North York Moors
National Park

Agenda

Meeting: **Finance, Risk, Audit and Standards Committee**

Venue: **The Old Vicarage, Bondgate, Helmsley, YO62 5BP**

Date: **Monday 5 February 2024, 10am**

Business

1. Apologies for absence

2. Public minutes on the meeting held on 13 November 2023. (pg. 2)

3. Members are reminded that it is their responsibility to declare the nature of any personal, prejudicial and/or disclosable interests relating to any agenda item immediately prior to its consideration and are encouraged to complete a written declaration using the form provided.

4. Emergency evacuation procedure – The Chair to inform members of the public of the emergency evacuation procedure.

5. Exclusion of the public from the meeting during consideration of items 14 & 15 on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs1 & 2 of Part 1 of Schedule 12A to the Local Government Act 1972.

6. Quarter 3 Finance update (pg. 6)

7. Draft Budget 2024/2025 (pg. 17)

8. External Funding (pg. 32)

9. Health and Safety update (pg. 45)

10. Quarterly Performance Scorecard (pg. 48)

11. Corporate Risk Register update (pg.60)

12. Treasury Management and Prudential Code for Capital Finance (pg. 76)

13. Such other business as, in the opinion of the Chair, should, by reason of special circumstances, be considered as a matter of urgency.

Private business - Minutes/reports circulated to Members only

14. Private minutes of the meeting held on 13 November 2023

15. Complaints and Compliments review

Tom Hind

Chief Executive (National Park Officer)

Press Contact: Nina Beadle, Media and Communications Officer, 01439 772700

Note:

- To ensure this Meeting is conducted in an open and transparent manner it will be live streamed to the public and recorded. A link will be published under the relevant Meeting heading of the Authority's website. The recording will be held in accordance with the Authority's retention policy.
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- Members are reminded to turn all electronic equipment to silent mode, including mobile phones, laptop computers and tablets. Please note that only information that is available to Members during the Committee meeting should be accessed from a computer in the interests of sound decision making.
- Tea and coffee will be available a quarter of an hour before the meeting.
- Judith Seaton should be notified of any apologies.
- Please ensure when parking in the car park that you have not caused an obstruction which could prevent emergency vehicles accessing the building.
- This agenda is available on the website www.northyorkmoors.org.uk
- This agenda is available in large print on request.

Finance, Risk, Audit and Standards Committee

Membership, including Ex-officio Chair and Deputy Chair of the Authority

-	Sec of State	Sec of State Parish	R&CBC	NYC
Names	Patrick James Christine Robertson	Bob Marley Colin Williamson		David Jeffels Clive Pearson Heather Moorhouse John Ritchie George Jabbour
Number of members	4		5	
Total membership	9			
Quorum	5 (includes at least one Sec of State and one Local Authority Member)			

North York Moors National Park Authority

Item 2, Public Minutes of the Finance, Risk, Audit and Standards meeting held on 13 November 2023

Present:

Malcolm Bowes, Patrick James, George Jabbour, David Jeffels, Bob Marley, Heather Moorhouse, John Ritchie, Colin Williamson, Keith Wilkinson (Independent Person)

Apologies:

Clive Pearson, Christine Robertson, Jim Bailey, Ian Nicholls

Officers in attendance:

Tom Hind (Chief Executive), Pete Williams (Chief Finance Officer), Chris France (Director of Planning), Ellen Cross (Funding Manager), Briony Fox (Director of Conservation and Climate Change), Gareth Mills (Grant Thornton – Auditors), Sandra Strickland (Accountant), Paul Fellows (Head of Strategic Policy), Judith Seaton (Executive Support Team Leader)

Copies of all documents considered are in the minute book

55/23 Minutes

That the public minutes of the meeting held on 29 August 2023, having been printed and circulated, be taken as read and be confirmed and signed by the Chair as a correct record.

56/23 Members Interests

Members were reminded of their responsibility to declare any personal and prejudicial interests relating to any agenda item prior to its consideration.

57/23 Exclusion of the public

Resolved: That the public be excluded from the meeting during consideration of Items 15 & 16, on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 1 & 2 of Part 1 Schedule 12A to the Local Government Act 1972.

58/23 Grant Thornton Value for Money Audit Conclusion 2022/23

Considered:

The report of the Chief Finance Officer

Members commented on an excellent report and congratulations to Grant Thornton and the Authority finance team for their high level of engagement and professionalism.

Resolved: That Members note the conclusions of the value for money report.

59/23 Quarter 2 Finance update

Considered:

The report of the Chief Finance Officer

Members commented:

- The £15k for targeted transport will be discussed at the Recreation and Wellbeing Forum for Members to decide on allocation following Moorsbus not taking this up to support them in a strategic review.
- S106 spend depends on land managers capacity to carry out work, all work has to fit the S106 criteria so innovative use of this is being exercised. Underspend and clawback on this funding is considered low risk.
- Funding to Visit York provides for a dual destination marketing campaign for the North York Moors.

Resolved: That Members note the contents of the report.

60/23 Final medium-term financial strategy

Considered:

The report of the Chief Finance Officer

Members sought clarification on:

- Increase in utilities is due to being on a fixed deal which came to an end, a new agreement now signed, and this has increased to £140k
- S106 funds being discontinued is low risk as no commitment is made beyond 10 years for Woodsmith Mine and 1 year for Boulby.
- Pension fund was in the past highlighted as a risk, but pension performance is good now.

Resolved: That Members comment on the report ahead of Full Authority in December and ahead of detailed budget setting for 2024/25 in February.

61/23 External Funding

Considered:

The report of the Funding Manger

Members congratulated the Funding Manager and other officers on their hard work with the exciting, ambitious projects and grant applications submitted. Particularly commenting on the collaborative working with partners on landscape scale bids.

Resolved: That Members approve the contents of the report and agree the current work being done to secure external funding.

62/23 Health and Safety update

Considered:

The report of the Director of Corporate Services

Resolved: That Members note the contents of the report.

63/23 Quarterly Performance Scorecard

Considered:

The report of the Head of Strategic Policy

Resolved: That Members note the scorecard.

64/23 Corporate Risk register

Considered:

The report of the Director of Corporate Services

Resolved: That Members note the contents of this report and the appendix, making any comments they wish to.

65/23 NPA Carbon Accounting for Financial year 22/23

Considered:

The report of the Head of Climate Change and Carbon Reduction

Members congratulated the Head of Climate Change and Carbon Reduction on an excellent report and suggested that Levisham Estate could significantly contribute to reduction of the Authority emissions with carbon offsetting.

Resolved: That Members note the work done to establish accurate carbon reporting for Authority emissions and identify methods to reduce Authority emissions.

66/23 Mid-year Treasury Management update

Considered:

The report of the Chief Finance Officer

To note that paragraph 4.4 should show September figures of:

- Average Daily Balance: £7,000k
- Interest Earned: £197k
- Average Interest Rate: 4.74%

Also, in paragraph 4.5 the figure should be 4.74%

Resolved: That Members note the position of the Authority's Treasury Management activities dure the first half of 2023/24.

Approve the revised Prudential indicators for the period 2023/24 to 2025/26.

67/23 Other business

There was no other business discussed.

………(Chair)
5 February 2024

Public Summary of items considered "in private" at the Finance, Risk, Audit and Standards Committee meeting on 13 November 2023

Private minutes

Members agreed that the private minutes of the meeting held on 29 August 2023, having been printed and circulated, be taken as read and be confirmed and signed by the Chair as a correct record.

Complaints and Compliments update

North York Moors National Park Authority

Finance, Risk, Audit and Standards Committee

Monday 5 February 2024

Item 6, Quarter 3 Financial update 2023/24

1. Purpose of the report

1.1 To provide Members with an update on the financial position at the 2023/24 quarter three and the latest forecast for the full financial year.

2. Background

2.1 This report details the position of income and expenditure to 31 December 2023 compared with the budget, highlighting any key issues to bring to Members' attention.

2.2 The original budget was set at full Authority in March 2023 and was revised in November 2023 following Q2 forecasts.

3. Budget changes

3.1 The budget has been updated since Q2 to reflect changes in profile of externally funded projects and incorporate new projects including Peatland Restoration and River Esk REStore. These amendments impact both income and expenditure and have a net nil impact on the bottom line. Adjustments have also been made as per the Q2 forecast to transfer £19k savings into reserves.

3.2 2023/24 Budget summary as at 31 December 2023

-	Original budget	Q2 budget	Latest budget	Change in budget
-	£k	£k	£k	£k
Gross Income	12,790	12,819	13,704	885
Gross Expenditure	-12,790	-12,829	-13,685	-856
Net movement in Reserves	0	-10	19	-10

4. Financial performance overview

4.1 The table below summarises the current position as at 31 December 2023.

-	Q3 Budget	Actual Q3	Variance Q3	Annual budget	Forecast outturn	Full year variance
-	Dec-23	Dec-23	Dec-23	Mar-24	Mar-24	Mar-24
Income	£k	£k	£k	£k	£k	£k
Earned Income	1,275	1,335	60	1721	1,792	71
External Income	1,094	1,091	-3	3,880	3,880	0
NPG Grant Income	3,227	3,227	0	4,382	4,382	0
S106 Compensation & Mitigation	3,721	3,726	5	3,721	3,721	0
Total Income	9,317	9,379	62	13,704	13,775	71
Expenditure	-	-	-	-	-	-
Core Expenditure	-6,139	-5,742	397	-9,964	-9,976	-12
S106 Compensation & Mitigation	-1,646	-1,873	-227	-3,721	-3,721	0
Total Expenditure	-7,785	-7,615	170	-13,685	-13,697	-12
Total Surplus/Deficit	1,532	1,764	232	19	78	59

4.2 At the end of December, there is a surplus of £1,532k which is £232k higher than the profiled year to date budgeted surplus of £1,764k. Key points relating to the movements against budget can be found in sections 5 and 6 below with additional detail of all variances in appendix 1.

4.3 The full year forecast at quarter 3 indicates a surplus of £78k. This represents a £59k improvement on the Q2 position. This is due to further savings being identified across a number of areas, higher income from an increase in planning fees (since early December 2023) and investment interest.

5. Income

5.1 The key earned income streams are detailed below.

Earned Income	Q3 Budget	Actual Q3	Variance Q3	Annual budget	Forecast outturn	Full year variance
-	Dec-23	Dec-23	Dec-23	Mar-24	Mar-24	Mar-24
-	£k	£k	£k	£k	£k	£k
Car parking	648	652	4	782	782	0
Retail & central stock sales	206	184	-22	256	244	-12
Planning fees	149	172	23	199	214	15
Outdoor Learning & Exhibitions	61	74	13	72	72	0
Income from Assets	64	64	0	111	111	0
Income initiatives	0	7	7	3	3	0
Other	146	167	21	281	331	50

Earned Income	Q3 Budget	Actual Q3	Variance Q3	Annual budget	Forecast outturn	Full year variance
-	Dec-23	Dec-23	Dec-23	Mar-24	Mar-24	Mar-24
-	£k	£k	£k	£k	£k	£k
Total	**1,274**	**1,320**	**46**	**1,704**	**1,757**	**53**

5.2 Car parking income is slightly up on a challenging target. This is driven by particularly strong performance at Newton-Under-Roseberry. Forecast remains on budget.

