authority's VFM arrangements.

The Authority has not identified specific savings to bridge the funding gaps. Whilst the Authority has a good track record of delivering a balanced budget position each year, consideration should be given to identifying in advance a range of savings options and schemes which would be available to be implemented should they be required. These proposals should be included within the MTFP and annual budget. We have raised an Improvement Recommendation in this regard.

The MTFP includes some basic scenario modelling over the impact of different levels of National Park Grant. There is scope to enhance the sensitivity analysis and scenario modelling arrangements.

The Authority has reasonably healthy reserves of £2.9m at 31 March 2021. The Authority expects these to reduce by circa £100k per annum over the period of the MTFP.

Identifying and assessing financial risks

The Authority identifies key risks to their revenue position and how it is managing these risks to financial resilience. It has contingency reserves to reduce the impact of uneven cash-flows or budgetary uncertainties.

Generally, we find the Authority to be financially well managed and there is a good level of understanding of its budgetary position and budgetary pressures. Risks are appropriately captured within the planning process.

Farming in Protected Landscapes (FIPL)

Farming in Protected Landscapes is a three year DEFRA funded Programme (from 2021 to 2024) in all English National Parks, the Broads and Areas of Outstanding Natural Beauty (AONBs) to help farmers and other land managers adapt to changes in agricultural support. FIPL aims to support activity which benefits a number of areas including nature recovery, the impact of climate change, and provides opportunities for people to discover, enjoy and understand the landscape and its cultural heritage. FIPL funding is available for one-off projects covering a range of areas and is being managed by the Authority in its area.

In June 2021, the Authority was awarded £507k for 2021-22k by DEFRA under the Farming in Protected Landscapes Programme to administer and manage the FIPL programme in the Authority's area. Nationally, FIPL funding of £52m is available across all England's Protected Landscapes. Given the three year duration of the programme, the Authority's allocation for 2021-22 was re-profiled to £257k, with the remaining balance being re-allocated across 2022-23 and 2023-24. We understand the funding received by the Authority will be offset by administrative costs and has a net neutral position.

Summary from our audit review

Overall, we are satisfied the Authority has appropriate arrangements in place to ensure it manages risks to its financial sustainability. We have not identified any evidence of significant weaknesses. We raised three improvement recommendations, as set out overleaf.

Improvement recommendation



Financial sustainability

Recommendation	The Chief Finance Officer's budget setting report should explicitly report to the Authority on the robustness of estimates made for the purposes of calculations within the budget. This is a requirement of the Local Government Act 2003.
Why/impact	The budget setting report covers the adequacy of the Authority's reserves but does not report on the robustness of estimates made for the purposes of calculations, as required by s25 of the Local Government Act 2003.
Auditor judgement	The Chief Finance Officer's budget setting report covers the adequacy of the Authority's reserves. However, it does not make any reference to the robustness of estimates made for the purposes of calculations, which is a requirement under s25 of the Local Government Act 2003.
Summary findings	The Chief Finance Officer's budget setting report covers the adequacy of the Authority's reserves but does not report on the robustness of estimates made for the purposes of calculations, as required by s25 of the Local Government Act 2003.
Management comments	<i>I am happy to accept the recommendation – G Bryant, Chief Finance Officer 13/4/22</i>

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



Improvement recommendation



Financial sustainability

Recommendation	Consideration should be given to identifying in advance a range of savings options and schemes which would be available to be implemented should they be required. These proposals should be included within the MTFP and annual budget.
Why/impact	The Authority is facing budget gaps of £60k in 2022-23, £80k in 2023-24 and c£100k in 2024-25 and 2025-26. By identifying potential savings schemes at an early stage provides the Authority with a level of assurance that sufficient capacity is available to generate the savings in future years should they be needed. This approach also ensures the Authority is taking a proactive approach to managing savings required rather than a reactive approach requiring a range of one-off measures.
Auditor judgement	The Authority's Medium Term Financial Plan shows budget gaps of £60k in 2022-23, increasing to c£100k 2024-25 and 2025-26, based on the assumption made by the Authority on National Park Grant funding. Whilst the Authority has a good track record of delivering a balanced budget position each year, consideration should be given to identifying in advance a range of savings options and schemes which would be available to be implemented should they be required. These proposals should be included within the MTFP and annual budget.
Summary findings	<p>The Authority's MTFP does not currently include details of potential savings options and schemes which could potentially be implemented to bridge the savings gaps should they be required. Identifying potential savings options and schemes at an early stage will allow a more proactive approach to addressing the Authority's budget gap.</p> <p>Further detail is provided on page 8.</p>
Management comments	<i>I am happy to include within the forward budget indicative savings options. Actual savings options will need to be agreed with members in advance and there needs to be broader consideration on impact on targets within the Corporate Plan before I could include definitive savings options</i> - G Bryant, Chief Finance Officer 13/4/22