5.3 Planning income is over the profile budget so £40k of additional income has been added to the planning application fee budget following the increase in fees on 6 December 2023. The outturn is expected to be c£180k which is still £70k lower than the original budget. The increase in planning fees is offset however by pre application income which has been reduced to £25k based on the current use of the service.

5.4 Visitor Centre sales income at both centres has fallen behind profile resulting in reduced retail spend. Both forecasts have been reduced to reflect this as has the cost of sales which is also lower.

5.5 Investment income is still expected to continue at the higher level as anticipated at Q2 because of higher interest rates and cash balances. It is expected that this will contribute an additional £150k of income compared to the original budget assumptions.

6. Expenditure

6.1 Overall year to date expenditure is £170k ahead of budget at quarter three. This is driven by S106 spending which is exceeding the annual budget and starting to reduce the prior year underspends. FIPL grant payments and external funded projects are under profile at this stage but still expected to deliver. Cost of sales at Visitor Centres are also behind profile Net additional expenditure of £12k is included in the forecast and is made up of the following:-

- -£6k emergency chimney work at Danby Lodge.
- -£7k emergency tree work at Thornton le Dale
- -£5k additional bank charges fees for processing increased car park income.
- -£12k reduction in the vacancy factor saving as a result of low core grant funded staff turnover.
- £12k rates saving across various properties.
- £6k saving on Archaeology Grants which are now being funded from S106.

6.2 £170k has been approved by Members from reserves to match funding from the Shared Prosperity Fund to enhance facilities at our Visitor Centres, with the bulk of this being focused on Danby Lodge. This match funding has been allocated to provide for the substantial replacement of the Danby Lodge playground area. The tender process for this is complete. Those tendering were asked to supply possible enhancements above the funding level that would increase the attractiveness of the facility to visitors. With the successful tender there is the opportunity for an additional £30k to include a double zip wire facility within the play area. In the opinion of officers this would significantly enhance the play area facilities across a wider age range and make it an even greater attraction to draw even more families to the Visitor Centre. There is a recommendation in the paper that £30k of a £45k legacy received earlier this year be allocated to enable the installation of the double zip wire.

7. Savings

7.1 As part of the budget process, a number of savings were proposed in 2023/24, progress on which is detailed below: -

Savings category	Budget £k	Forecast £k	Comment
Vacancy factor	76	38	Turnover in core funded staff has been particularly low in 23/24 to date against the 2% assumption.
Service transformation	137	137	These are now built into the base budgets.
Earned income generation	178	163	Car parking (£145k) and Pre-App fee (£9k) increases implemented. Planning statutory fee increases from Central Government were assumed in budget for 1 October but only came in 6 December.
Funding Diversification	164	133	Apprentice funding completed. There is a shortfall in education income generation as part of the transition of the service to an externally funded project delivery model. This will deliver in future years.
-	**555**	**468**	-

8. S106 Agreements – Financial update

8.1 The table below shows a breakdown of the current S106 expenditure position against budget.

S106 Agreement	Agreement Section	Actual spend December 23	22/23 C/F Budget	23/24 Budget	Total Budget	Full Year F'cast @ Q3	Full Year Variance
		£	**£**	**£**	**£**	**£**	**£**
Woodsmith	Core Policy D	289,215	1,071,987	948,121	2,020,109	1,096,623	-923,486
	L&E	591,107	676,963	832,240	1,509,203	1,200,228	-308,975
	Tourism	610,693	362,829	800,090	1,162,919	785,919	-377,000
	Archaeology/Geology	22,135	95,484	63,200	158,684	125,000	-33,684
	Employment	56,185	0	56,180	56,180	56,180	0
	Monitoring	73,186	68,206	140,520	208,726	112,000	-96,726
	Signage	0	489,711	0	489,711	0	-489,711
	Over/(Under) spend	**1,642,520**	**2,765,180**	**2,840,351**	**5,605,531**	**3,375,950**	**-2,229,582**
Boulby	L&E	129,369	540,758	-	540,758	298,072	-242,686
	Tourism	81,233	175,000	-	175,000	98,000	-77,000
	Peat	416	149,823	-	149,823	100,000	-49,823
	Heritage	0	14,710	-	14,710	9,764	-4,946
	Monitoring	19,611	0	-	0	26,000	26,000
	Over/(Under) spend	**230,630**	**880,291**	**0**	**880,291**	**531,836**	**-348,455**

8.2 Most of the areas in the Woodsmith agreement are forecasting to spend in excess of the annual allocation and to reduce the brought-forward budgets from previous years which is excellent progress. The forecast shows an anticipated carry forward of £2.229m down from £2.765m.

8.3 There is currently very low risk of pay back on the S106 agreements although this continues to be monitored in relation to woodland creation (Core Policy D). This year, over 111ha of woodland creation will be delivered against a target of 73ha.

8.4 Spending on the Boulby agreement is now £231k in the year to date. This is expected to accelerate during the remainder of the year Work is continuing to identify projects to accelerate spend on Boulby s106 projects.

9. Reserves

9.1 The opening balance reserves at the beginning of 2023/24 were £5,940m and the closing Q3 reserves balance were £5,951m, which is an increase of £11k. This is driven by the small surplus generated between the disposal of Beaconsfield office and the purchase of land.

9.2 Most reserves balances are updated as part of the year end process. A full update will be provided in the outturn report.

9.3 Further details of the individual reserves position can be found in Appendix 3.

10. Project financial updates

10.1 Ryevitalise Q3 Update

	Q3 Budget	Actual Q3	Variance Q1	Annual budget	Forecast outturn	Full year variance
-	Dec-23	Dec-23	Dec-23	Mar-24	Mar-24	Mar-24
-	£k	£k	£k	£k	£k	£k
Income	172	156	-16	529	529	0
Expenditure	-501	-362	139	-661	-661	0
Total	**-329**	**-206**	**123**	**-132**	**-132**	**0**

10.1.1 As per the Ryevitalise project mid-term review in January 2023, a target for expenditure of around £150K - £175K per quarter for the reminder of the project was agreed, equating to annual claims of c£600K. Over £667K was spent in Year 3 of delivery (2022/23).

10.1.2 For Q3, expenditure is over £160K, exceeding our target quarterly spend; large river restoration works, habitat surveys, INNS control and conservation agreement annual habitat maintenance payments were delivered. This large expenditure in Q3 reflects that expenditure for the first half of Year 4 (2023/24) had dropped slightly below target (£108K in Q1 and £94K in Q2). The Ryevitalise team are aiming for another above target spend in Q4. Commitments for Q4 include in-channel restoration design work, riparian habitat creation, tree planting and hedgerow restoration, butterfly habitat monitoring and habitat restoration, development of our community arts programme and delivery of education and outreach work.

10.2 FIPL Q3 Update

-	Q3 Budget	Actual Q3	Variance Q1	Annual budget	Forecast outturn	Full year variance
-	Dec-23	Dec-23	Dec-23	Mar-24	Mar-24	Mar-24
-	£k	£k	£k	£k	£k	£k
Income	0	5	5	1,047	1,047	0
Expenditure	-366	-246	120	-1,047	-1,047	0
Total	**-366**	**-241**	**125**	**0**	**0**	**0**

10.2.1 The delivery of FiPL continues to go well. Following the previous panel meeting in December, just over £100k of project spend is still to be committed. We remain confident that there are sufficient projects in the pipeline to be able to commit and spend this amount before the end of the financial year. Of the £795k project spend committed only £160k has currently been paid out, but we remain confident that the majority of projects are on track for completion by end of March. The wet weather has impacted on the delivery of several projects, but it is anticipated that lost time will be made up.

10.2.2 Any underspend in the Advice and Guidance and Administration budgets can be spent on project delivery. In previous years we have been in a position to request additional funding from the national pot of FIPL underspend but do not intend to make a request this year.

11. Waivers and virements

11.1 There was one waiver approved in Q3 for £99k in relation to the Species Recovery project. The timescales of the project and restrictions mean that the work must be undertaken between April and October 2024. As a result, there is an urgent requirement to complete the preliminaries for this work. Align Property Partners have already completed some work previously in the Blue Corridors project for this and are the only supplier who would be able to deliver within the required timeframes.

11.2 There have been no virements over £50k to report to FRASC.

12. Conclusion

12.1 At the end of quarter 3 there is a £1,994k surplus, £231k lower than budget. The majority of this is as a result of timing in particular on S106 and externally funded projects including Farming in Protected Landscapes.

12.2 Q3 forecast predicts a budget variance of £59k which will increase the surplus for the year to £78k. This is driven primarily by investment interest. There has been an increase in the planning income position since Q2 but this remains below original budget.

12.3 Expenditure relating to the Woodsmith Mine S106 agreement continues to reduce the prior year balances with it exceeding the current financial year allocations.

13. Financial and staffing implications

13.1 As detailed in the report.

14. Contribution to National Park Management Plan

14.1 It is a requirement for the Authority to produce quarterly updates on the financial position and an outturn report at the end of the year. The financial position underpins the delivery of the Management Plan.

15. Legal and sustainability implications

15.1 There are no legal issues as a result of this report.

16. Recommendations

16.1 That Members note the content of the report.

16.2 That Members approve the allocation of £30k of monies received from a legacy to install a zip wire as part of the Danby Lodge play area installation as per point 6.2.

Contact Officer:
Pete Williams
Chief Finance Officer
01439 772700

Appendix 1, 2022/23 Income and expenditure summary at 31 December 2023

-	Q3 Budget	Actual Q3	Variance Q3	Annual Budget	Forecast Outturn	Full Year Variance	Commentary
Income	**£k**	**£k**	**£k**	**£k**	**£k**	**£k**	
Cultural Heritage	4	10	6	7	15	8	-
Natural Environment	848	844	-4	2,147	2,157	10	-
Farming in Protected Landscapes	0	5	5	1,047	1,047	0	-
Recreation Management	911	914	3	1,518	1,518	0	-
Promoting Understanding	285	275	-10	365	353	-12	Visitor Centre Retail
Rangers and Volunteers	0	0	0	0	0	0	-
Development Management	149	178	29	199	214	15	Planning Fees
Forward Planning	0	0	0	0	0	0	-
Corporate and Democratic Core	172	200	28	318	368	50	Investment Interest
DEFRA Grant	3,227	3,227	0	4,382	4,382	0	-
Total Function Income	**5,596**	**5,653**	**57**	**9,983**	**10,054**	**71**	
S106 Compensation & Mitigation	3,721	3,726	5	3,721	3,721	0	-
Total Income	**9,317**	**9,379**	**62**	**13,704**	**13,775**	**71**	**-**
-	-	-	-	-	-	-	-
Expenditure	**£k**	**£k**	**£k**	**£k**	**£k**	**£k**	**-**
Cultural Heritage	-146	-142	4	-280	-274	6	-
Natural Environment	-1,425	-1,248	177	-2,818	-2,818	0	Timing external projects
Farming in Protected Landscapes	-366	-246	120	-1,047	-1,047	0	Timing in project completion
Recreation Management	-972	-1,090	-118	-1,837	-1,849	-12	Tree works / bank charges.
Promoting Understanding	-891	-808	83	-1,467	-1,473	-6	Danby chimney repairs.
Rangers and Volunteers	-589	-574	15	-1,038	-1,038	0	-
Development Management	-511	-473	38	-891	-891	0	-
Forward Planning	-91	-94	-3	-182	-182	0	-
Corporate and Democratic Core	-1,148	-1,067	81	-404	-404	0	Timing in contract payments.
Total Function Expenditure	**-6,139**	**-5,742**	**397**	**-9,964**	**-9,976**	**-12**	**-**
S106 Compensation & Mitigation	-1,646	-1,873	-227	-3,721	-3,721	0	-
Total Expenditure	**-7,785**	**-7,615**	**170**	**-13,685**	**-13,697**	**-12**	**-**
NET SURPLUS/DEFICIT	**1,532**	**1,764**	**232**	**19**	**78**	**59**	**-**

Appendix 2 – Subjective Analysis at 31 December 2023

-	Q3 Budget	Actual Q3	Variance Q3	Annual Budget	Forecast Outturn	Full Year Variance
-	**Dec-23**	**Dec-23**	**Dec-23**	**Mar-24**	**Mar-24**	**Mar-24**
Income Type	**£k**	**£k**	**£k**	**£k**	**£k**	**£k**
Other External Grants	1,058	969	-89	3,857	3,867	10
Retail Sales	206	183	-23	256	244	-12
Planning Fee Income	149	172	23	199	214	15
Car Park Income	648	652	4	782	782	0
Other Income	139	261	122	194	202	8
Match Funding	27	22	-5	27	27	0
Capital Receipts	0	7	7	17	17	0
Investment Income	142	160	18	269	319	50
Section 106 Income	3,721	3,726	5	3,721	3,721	0
DEFRA GRANT	3,227	3,227	0	4,382	4,382	0
Total Income	9,317	9,379	62	13,704	13,775	71
-	9,317	9,379	62	13704	-	71
Expenditure Type	**£k**	**£k**	**£k**	**£k**	**£k**	**£k**
Employees	-3,705	-3,906	-201	-4,936	-4,936	0
Premises	-350	-271	79	-472	-472	0
Transport	-139	-156	-17	-182	-182	0
Supplies and Services	-3,267	-3,054	213	-7,619	-7,631	-12
Third Party Payments	-324	-228	96	-476	-476	0
Total Expenditure	**-7,785**	**-7,615**	**170**	**-13,685**	**-13,697**	**-12**

Appendix 3 – Reserves

Reserve Summary (£k)	2023/24 Opening position	Movement in Reserves Q3	2023/24 Q3 position
General working balance	435	-	435
Contingency	291	-	291
TELI Match funding	112	-	112
Woodsmith Section 106	2,937	-	2937
Blue Corridors income	42	-42	0
Ryevitalise income	249	-	249
Restricted and committed reserves	**4,066**	**-42**	**4,024**
Capital: Sutton Bank Visitor Centre	37	-	37
Capital: Vehicle replacements	123	-3	120
Capital: IT replacements	141	-	141
Capital: Property reserve	508	64	572
Projects: Future match funding pot	200	-	200
Projects: Ryevitalise match funding	153	-	153
Projects: Asset income generation	45	-	45
Projects: Signage	100	-	100
Projects: Forge Valley Boardwalk	25	-	25
Projects: IT work at Danby Lodge	15	-	15
Projects: Improvements to Visitor Centres	170	-	170
Projects: Car Park signage	90	-	90
Projects: Newton under Roseberry Car Park	70	-4	66
Projects: Cawthorne Camp	35	-	35
Projects: EV & E Bike Charging Points	60	-4	56
Projects: Transport Review	15	-	15
Projects: Levisham Land slip	50	-	50
22/23 budgets underspend	37	-	37
Committee approved reserves	**1,874**	**53**	**1,927**
Unallocated reserves (to be distributed)	0	-	0
Total reserve balance	**5,940**	**11**	**5,951**

North York Moors National Park Authority

Finance, Risk, Audit and Standards Committee

Monday 5 February 2024

Item 7, Draft Budget 2024/25

1. Purpose of the report

1.1 To provide Members with details of the proposed budget 2024/25 for comment ahead of approval at the Full Authority meeting in March.

2. Background

2.1 The budget is set in the context of the Authority's Strategy and Business Plan objectives, which contributes to the delivery of the National Park Management Plan. Proposed Business Plan milestones and priorities were brought to National Park Authority Committee in December. This budget provides the financial assurance to enable delivery of those milestones in 2024/25.

2.2 The budget proposal focusses delivery on the following three outcomes in addition to our planning, corporate and democratic functions -

- A resilient landscape at the forefront of addressing climate change.
- A more biodiverse landscape.
- A place that lifts the nation's health and well-being.

2.3 A Medium-Term Financial Strategy (MTFS) paper was brought to the Authority meeting in December. The paper indicated a balanced budget position in 2024/25 but a £0.2m deficit in 2025/26, growing each year thereafter. The main reason for this increasing deficit position from 2025/26 is the gap between inflation and a flat cash DEFRA grant settlement. A strategic approach to this future deficit is being considered, but this paper focusses on the budget for 2024/25.

2.4 This budget proposal builds on the financial strategy of growing the Authority despite the four years of flat cash settlements continuing into a fifth year in 2023/24. The strategy of generating external funding has been very successful with almost £3m of funding spent in 2023/24 and a culture of using external funding to deliver project opportunities is now embedded across most areas of the Authority. In 2024/25 we will continue to embed this culture across the organisation and ensure we have a strong pipeline of projects. But to continue to grow our income and mitigate future deficits, we also need to grow earned and commercial income and review how core funding is spent.

3. Budget summary

3.1 The table below illustrates that the budget being set is a balanced budget as is required by legislation. A combination of increased S106 income and a higher level of secured external funding at this stage of the year has resulted in a higher budget being set in 2024/25, with £14.15m of income being allocated to expenditure to deliver in year.

-	23/24 Original budget	23/24 Latest budget	24/25 Budget
-	£k	£k	£k
Income	12,790	13,704	14,155
Expenditure	12,790	-13,685	-14,155

3.2 A breakdown of the elements that make up the budget can be found in the body of the report below and in Appendices 1 and 2.

4. Income

4.1 The table below shows the breakdown of £14.15m income in 2024/25 compared to the original 2023/24 budget of £12.8m. It shows an increase in income year on year in all areas except DEFRA grant 3.

-	22/23 Budget	Proportion of total income	23/24 budget	Proportion of total income	Year on Year Growth
-	£k	%	£k	%	£k
Earned	1,710	13.40%	1,781	12.60%	71
External	1,836	14.30%	2,649	18.70%	813
Farming in Protected Landscapes	1,047	8.20%	1,402	9.90%	355
S106	3,815	29.80%	3,941	27.80%	126
DEFRA Core Grant	4,382	34.30%	4,382	31.00%	0
Total Income	**12,790**	**100.00%**	**14,155**	**100.00%**	**1,365**

Earned income

4.2 Earned income is defined as all income which is generated from business activities and assets, for example retail, car parking or letting agreements. It also includes investment income. Overall, this has increased from £1.71m to £1.78m, with increases in car parking income and inflation partly offset by a reduction in investment income. The breakdown of earned income can be found in Appendix 3.

4.3 Car parking income is projected to increase from £783k to £830k due to anticipated growth as a result of works at Danby Lodge and Newton-Under-Roseberry. In addition, it is anticipated that marketing campaigns and improved signage will increase visitor numbers too. There is also a small increase relating to motorhome parking. There is no tariff increase built in next year.

4.4 2023/24 has continued to see a drop off in planning application levels following increases during the pandemic. The budget for planning applications has been reduced overall by £10k compared to 23/24 budget. The new budget of £260k has been decreased to allow for reduced volumes but increased for a full year of statutory fee increases, which were implemented with the Levelling Up Act on the 6 December 2023.

4.5 There have been challenges in our retail activities during 2023/24, with sales decreasing predominantly due to the cost-of-living pressures reducing visitor spend. Budgets have been increased for inflation but margins are retained at current levels. There is a small increase however for the introduction of the bookshop and plant sales.

4.6 The above increases are offset by reducing investment income. The rapid increase in base rates to counter inflation in 2023/24 resulted in much higher interest earned on investments than anticipated. As a result, the original 23/24 budget of £157.5k has increased by a further £150k. However, the temporary nature of this income should not be seen as part of building sustainable budgets. It is anticipated that there will be rate reductions in 2024/25. Consequently, investment interest in the budget is capped at £150k with any amount exceeding that in year proposed to go to property reserves.

4.7 All other areas of income remain at similar levels to 2023/24, albeit with inflationary increases applied where appropriate.

S106 income

4.8 The Authority has two substantial S106 agreements (Woodsmith and Boulby mines) for authorised development which provide compensation payments to mitigate the adverse impacts of these developments. The budgeted value of these agreements has increased from £3.815m in 2023/24 to £3.941m in 2024/25 based on inflation estimates. The final value will be confirmed in the budget paper at March NPA when the inflation rate is agreed.

4.9 The project delivery is still being finalised, but the budgeted income breakdown within the agreements can be found in Appendix 5.

External funding

4.10 For the purposes of the budget this is defined as any grant income from a third-party source which is not earned income, S106 agreements or core DEFRA grant. Consequently, it includes income such as the £1,402k of funding relating to the Farming in Protected Landscapes scheme.

4.11 The level of external income budgeted correlates to the value of expenditure expected against this during the year. The budget only includes secured external funding at this stage with the exception of a further £50k and £15k included in the access and outdoor learning budgets respectively which represent specific 24/25 targets for those services as part of our move to become a more project-based organisation and rely less on core Defra grant funding. The external funding target has already been met even if Farming in Protected Landscapes funding is excluded. However, the pipeline of potential projects indicates that the level of external funding is likely to increase further should applications currently being considered be secured. The External Funding paper on this agenda has details of this pipeline. As further projects are secured, they will be added into the budget in year and reported as budget changes through the quarterly reporting process.