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



Improvement recommendation



Financial sustainability

Recommendation	The Authority should approve a capital budget as part of the budget setting process, and set a capital programme for expected capital spend over the period of the Medium Term Financial Plan (MTFP).
Why/impact	When setting the annual revenue budget, Authority members should also be approving the level of capital expenditure budgeted for the year. A capital programme setting out the planned capital expenditure over the life of the MTFP period should also be reported.
Auditor judgement	When setting the annual budget member should be aware of all areas of planned expenditure in the year and over the life of the MTFP, including capital expenditure.
Summary findings	The Authority's budget report includes a section on the Capital Investment Strategy but does not set a capital budget for the year for approval, or include details of the planned capital spend over the MTFP period. The budget report refers to the level of capital spend being of a small scale nature such as vehicles or IT.
Management comments	<i>Authority members already approve all spend whether capital or revenue and receive a unique paper on all capital schemes. I am therefore confident that members have a high degree of visibility on all spend currently. I am however happy to bring together a new table within the budget that shows all capital spend</i> - G Bryant, Chief Finance Officer 13/4/22

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



6. Governance



We considered how the Authority:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

Leadership and committee effectiveness

Appropriate leadership is in place at the Authority. The Authority operates through full Authority meetings as well as through the Standards Committee and the Final Accounts Committee. The full Authority is the meeting which undertakes the role of Those Charged with Governance (TCWG), with the exception of the Final Accounts Committee which meets annually to consider and approve the financial statements. The Authority contains a mix of elected and appointed members with financial and non-financial experience. We have noted and experienced the appropriate debate and challenge they provide at each meeting. We note that the full Authority does not currently undertake a self assessment each year which is considered best practice. We have raised an improvement recommendation in this regard.

Major decisions are made at the Authority meetings. The Authority meets regularly, with eleven meetings in 2020-21 and details of the decisions made are recorded in the approved minutes and available on-line.

Policies, procedures and controls

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

The Authority has an established anti-fraud culture through its Anti-Fraud and Corruption policy. Members' interests are recorded on an individual basis on the Authority's website.

Key policies and procedures should be reviewed and updated regularly. The Authority's Financial Regulations were last updated in 2015 and we have raised an improvement recommendation in respect of this.

Monitoring and assessing risk

The Strategic Risk Register is updated regularly and key strategic risks are reported through Authority as part of the Annual review of Risk Management arrangements.

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

Governance

Internal control

Internal audit at the Authority is provided by Devon Audit Partnership, a shared service agreement between a number of the local authorities in Devon. Internal Audit agree an annual audit plan with the Chief Finance Officer and then presented the Plan to the Authority for approval. The Authority use the work and findings of internal audit to consider the operation of key controls during the year which is used to draft the Annual Governance Statement. Internal Audit also issue an Annual Report summarising their work each year along with the Head of Internal Audit Opinion which provided Reasonable Assurance for 2020-21.

Budgetary Setting Process

The Authority has an established budget-setting process in place. The draft original 2020-21 budget was approved by the full Authority meeting in March 2020. There is a revised budget set by the Authority in November which is based on the outturn position at 30 September, although the outturn to budget position is not formally reported.

The Authority has a Medium Term Financial Plan in place which is updated each year as part of the annual budget setting process. In preparing the MTFP, the Authority incorporate some basic sensitivity analysis using worst case and most likely case projections for the core National Park Grant funding. This could be enhanced with further alternative options with details of how different budget gaps could be mitigated. The current MTFP sets out projections for a five year period 2021-22 to 2025-26 incorporating all information extant at that time to project both income and expenditure over the period of the Plan.

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

Budgetary control

Budget monitoring reports are provided to budget holders on a monthly basis, with the Leadership Team considering the overall position on a quarterly basis. Members receive a Revised Budget Report in November, where budget changes have been based on the outturn at month 6. However, there is no formal reporting of budget monitoring to members at full Authority. We have raised an improvement recommendations with regard to this.