4.12 As reported in the Medium-Term Financial Strategy, there is increasing pressure on corporate functions as a result of externally funded projects which don't fully factor in core support costs. This may be a limiting factor to the levels of external funding growth that can be delivered. This is a strategic issue for the Authority and one which Officers intend to discuss further with Members during the next financial year.

4.13 A breakdown of the budgeted external funding income can be found in Appendix 4.

DEFRA Grant

4.14 Defra has indicated that the settlement for 2024/25 will be flat cash for the sixth year in a row. The budgeted core grant is therefore included at £4.382m. This represents 31% of total budgeted spend which is lower than the financial KPI which indicates that DEFRA grant funding should be no higher than 45% of total income.

4.15 There is potential for further one-off capital funding following the statement announcing additional funding for protected landscapes by Secretary of State Steve Barclay in December 2023. However, this is still to be confirmed so at this stage is not included in the budget papers.

5. Expenditure

5.1 Total expenditure for the Authority in 2023/24 is budgeted at £14.15m. This is broken down into DEFRA and subjective headings in Appendices 1 and 2.

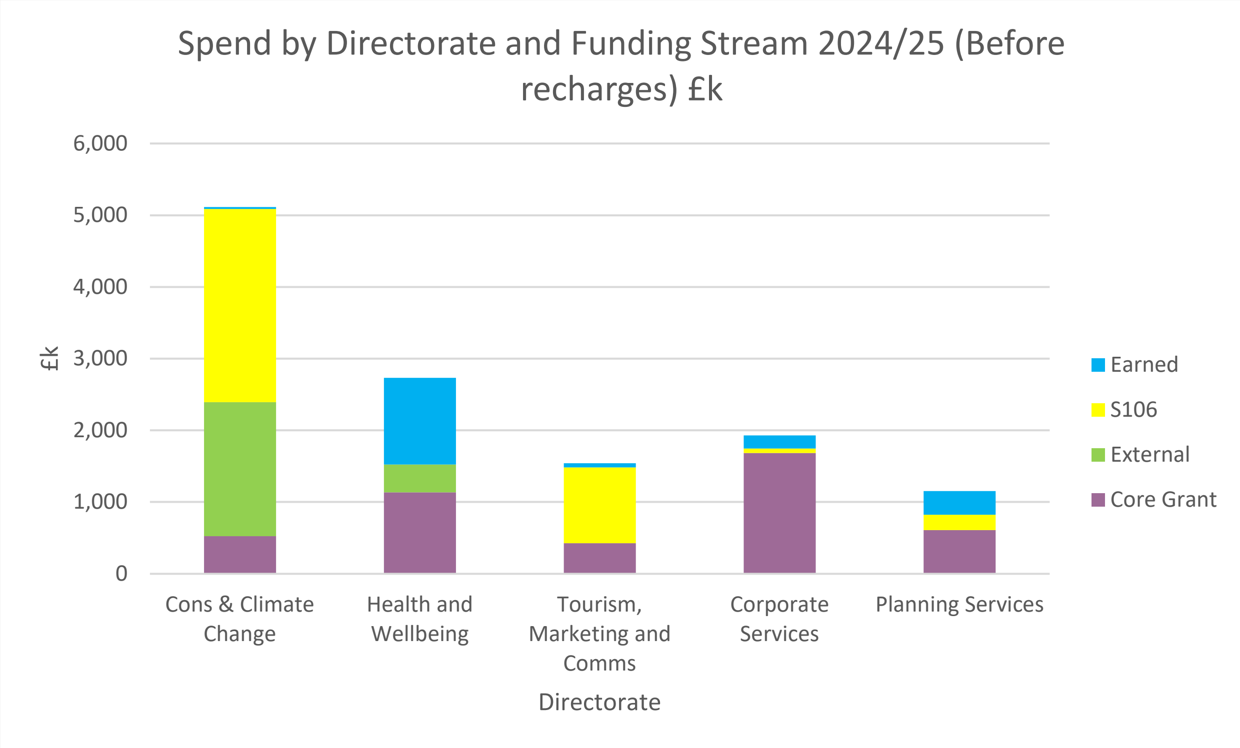
5.2 Staffing costs equate to just short of £4.0m which includes all roles funded from external sources as well as core funded posts. This key area of expenditure has come under increasing pressure with pay awards of c6% in the last two years whilst the core grant remains frozen. The 2024/25 budget is set at 4%ages in the absence of any information at this stage as to what the local government settlement proposals may be. This therefore represents a major risk in the budget with any variation to the offer needing to be dealt with in year. Each 1% increase equates to a £30k core grant funding gap which would need to be found in both 2024/25 and future years. It is as a result of increasing pay awards and frozen grant that the financial KPI that core funded staff costs will not exceed 50% of the value of the grant can no longer be met.

5.3 Staffing on-costs remain broadly the same, with previously proposed Government National Insurance increases now being reversed and the pension valuation resulting in just a marginal increase to pension costs.

5.4 Inflation is having the biggest impact on budgets. Inflation is now applied to all relevant overhead budgets. Inflation assumptions in 23/24 were as predicted so no prior year adjustment is required. Inflation rates applied are included in the table below :-

Category	Inflation Rate	Comment
Pay	4%	Estimated at 4% in line with December CPI inflation.
Utilities	150%	Rise of 150% expected following the signing of a new contract for gas and electricity following the end of a fixed term agreement in 2023/24.
General Overheads	4%	4% applied in line with December CPI inflation levels.

5.5 Other year on year changes in spend include local plan costs which will increase in 24/25 as work commences on a new plan to meet changes in national planning requirements and policy. There are also savings on rates specific to 24/25 as the extension of the 75% relief for the visitor centres continues for a further year and match funding for the Ryevitalise project which will be fully spent by the end of 2023/24 and will therefore result in a reduction in expenditure in 2024/25. The chart below helps to illustrate the total expenditure for directorates and their funding make up.



5.6 All capital spend in the year is expected to be funded from either external funding or reserves. Details of the reserves funded property, IT and vehicle capital programmes are in the table below.

Capital Purchase	**Value £k (Net of any disposal)**	**Reserve Funding**
Laptop replacements	20	IT
Replacement finance system	80	IT
Mule	15	Vehicle
2 x Mitsubishi L200	33	Vehicle
Dacia Duster	13	Vehicle
Takeuchi TB216 Mini Digger	13	Vehicle
5 x trailers	20	Vehicle
Sutton Bank compound fencing and café outdoor seating	20	Property
Hutton-Le-Hole toilet refurbishment	35	Property
Total 24/25 expenditure	**249**	**-**

5.7 There are currently no additional costs relating to the property review outside of the work currently being undertaken by Bowman Reilly on designs and planning permission. Budget implications and approvals for spend will be addressed through future business case papers as the project progresses.

6. Savings plan

6.1 The increasing pressure of inflation when compared to the flat cash grant means that savings plans are essential to financial sustainability. This year however, the budget is already balanced as a result of previous actions, and focus will be on delivering savings for 2025/26. There are however still a number of income generation / savings proposals built into the budget which will be monitored through the year:

Savings category	£k	Comment
Vacancy factor	78	2% reduction on staffing costs for naturally occurring vacancies.
External funding targets	65	Specific in-service funding targets for outdoor learning (£15k) and access (£50k).
Earned income generation	71	Additional income generation from car parking and initiatives and advertising revenues.
Funding diversification	40	Funding of DEFRA grant or earned income funded posts through externally funded projects.
Total	**253**	-

6.2 All of the above are specific savings proposals built into budgets and are being delivered. One year savings such as reduced business rates are not included above.

6.3 Progress on the delivery of the savings programme will be included in the quarterly reporting to FRASC committee through the year.

7. Reserves

7.1 Of the current £5.9m of reserves, £4.0m relates to ringfenced income in advance pertaining to S106 agreements and external funding. S106 funds are drawn down in advance so there is always likely to be a balance in reserves for this whilst the agreements are ongoing.

7.2 There is currently a general working balance reserve to help to manage cash flow and represents the minimum level of reserves that should be held. This is set at 5% of gross expenditure excluding S106 and Farming in Protected Landscapes project which are deemed to be low risk areas. This currently stands at £435k. 5% of gross expenditure in 23/24 is £440k so no amendments are required for this. The contingency reserve is also being built up to the 5% level as above over time and currently stands at £291k (3.3%). A view will be taken at the end of the year on the outturn position and whether to use some of any surplus to help bolster this reserve.

7.3 Budgeted contributions to capital reserves in 2023/24 are £40k for IT, £85k for vehicles and plant and £50k for planned capital maintenance of assets. These remain the same as previous year. The next medium term strategy plan will look in detail at whether the planned capital maintenance of assets reserves should be increased to cover future asset liabilities.

7.4 There is £249k of capital spend which will be drawn from IT, property and vehicle reserves in 2024/25 as laid out in point 5.6 of the report.

7.5 Remaining earmarked reserves are expected to be spent as projects progress. A detailed breakdown of reserves can be found in Appendix 7.

8. Key budget risks

8.1 There remains some uncertainty in the budget and it is worth reiterating some of the assumptions that will need to be monitored through the year via the quarterly reporting:

- Pay award assumed at 4%.
- Inflation assumed at 4%.
- Savings to be achieved.
- Planning income and application levels.
- Property review – nothing currently factored in for property moves.

9. Conclusion

9.1 The 24/25 proposed balanced budget delivers £14.15m of activity, 30% of which is funded from core grant. Excluding S106 this rises to 49%. There are increases year on year of external, earned and S106 income. Only secured external funding is included at this stage. There is no requirement to draw from reserves to balance the budget.

9.2 The budget still contains a number of assumptions on pay and overhead inflation that will need to be monitored and should there be any variation this will need to be addressed in year.

9.3 There are £253k of savings that will be monitored through the year.

9.4 The budget enables the delivery of the 2024/25 business plan objectives.

9.5 The reserves position continues to be healthy but earmarked reserves are still expected to be spent over time and the reserves to help manage risk need to continue to be bolstered.

9.6 From 2025/26, there is a growing deficit position as a result of the continued assumption that DEFRA core grant will remain frozen. A strategic approach to address this will need to be agreed in the first half of 2024/25.

10. Financial and staffing implications

10.1 As detailed in the report.

11. Contribution to National Park Management Plan

11.1 An approved balanced budget is essential to ensuring the deliverability of the Authority's objectives as set out in the Management Plan and Business Plan.

12. Legal and sustainability implications

12.1 The Authority has a legal obligation to set a balanced budget each year which is financially sustainable.

13. Recommendations

13.1 That Members comment on the draft 2024/25 budget ahead of approval at March NPA.

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Chief Financial Officer
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Appendix 1, 2023/24 Budget summary by DEFRA headings

-	2023/24 Budget	2024/25 Budget	-
Income	**£k**	**£k**	**Comment**
Conservation Of Cultural Heritage	87	295	Raiding the Bank new external project
Conservation Of The Natural Environment	3,937	4,206	Peatland & REStore new external projects, offset by reduction in Ryevitalise funding
Corporate and Democratic Core	181	173	-
Development Management	485	504	-
Farming in Protected Landscapes	686	1,402	Increase in DEFRA project funding
Promoting Understanding	1,507	1,623	See Moor new external project
Recreation Management	1,525	1,570	Mosaic new external project, increase in car park income, reduction in outdoor learning fees
DEFRA Grant	4,382	4,382	-
Total Income	**12,790**	**14,155**	-
Expenditure		-	-
Conservation Of Cultural Heritage	-375	-485	Raiding the Bank new external project
Conservation Of The Natural Environment	-4,613	-4,859	Peatland & REStore new external projects, offset by Ryevitalise core match funding.
Corporate and Democratic Core	-317	-297	Inflation and higher cost of utilities due to new contract
Development Management	-1,096	-1,136	Inflation
Farming in Protected Landscapes	-686	-1,402	Increase in DEFRA project funding
Forward Planning	-183	-206	Inflation
Promoting Understanding	-2,781	-2,866	See Moor new external project, inflation and higher cost of utilities
Rangers & Volunteers	-911	-993	Inflation and higher cost of utilities
Recreation Management	-1,828	-1,911	Mosaic new external project, inflation and increase in income collection costs
Total Expenditure	**-12,790**	**-14,155**	-
Surplus/Deficit	**0**	**0**	-

Appendix 2, 2023/24 Budget summary by subjective

-	2023/24 Budget	2024/25 Budget	Comment
Income	**£k**	**£k**	**-**
Other Grants	2,767	4,045	New external projects eg Peatland, See Moor & Esk REStore
Sales	268	277	Inflation
Lettings	83	86	Inflation
Booking Fees	77	56	Reduction in Outdoor Learning fees
Car Park Income	782	859	Increase in car park income from initiatives
Planning Fees	299	311	Increase in fees partly offset by reduction in volumes.
Other Income	23	31	Inflation
Donations &Sponsorship	2	0	Sponsorship removed
Investment Income	175	167	Capped at 2.5%
External Match Funding	117	0	Apprentice income moved to other grants
DEFRA Grant	4,382	4,382	-
S106 Income	3,815	3,941	Inflation
Total Income	**12,790**	**14,155**	**-**
Expenditure	**-**		**-**
Employees	-3,922	-3,955	-
Premises	-467	-614	Utility cost inflation.
Transport	-179	-167	-
Supplies & Services	-2,981	-3,303	New external projects eg Peatland, See Moor & Esk REStore
Grants	-780	-1481	FIPL increased grant allocation
Third Party	-466	-519	Inflation and increase in income collection costs
Contribution to reserves	-180	-175	Small reduction in vehicle reserve contribution
S106 Spend	-3,815	-3,941	Inflation
Total Expenditure	**-12,790**	**-14,155**	**-**

Appendix 3, Earned Income Breakdown

-	2023/24 Budget	2024/25 Budget	Comment
Earned Income Source	£k	£k	-
Car parking	783	859	Increased income from initiatives
Planning Fees	329	311	Increase fees partly offset by reduced volumes
Retail	268	277	Inflation
Interest	175	167	Capped at 2.5%
Lettings	83	86	Inflation
Outdoor Learning	42	18	Change from earned income to external funding model.
Gallery Exhibitions	34	38	Increased target & inflation
Events	11	11	-
Other fees	7	14	-
Total	1,732	1,781	-

Appendix 4, Budgeted external funding for projects

Status	Project	£k
Secured	Farming In Protected Landscapes	1402
-	Ryevitalise	431
-	Coast to Coast	291
-	National Trails	152
-	Esk Freshwater Pearl Mussels	41
-	Apprentice Schemes	90
-	Birds on the Edge*	75
-	BMW Recharge in Nature grant	11
-	Access	6
-	Mosaic Championing NPs for Everyone	72
-	Esk : Catchment Based Approach*	15
-	Esk REStore (Species Recovery)	432
-	Raiding the Bank	227
-	See Moor (Shared Prosperity)	183
-	Peat Restoration	558
Targeted	Access	50
-	Outdoor Learning	15
-	**Total**	**4,051**

* Note : asterisked projects are the Authority delivery element of projects run by the North York Moors National Park Trust.

Appendix 5, S106 Budgeted funding

S106 Agreement	Budget	£k
Boulby	Heritage	22
	Landscape	573
	Peat	155
	Monitoring	34
	Tourism	224
Woodsmith	Landscape & Ecology	852
	Core Policy D	970
	Tourism	290
	Tourism Cont Construction	145
	Tourism Impact Review	105
	Tourism Local Business	73
	Tourism Visit England	145
	Tourism Whitby	73
	Archaeological Data Contribution	32
	Geological Data Contribution	32
	Scarb Employment	57
	Monit Contribution Construction	159
-	Estimated Income	**3,941**

Appendix 6 – Reserves

Reserve Summary (£k)	2023/24 Opening position	Movement in Reserves Q3	2023/24 Q3 position
General working balance	435	-	435
Contingency	291	-	291
TELI Match funding	112	-	112
Woodsmith Section 106	2,937	-	2937
Blue Corridors income	42	-42	0
Ryevitalise income	249	-	249
Restricted and committed reserves	**4,066**	**-42**	**4,024**
Capital: Sutton Bank Visitor Centre	37	-	37
Capital: Vehicle replacements	123	-3	120
Capital: IT replacements	141	-	141
Capital: Property reserve	508	64	572
Projects: Future match funding pot	200	-	200
Projects: Ryevitalise match funding	153	-	153
Projects: Asset income generation	45	-	45
Projects: Signage	100	-	100
Projects: Forge Valley Boardwalk	25	-	25
Projects: IT work at Danby Lodge	15	-	15
Projects: Improvements to Visitor Centres	170	-	170
Projects: Car Park signage	90	-	90
Projects: Newton under Roseberry Car Park	70	-4	66
Projects: Cawthorne Camp	35		35
Projects: EV & E Bike Charging Points	60	-4	56
Projects: Transport Review	15	-	15
Projects: Levisham Land slip	50	-	50
22/23 budgets underspend	37	-	37
Committee approved reserves	**1,874**	**53**	**1,927**
Unallocated reserves (to be distributed)	0	-	0
Total reserve balance	**5,940**	**11**	**5,951**

North York Moors National Park Authority

Finance, Risk, Audit and Standards Committee

5 February 2024

Item 8, External Funding

1. Purpose of the report

1.1 To update Members on the work currently being undertaken to secure external funding which will help support the Authority's work programmes and priorities.

2. Background

2.1 This report provides an overview of the Authority's external funding position within the current business plan period (to 2026/27) and an update on projects which require external funding.

3. External funding position

3.1 Table 1 provides the spend profile associated with all secured external funding income, which has a target of £2.5m by the end of the business plan period (2026/27).

3.2 The £2m target for 2022/23 was met primarily as a result of external funding for Ryevitalise (Heritage Fund), Blue Corridors (ERDF), FiPL (DEFRA), Moor to Restore (NE), National Trails (NE) and Apprenticeships (North York Moors Railway) projects.

3.3 The total secured external funding for 2023/24 reached £3,883,706 which greatly exceeded the £2,250,000 planned target. Detail of how this is broken down is within Table 4.

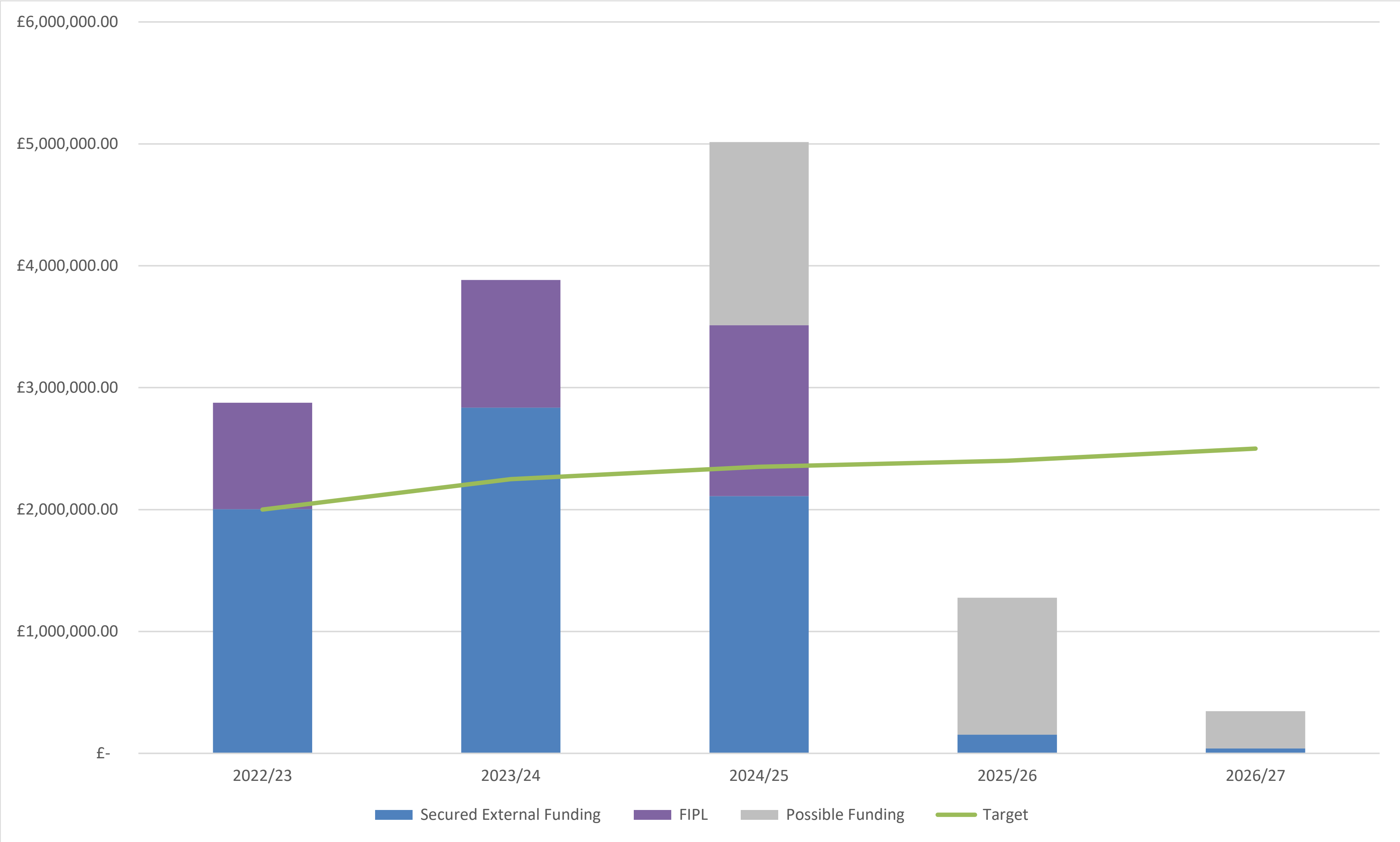
3.4 The target for next financial year (2024/25) has already been achieved due to successful applications for grant funding from Natural England, National Grid, the Heritage Fund and NYC, as well as the extension to FiPL.