Monitoring and ensuring appropriate standards

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

Conclusion

Overall, we found no evidence of significant weaknesses in the Authority's arrangements for ensuring that it makes informed decisions and properly manages its risks. We have raised three improvement recommendations, as set out overleaf.



Improvement recommendation



Governance

Recommendation The Authority should report to members on its financial performance against budget periodically during the year.

Why/impact Members set the budget at the start of the year but do not receive any reports on the outturn against that budget. Periodic reporting in the year would ensure that members are assured that they are aware of any overspends or underspends, and how they are being managed.

Auditor judgement It is good practice for periodic reporting of the Authority's performance against the budget to be formally reported to members. While members receive a Revised Budget Report in November, where budget changes have been based on the outturn at month 6, the only time that the outturn against the budget is formally reported is at the year end. Periodic reporting ensures that members are aware of any overspends and how these are being managed.

Summary findings Budget monitoring reports are provided to budget holders on a monthly basis, with the Leadership Team considering the overall position on a quarterly basis. Members receive a Revised Budget Report in November, where budget changes have been based on the outturn at month 6. However, there is no formal reporting of budget monitoring to members at full Authority.

Further detail is provided on page 13.

Management comments *I am not entirely clear on the additional benefits of this but am happy to provide this additional financial information to members. It can be included within or alongside existing financial reports - G Bryant, Chief Finance Officer 13/4/22*

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



Improvement recommendation



Governance

Recommendation	Introduce an annual self-assessment effectiveness review of the Authority meeting which is the meeting considered as Those Charged with Governance.
Why/impact	To support robust governance arrangements it is best practice for key committees to carry out periodic self-assessment effectiveness reviews. The annual review process will help the Authority identify potential areas for improvement and development without which its effectiveness may be impaired.
Auditor judgement	The Authority's meeting does not carry out an annual self-assessed effectiveness review. This review should be undertaken each year to support robust governance and continual improvement.
Summary findings	<p>The Authority meeting does not conduct an annual effectiveness self assessment review. Introducing an annual self assessment review will allow the Authority to consider its work during the year and identify potential areas for development and improvement increasing the meeting's effectiveness.</p> <p>Further detail is provided on page 12.</p>
Management comments	<i>This needs to be discussed in greater detail with LT and members before a considered response can be provided</i> - G Bryant, Chief Finance Officer 13/4/22

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



Improvement recommendation



Governance

Recommendation The Authority's Financial Regulations should be reviewed and updated to ensure that they remain up to date.

Why/impact The current Financial Regulations were last updated in 2015. Key policies should be subject to periodic review to ensure that they remain current and valid.

Auditor judgement The Financial Regulations set out the Authority's arrangements for the proper administration of its financial affairs under the Local Government Act. This is a key document that should be reviewed periodically and updated as necessary.

Summary findings The current Financial Regulations were last updated in March 2015. Key policies should be subject to periodic review to ensure that they remain current and valid.

Further detail is provided on page 12.

Management comments *I am happy to accept this proposal* - G Bryant, Chief Finance Officer 13/4/22

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



7. Improving economy, efficiency and effectiveness



We considered how the Authority:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

Performance review, monitoring and assessment

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

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

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

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

Performance against these indicators are reported to the Authority annually. Many of the indicators reflect the impact of Covid on key areas of the Authority's work, with performance below target in areas such as visitor numbers and income from visitor spend.

The percentage of planning applications dealt with in a timely manner had seen a fall in performance against the national targets for the year. This had led to the risk of the Authority being put into special measures. Action was taken to address this, which has been reflected in an improvement in performance, and the Authority were successful in making the case that special measures were not required.

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

Improving economy, efficiency and effectiveness

Partnership working and working with stakeholders

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

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

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

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

- While many of volunteer activities were paused for much of the year, the Authority's Pathwatchers, dormice surveying and invasive species monitoring work resumed in June and a small number of volunteer-led guided walks ran August-October.
- Grants of over £26k have been given from the Covid recovery fund.
- Despite the Covid-19 pandemic, the ENNIS Project has still been able to deliver this year on key actions on invasive species including monitoring 90% of knotweed sites.

Appropriate partnership arrangements and stakeholder engagement are clearly embedded within the Authority.

Procurement

The Authority has procurement procedures within its Standings orders for the Regulation of Contracts which sets out the approach to delivering effective procurement..