3.5 FIPL contributed 30% towards total external funding in 2022/3, 27% in 2023/24 and so far, 66% for 2024/25. This contribution is highlighted now in purple within Table 1 as requested at the last FRAS Committee.

3.6 Table 1 also highlights the potential profile in grey should we secure all external funding applied for in recent months (referred to in section 4 and Table 2).

3.7 Work is progressing on securing funding for 2025/26 onwards (referred to in section 5).

Table 1: External funding forecast



4. Current external funding activity

4.1 Tables 2 - 4 below provide an update on the status of recently developed funding applications, any unsuccessful applications, and some externally funded projects currently being delivered. This does not include externally funded projects that have been approved and are now well into their delivery stage.

All these projects reflect the priorities in the Business Plan.

4.2 A snapshot of funding proposals submitted this quarter (Table 2):

Linking Levisham – DEFRA's Landscape Recovery round two

The detail of this partnership project with Forestry England, North Yorkshire Moors Railway, Yorkshire Wildlife Trust and land managers was summarised in the previous External Funding report.

Since the previous report the Authority has been shortlisted by DEFRA for £650,000 of funding over 2 years. We have now entered an unfunded 14 week 'enrolment phase' where DEFRA and Natural England will undertake due diligence checks and we have the opportunity to negotiate and confirm an accurate budget, timescales and deliverables. We have also been given the opportunity to present a full cost recovery model which will enable the Authority and other partners to claim up to 20% of the project staff costs for overheads of the Authority. This will be the first time DEFRA or NE have permitted this as an eligible cost.

Should DEFRA approve the documentation presented from the enrolment phase, a grant agreement will be awarded at the end of the enrolment phase period (8 March 2024) for the project's development period to commence in April.

During the development phase the project will be funded to undertake deliverables such as land management plans, monitoring and evaluation plans, a stakeholder engagement plan, a site access plan and explore blended finance plans to then potentially undertake a 20+ year project delivery phase with partners.

River Esk Connect (REConnect) – The National Lottery Community Fund

Following a successful expression of interest application to the Lottery's Climate Action Fund last summer, the Authority has submitted a full business case proposal to be considered by the Lottery's decision-making panel in January 2024.

The REConnect proposal is a £1m landscape scale project which, if funded, will be delivered in partnership with the Yorkshire Wildlife Trust, Yorkshire Marine Nature Partnership and Groundwork. The project will use the wildlife and species rich landscape of the Esk and Coastal Streams Catchment area to deepen people's connection to nature, improve community awareness of the impact of climate change, and the consequential biodiversity loss, and the importance of river catchment landscapes. It will give people the opportunity to go on a journey where they engage with the landscape and turn awareness into positive action by undertaking tasks to build greater resilience, improve biodiversity, and mitigate the threat that climate change poses.

Over 5 years it is intended for the partnership of organisations to deliver a suite of nature-based activities through citizen science programmes, community engagement and outreach activities, advice, and a series of joint science art projects combining both science and the arts.

The Authority has worked very closely with the Lottery to refine the detail of the project and negotiate on the detailed budget ready for the panel at the end of January. We also invited the Lottery to visit the planned project area for the day which gave us an opportunity to discuss the proposed ideas in more details with the partners.

The outcome of the proposal will be known at the beginning of February.

4.3 A snapshot of funding successes this quarter (Table 4):

Championing National Parks for Everyone – The Heritage Lottery Fund – following the successful development period, this project has now secured delivery funding from the Lottery. The project will work with people from ethnically diverse communities to:

- Support more people to connect with nature, enjoy the National Parks and understand their special qualities.
- Deliver outdoor activity days and training events that develop skills, confidence and awareness of the benefits of National Parks.
- Deliver training sessions and provide resources to create a network of Community Champions, who are empowered to lead their own visits that introduce others to the National Parks in the way they think best.
- Provide new employment and training opportunities into the sector.
- Provide a variety of volunteering opportunities meeting the needs and interests of these communities.

The project will be working across 3 National Parks - the Peak District, the Yorkshire Dales and the North York Moors over 2 years and is led by Peak District Mosaic.

Raiding the Bank – National Grid's Landscape Enhancement Initiative Grant – this project was summarised in the last external funding paper; however we are now able to report that this project proposal has been awarded a grant of £280,834 over 2 years.

The project will undertake an exciting community archaeology project of the Sutton Bank area - the Iron Age Hillfort at Roulston Scar, the Norman Motte at Hood Hill, the site of the Battle of Byland and remains relating to the use and defence of the area during World War 2.

It will fund an interpretative trail, two new ponds and access improvements to the Cleveland Way.

We were able to negotiate with National Grid to also fund the Changing Places toilet facility at Sutton Bank. This element of the project struck a chord with the funder as it will enable better access to this project, as well as Sutton Bank in general.

See Moor – Shared Prosperity Fund, North Yorkshire Council – The Authority has been awarded £205,000 for improvements to Sutton Bank and Danby Lodge including a reflective area, an arts and geocache trail and a new member of staff to improve the number of Tramper routes which are available across the North York Moors. The DEFRA access funding which has been allocated to the Danby Lodge play area enabled the Authority to leverage in this funding as there was a requirement of 50% match, which was secured by incorporating the play area element into the whole project proposal.

5. Future external funding activity

5.1 Projects which are currently under development, to be ready for a grant proposal submission include:

- Cycling initiatives including Sutton Bank skills area and wider trail works, signage and promotion, cycling facilities across all feasible Car Parks, Moor to Sea bike route, active travel links, North York Moors Cycleway and cycling Events. Proposals are being developed for NPP to take forward to potential corporate support.
- Health and wellbeing activities to implement the Health and Wellbeing Strategy action plan including continuation of Young Rangers and Explorers and to start green social prescribing activities. The North York Moors National Park Trust has recently been awarded funding for a green social prescribing pilot project in collaboration with the Authority, RSPB and YDNPA which will help partners determine where this area of work can be expanded. Proposals are being developed to take to the National Lottery Community Fund.
- A new Apprentice Team which will work within both the woodland team and the ranger team and focussing on community volunteering development. A project plan focussed on supporting villages to improve their local environment with support from the apprenticeships is being developed for an application to the Heritage Fund, once their new strategy is launched in January/February.
- Activities relating to the Arts and Culture Strategy including a '52arts' project which will develop new arts opportunities and events to be delivered by partners in areas where the offer of arts and culture is limited. A funding application to the Arts Council's project grants scheme over £30k is underway.
- Bransdale Conservation Management Plan pilot projects including wildflower meadows, native broadleaf tree planting and a Ryevitalise legacy project.

- Restoration of shallow peat not eligible under the Natural England grant programme.
- New Observatory at Danby Lodge in partnership with Whitby & District Astronomy Society.

Table 2: Externally funded projects update: Funding applications that have been submitted and are now awaiting a decision

Colour coding relates to the Management Plan outcomes

Project title	Description	Funder(s)	Partners	Staffing implications	Total grant value (£)	% of grant contribution towards total project costs	M'gt Plan	Status
River Esk Store (REStore)	Replacing two fords in the River Esk with single span bridges	Net Zero Fund	Yes	-	£473,001.00	88%	Outcome 1, Objective 5	Submitted full application proposal – outcome expected January
Linking Levisham	Landscape scale ecosystem recovery on the Levisham estate. March 2024-March 2026	DEFRA Landscape Recovery Round 2	Yes	3 posts Project Mgt, Project Officer, Project Ass	£649,495.52	100%	Outcome 2, Objective 6	Currently in enrolment phase – grant agreement to be approved in March
Young Rangers	Delivery between July and December 2024	NPP-AMEX	No	Activity leader 30 hours per month	£6,992.00	100%	Outcome 4, Objective 14	Should hear outcome in March

Project title	Description	Funder(s)	Partners	Staffing implications	Total grant value (£)	% of grant contribution towards total project costs	M'gt Plan	Status
Test & Trials: Raisdale and Bransdale	Raisdale: to understand what capacity upland estates have to off-set the carbon footprint of intensive agricultural systems outside of Protected Landscapes and to deliver nature recovery. Bransdale: to work out what level of advice, guidance and facilitation is required to enable appropriate management outcomes to be met	DEFRA - Test & Trials Phase 4	Yes	-	-	-	-	-
GrubsUp!	Creating species-rich spaces that will provide the resources needed by a wide range of invertebrate species	NE - Species Survival Fund	Yes	New project officer, engagement officer and ecology apprentice	£656,689.93	89%	Outcome 2, Objective 6	Submitted full application proposal – outcome expected February
RiverEskCONNECT (REConnect)	Community engagement work in the Esk - links between Nature and Communities	The National Lottery Community Fund - Climate Action Fund	Yes	One new Education and Engagement Officer	£954,933.39	71%	Outcome 4, Objective 12, 13 & 14	EOI Submitted – outcome expected January

Project title	Description	Funder(s)	Partners	Staffing implications	Total grant value (£)	% of grant contribution towards total project costs	M'gt Plan	Status
Net Zero (partnership applications)	To support the priorities of the route map to carbon negative	Net Zero Fund	We are also partners on 3 applications to the Net Zero Fund but not the lead body: • Regenerative Farming led by the Yorkshire Dales NP. We are offering £5k in match from S106. • Kelp project led by East Riding of Yorkshire Council • Hitting Hard 2 project led by Scarborough Borough Council – match funding of NYMNPA officer time £9,800 • No funding flow through NYMNPA accounts.					Regenerative Farming and Kelp project Submitted full application proposal – outcome January. Hitting Hard rejected

Table 3: Externally funded projects update: Applications that have been unsuccessful

Project title	Description	Funder(s)	Partners	Staffing implications	Grant value (£)	M'gt Plan	Status
Skilling Up for a Green Environment	4 level 2 countryside apprentices working within the Woodland and the Ranger teams.	National Lottery Heritage Fund	No	4 apprentices	£250,000	Outcome 5, Objective 18	Not rejected but advice received since submission this should be part of a wider project, not just apprentice costs. We will look to revise project.
The Esk Quest: Understanding Our Waterbodies	Surveys across the Danby Beck catchment to better prioritise and target future restoration interventions	Nature Recovery Seedcorn Fund	Catchment Partnership, YW, FBA, EA, NE	-	£20,000	Outcome 1, Objective 5	Unsuccessful

Table 4: Externally funded projects update: Project proposals recently funded (total grant value over the business plan period shown).

Project Title	Description	Funder(s)	Partners	Staffing Implications	Grant value (£) 2022-27	% of grant contribution towards total project costs	M'gt Plan
Raiding the Bank	Roulston Scar trail and community archaeological investigation, ponds at Sutton Bank and Gliding Club,	Landscape Enhancement Initiative - National Grid	Yes	-	£137,735.00	69%	Outcome 3, Objective 11
See Moor	Play areas, reflective area, sit spots, art trails, tramper officer to enhance VC offer	Shared Prosperity Fund (NYC)	No	One new PT Officer	£205,000.16	50%	Outcome 4, Objective 12,13,15
Net zero in a deep rural area – the Lastingham case study	Feasibility study - energy survey and architectural expertise	Net Zero Fund	No	-	£55,200.00	90%	Outcome 6, Objective 22
Peatland Restoration	Next stage to Moor to Restore	DEFRA -Nature for Climate Peatland Grant Scheme: Restoration Grant	Yorkshire Peat Partnership	One new PT Officer	£1,245,766.89	75%	Outcome 1, Objective 3
River Esk Store (REStore)	Replacing two fords in the River Esk with single span bridges	NE Species Recovery Capital Grant Programme	River Esk and Coastal Streams catchment partnership	-	£498,411	94%	Outcome 1, Objective 5
Water vole and small pearl bordered fritillary project	Surveying - R&D. To support and drive actions for priority and threatened native species in England	Natural England - Species Recovery Programme	-	-	£24,968.45	73%	Outcome 2, Objective 6 & 8

Project Title	Description	Funder(s)	Partners	Staffing Implications	Grant value (£) 2022-27	% of grant contribution towards total project costs	M'gt Plan
Esk Freshwater Pearl Mussels	River restoration projects to reduce diffuse pollution and fine silt input	Environment Agency - WEIF capital	-	-	£40,000	-	Outcome 1, Objective 5
Esk Coastal Streams Restoration	Working with farmers to reduce agri-diffuse pollution and improve water quality of the coastal streams	Environment Agency - WEIF capital	-	-	£20,000	-	Outcome 1, Objective 5
Championing National Parks for Everyone (Mosaic)	To help better connect BAME communities with national landscapes	Green Recovery Challenge Fund - HF	YDNPA, PDNPA, Peak District Mosaic	-	£6,500	-	Outcome 4, Objective 12, 13 & 14
National Trails - C2C	Coast to Coast path management programme	NE	-	-	£601,013	-	Outcome 4, Objective 15
Wild Leaders	Youth + volunteering	BMW Recharge in Nature/NPP	-	-	£65,000	100%	Outcome 4, Objective 12, 13 & 14
Young Rangers	YR activities once a month between June 2023-Jan 2024	Forest Holidays/NPP	-	-	£5,000	-	Outcome 4, Objective 12, 13 & 14
EV charging facilities	Sutton Bank & Danby Lodge -3 x NYM car parks	BMW/Podpoint and Zest	£38k NYMNPA	-	No money flow through NPA	-	Outcome 4, Objective 15

Project Title	Description	Funder(s)	Partners	Staffing Implications	Grant value (£) 2022-27	% of grant contribution towards total project costs	M'gt Plan
Forestry Roots	Woodland Operative trainee	The Royal Forestry Society	-	2 new full time trainees for 12 months	£40,000	-	Outcome 5, Objective 18
NYMR Apprenticeship Contribution	Support for apprenticeships	NYMR	NYMR	Delivered by existing supervisor	£145,798	-	Outcome 5, Objective 18

6. Financial and staffing implications

6.1 2 new full-time trainees have been recruited for 12 months for the Forestry Roots project. 1 new part-time Conservation Officer for the Peatland Project. 1 part time project officer for the Raiding the Bank.

7. Contribution to National Park Management Plan

7.1 Contributions from individual projects are listed in tables 2-4, which is colour coded for each outcome.

8. Legal and sustainability implications

8.1 None at this stage.

9. Recommendation

9.1 That Members approve the contents of the report and agree the current work being done to secure external funding.

Contact Officer:
Ellen Cross
Funding Manager
01439 772700

North York Moors National Park Authority

Finance, Risk, Audit and Standards Committee

5 February 2024

Item 9, Health and Safety

1. Purpose of the report

1.1 To update Members on health and safety activity since November FRASC.

2. Background

2.1 As Members will be aware, the Authority has a systematic approach to the formal reporting of health and safety matters. This reflects the high priority that both Members and Officers place on health and safety. Quarterly reports to FRASC are provided and give a good opportunity for Member scrutiny of activity.

2.2 The current action plan was signed off by NPA at the end of March 2023 and progress updates are given at each FRASC during the year.

3. Sickness absence

3.1 The Authority's target is 2 days short term absence per full time equivalent (FTE) member of staff per annum. At the end of December 2023, the short-term absence rate was 1.1 days per person which is well under target.

3.2 Over the course of 2023/24, there have been 5 longer term absentees. One individual has now left the Authority, while the other 4 have been well supported by their respective managers and are now back at work. None of the illnesses have been work related.

3.3 If the longer-term absence is included in the figures, the prevailing absence rate to the end of December is 1.8 days per FTE. The third quarter has seen an increase in sickness absence partly due to two of the longer-term absences occurring in this period. In addition, seasonal respiratory illnesses, notably Covid 19, have resulted in an uplift in short term absence.

3.4 At the November meeting, Officers reported that across the UK economy, the public sector absence rate is 10.6 days, while the private sector (a better comparator for the Authority) is currently 5.8 days per person. Although, there is no room for complacency, the Authority's absence figures look favourable against these comparators.

4. Health and Well Being at Work report

4.1 In November, Officers referenced the Chartered Institute of Personnel and Development Report on health and wellbeing at work. The report raised concerns about workers continuing to work when too unwell to do so effectively and continuing to work when on annual leave. This has been the subject of discussion at the Joint Consultative Forum with UNISON, Health and Safety Group and Senior Leadership Team. While no significant issues have emerged, Officers have been keen to reiterate that taking a full break from work while on annual leave is very important to health and longer-term productivity. Likewise, when staff are unwell and need time away from work to recuperate, then they should do this as full recovery will be quicker.

4.2 Members were updated regarding the outcomes of the staff survey undertaken in November at the most recent NPA. The health-related questions did not raise any significant issues requiring attention.

5. Accidents and near misses

5.1 A member of staff was involved in a vehicle collision in November. This was because of the Authority vehicle which was being driven had to break sharply and skidded in heavy rain, then colliding with a stationary vehicle. While there were no injuries, the Authority vehicle has been written off. Although not a direct consequence of this incident, the programme of Safe Driver training for the Authority's newer staff will recommence early in 2024.

5.2 A potentially dangerous Near Miss occurred at Danby Lodge in December. A cable that was being used to support Christmas decorations had been attached to a chimney stack. During high winds, the cable stretched and pulled a large block of stone out of the chimney structure. This fell onto the rear tiled roof section of the public toilets. The site was not open at the time of the incident. The damage has been repaired and alternative methods of securing seasonal decorations will be found.

6. Other Health and Safety matters

6.1 The annual programme of occupational health testing is ongoing for staff who regularly use powered tools and vibrating equipment. The work with occupational health staff has highlighted the need for several minor amendments to working practices/equipment for a number of staff. These vary from additional personal protective equipment to more regular breaks from using specific equipment. These recommendations are all being actioned.

7. Health and Safety Action Plan 2023/24

7.1 The following items are the agreed health and safety action plan for the coming year:

- Ensure that all actions recommended in the internal audits on tree policy and buildings health and safety management are undertaken.
  A number of actions were originally agreed and these have been completed.
- Ensure that all actions highlighted in the workplace inspections and subsequent fire risk assessments are undertaken.
  Inspections and fire risk assessments have been completed. All resulting 'housekeeping' issues have been resolved. Formal assessment of ladders

has now been undertaken. Reinspections have taken place at both National Park Centres and will shortly happened at HQ and Sawmill Lane.

- Review all health, safety and safeguarding policies to ensure that they are fit for purpose and properly reflect the Authority's current working methods.
  Reviews have taken place and amendments made largely to reflect changes in staffing structure.
- Undertake a series of activities to support good mental health and repeat the mental health week initiatives.
  A series of activities were organised and undertaken as part of Mental Health awareness week. Staff have been reminded of where they can find information to support their mental health. In the light of the CIPD report, there will also be reminders to encourage full use of annual leave. Revise Task Day Leader training to improve the level of practical health and safety support given to new TDLs.
  TDL training programme has been revised (with input from existing TDLs). The new arrangement has been trialled to coincide with the recruitment of new TDLs.

8. Financial and staffing implications

8.1 There are no significant additional financial or staff issues related to the contents of this report. Budgetary provision is sufficient to pay for all appropriate health and safety training and personal protective equipment.

9. Legal and sustainability implications

9.1 There are no legal and sustainability implications to the contents of this report.

10. Recommendation

10.1 That Members;

- Note the contents of the report.

Contact Officer:
Ian Nicholls
Director of Corporate Services
01439 772700

Background documents to this report

1. FRASC Reports 2023/24
2. CIPD Health and Wellbeing at Work Report September 2023
   Health and wellbeing at work (cipd.org)
3. Health and Safety Executive statistics
   Health and safety statistics 2022 (hse.gov.uk)

North York Moors National Park Authority

Finance, Risk, Audit and Standards Committee

5 February 2024

Item 10, Quarterly Performance Scorecard

1. Purpose of the report

1.1 To present the latest quarterly Performance Scorecard for review.

2. Background

2.1 The Scorecard provides officers and members with an ongoing assessment of the Authority's performance measured through a series of key performance indicators. These KPIs relate to key areas of corporate performance and indicators demonstrate progress towards achieving Strategy and Business Plan milestones.