Conclusion

Overall, we are satisfied the Authority has appropriate arrangements in place for ensuring economy, efficiency and effectiveness in its use of resources. We have raised one improvement recommendation, see overleaf.



Improvement recommendation



Improving economy, efficiency and effectiveness

Recommendation	The Authority participates in the annual National Park performance indicator set, which is co-ordinated by the Yorkshire Dales National Park. The Authority's performance against all of these indicators should be included within the performance monitoring reporting to members.
Why/impact	The Authority is participating in the National Park indicator set but the full output from this exercise, and the Authority's performance relative to its peers, is not being reported.
Auditor judgement	The Authority participates in the annual National Park performance indicator set, which is co-ordinated by the Yorkshire Dales National Park. The Authority only includes some of these indicators in its performance reporting to members in the Corporate Plan annual report. The Authority is not demonstrating the benefit of being involved in this exercise, where it can assess its performance against its peers to identify any potential areas for improvement.
Summary findings	<p>The Authority participates in the annual National Park performance indicator set, which is co-ordinated by the Yorkshire Dales National Park. The Authority only includes some of these indicators in its performance reporting to members in the Corporate Plan annual report.</p> <p>Further detail is provided on page 17.</p>
Management comments	<i>This will be discussed further at Leadership Team before a response can be agreed</i> - G Bryant, Chief Finance Officer 13/4/22

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



8. COVID-19 arrangements



Since March 2020 COVID-19 has had significant impact on the population as a whole and how local government services are delivered.

We have considered how the Authority's arrangements have adapted to respond to the new risks they are facing.

Financial sustainability

The lockdown restrictions announced on 16 March 2020 resulted in the closure of the visitor economy for the Authority. While Covid-19 did have an impact on Exmoor National Park Authority's 2020-21 revenue budget this was managed through in-year savings and government support. The Authority has relatively few assets from which to generate significant sums of income and is therefore less exposed to loss of commercial income.

While the Authority lost income from visitor centres and car parking charges, these are offset to some extent by reduced costs in several areas including travel/transport, project delays and stock purchases. As a result, the Authority did not need to request additional funding from DEFRA.

A better than budgeted position was achieved for 2020-21 with an outturn surplus of £104k at the year end.

Governance

As a result of the lockdown restrictions announced on 16 March, the Authority moved to ensure that all staff were able to work from home where possible. This required the Authority to purchase additional IT equipment to facilitate this.

The Authority responded quickly to the pandemic. Following the introduction of regulations to hold formal meetings via remote attendance, committee meetings moved to video conferencing. Governance and oversight arrangements have continued to be in place.

Despite Covid-19 uncertainty, we found that internal controls continued to operate effectively, and the Authority has continued to pay its creditors in a timely manner.

COVID-19 arrangements

Improving economy, efficiency and effectiveness

The Authority's 2020-21 Corporate Plan was approved prior to the start of the Covid-19 pandemic. Performance against the priorities and actions included in the Corporate Plan have continued to be monitored routinely by the Leadership Team and reported to the Authority. Inevitably, with the impact of Covid-19, elements of the Corporate Plan have been impacted such the closure of visitor centres and travel restrictions/home working for staff.

Partnership working is clearly established within the Authority and in the way the Authority operates on a day-to-day basis with its partners. Whilst Covid-19 had a direct impact on the Authority's operations, including the closure of its main office and visitor centres, the Authority was still able to make good progress with the number of projects, notably the completion of Woodside Bridge, although there were inevitably delays with some projects.

The initial lockdown period provided an opportunity for the Authority to clear the backlog of planning applications, a position that is now being sustained.

Overall, whilst Covid-19 initially impacted on partnership working and the ability of projects to progress, the Authority has sought to identify workable solutions whilst meeting Government Covid-19 guidance.

Conclusion

Our review has not identified any significant weaknesses in the Authority's VFM arrangements for responding to the Covid-19 pandemic.



Appendices

Appendix A - Responsibilities of the Authority



Role of the Chief Finance Officer:

- Preparation of the statement of accounts
- Assessing the Authority's ability to continue to operate as a going concern

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

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

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

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

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

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



Appendix B - An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Authority to discuss and respond publicly to the report.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Authority. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the Authority, but are not a result of identifying significant weaknesses in the Authority's arrangements.	Yes, three recommendations have been raised on financial sustainability, three recommendations on governance and one recommendation on Improving economy, efficiency and effectiveness.	9, 10, 11, 14, 15, 16 and 18



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