2.2 The scorecard is reported to this committee every three months. The latest scorecard is at **Appendix 1**.

3. Main points

3.1 The reporting period is the first three quarters of the year 2023/24 (to December 2023). Officers can offer verbal comments on progress against indicators at this meeting. The majority of performance indicators are on track or exceeding targets, with the exception of:

1. The 2022 visitor's survey showed a slight 2% decrease in visitors' awareness (unprompted) of the National Park compared to 2021. This was reported in the previous scorecard. Figures for 2023 will be available in the Spring.
2. Staff costs are running at 60% of core grant, exceeding the target of 50% this is due to grant and earned income remaining relatively stable whilst pay costs continue to rise. Officers believe that this KPI has outlived its usefulness, dating from when most of the Authority income was core grant, and will recommend a replacement in due course.
3. Volunteering day numbers were at 2,992 days for the first three quarters of 2023/24, significantly behind the milestone of 10,000. There has, however, been a marked change in the way in which people volunteer. The number of active volunteers has remained unchanged, but there are far fewer full days of volunteering activity, with volunteers concentrating on relatively shorter tasks. This reflects the Authority's changing requirements and the pressure on individuals' time. Officers are considering the most appropriate KPI to use in the future to properly reflect the level of volunteering activity.
4. Progress is behind schedule on planting 15 kilometres of hedgerow this year – plans are in place to plant 7.1 kilometres.

3.2 The same four performance indicators were reported to November FRASC as being underway but behind target.

3.3 Key performance indicators that are significantly exceeding milestones are:

1. Social media reach. Website engagements, impressions and post link clicks are already well over the milestone for 5% increase on last year at quarter 3.
2. External funding. Officers set a milestone of £2.2 million for 2023/24. This target has already been exceeded by Quarter 3 and is projected to be £3.8 m by the end of year.
3. Visitor centre footfall is already exceeding the annual milestone at Danby Lodge and is on course to exceed last year's footfall at Sutton Bank.
4. The number of people attending health and wellbeing events is above forecast levels.
5. The number of conservation (natural heritage) agreements is running above anticipated milestones.
6. The figure of 200 trees planted outside woodlands has already been exceeded.

4. Financial and staffing implications

4.1 Work on the scorecard is carried out within existing budgets.

5. Contribution to National Park Management Plan

5.1 The Performance Framework helps the Authority understand whether it is likely to be on track towards the achievement of its Strategy and Business Plan milestones. Many of these flow directly from the Management Plan.

6. Legal and sustainability implications

6.1 None.

7. Recommendation

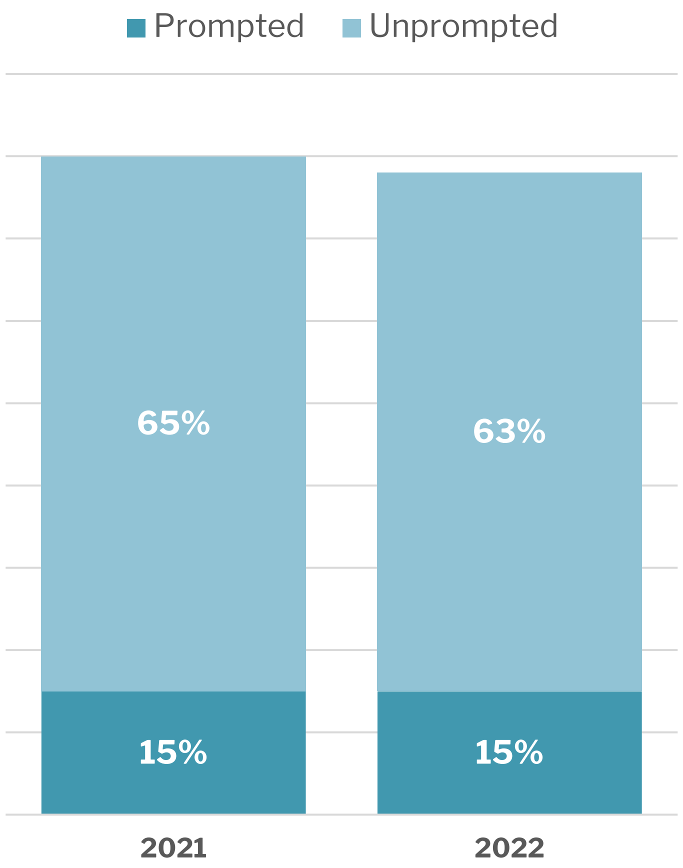
7.1 That Members note the scorecard.

Contact Officer:
Paul Fellows
Head of Strategic Policy
01439 772524

Item 10, Quarterly Performance Scorecard – Appendix 1

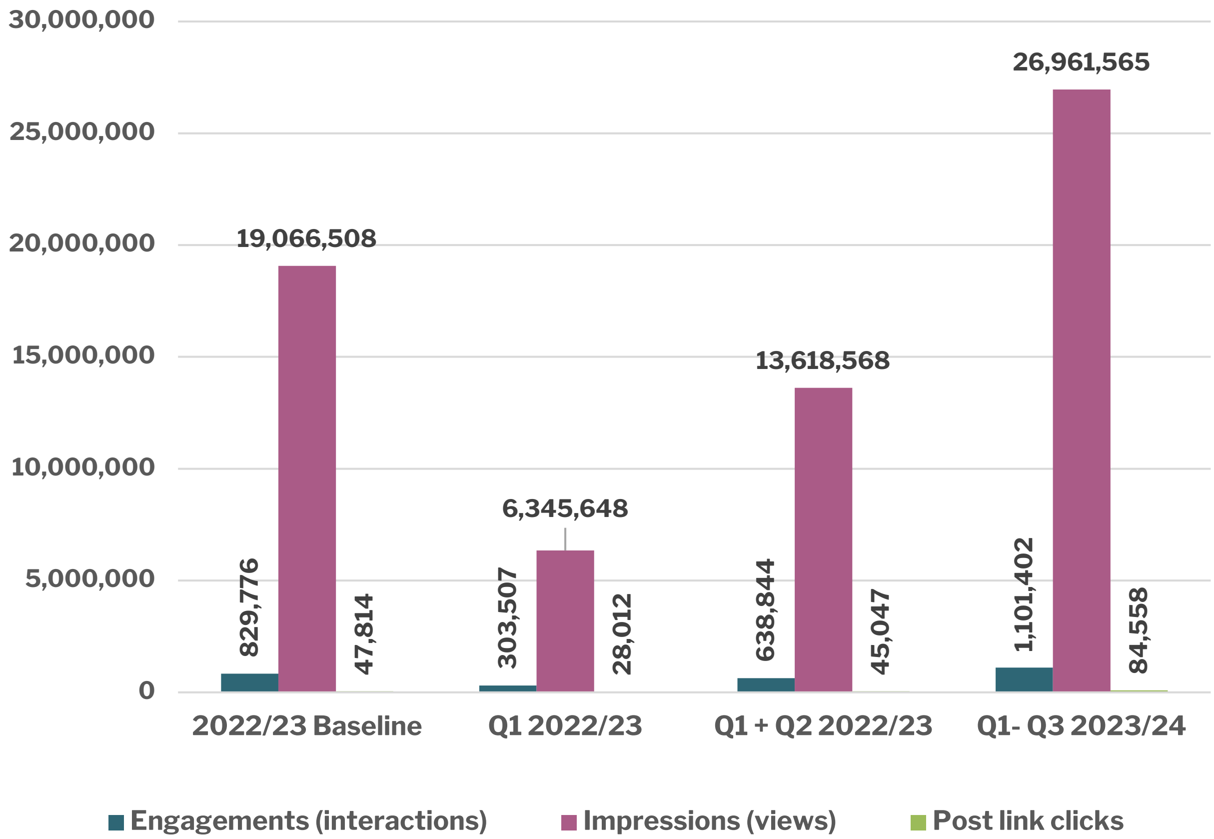
Marketing and communications

Increase awareness of the National Park by non-visitors



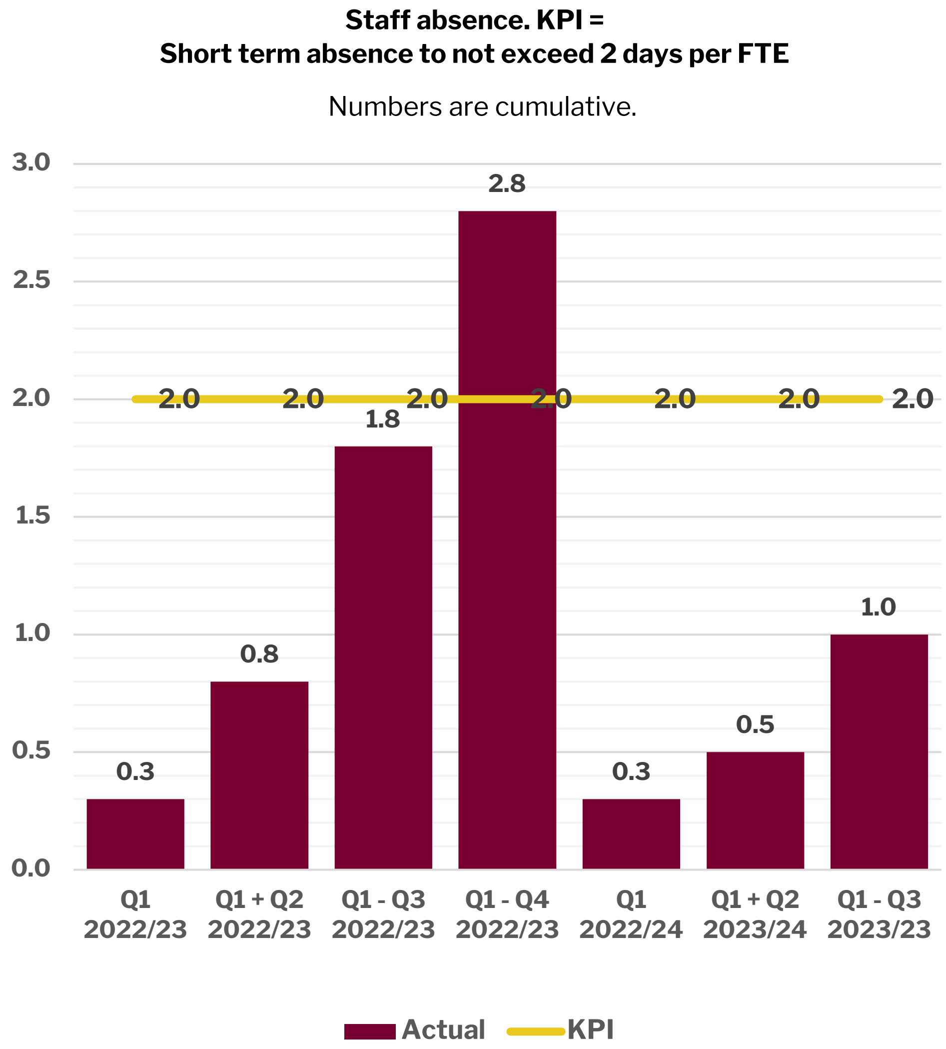
Underway but behind schedule

Social media reach. KPI = 5% increase over 2022/23 baseline. Figures do not include 5% uplift, Numbers are cumulative.

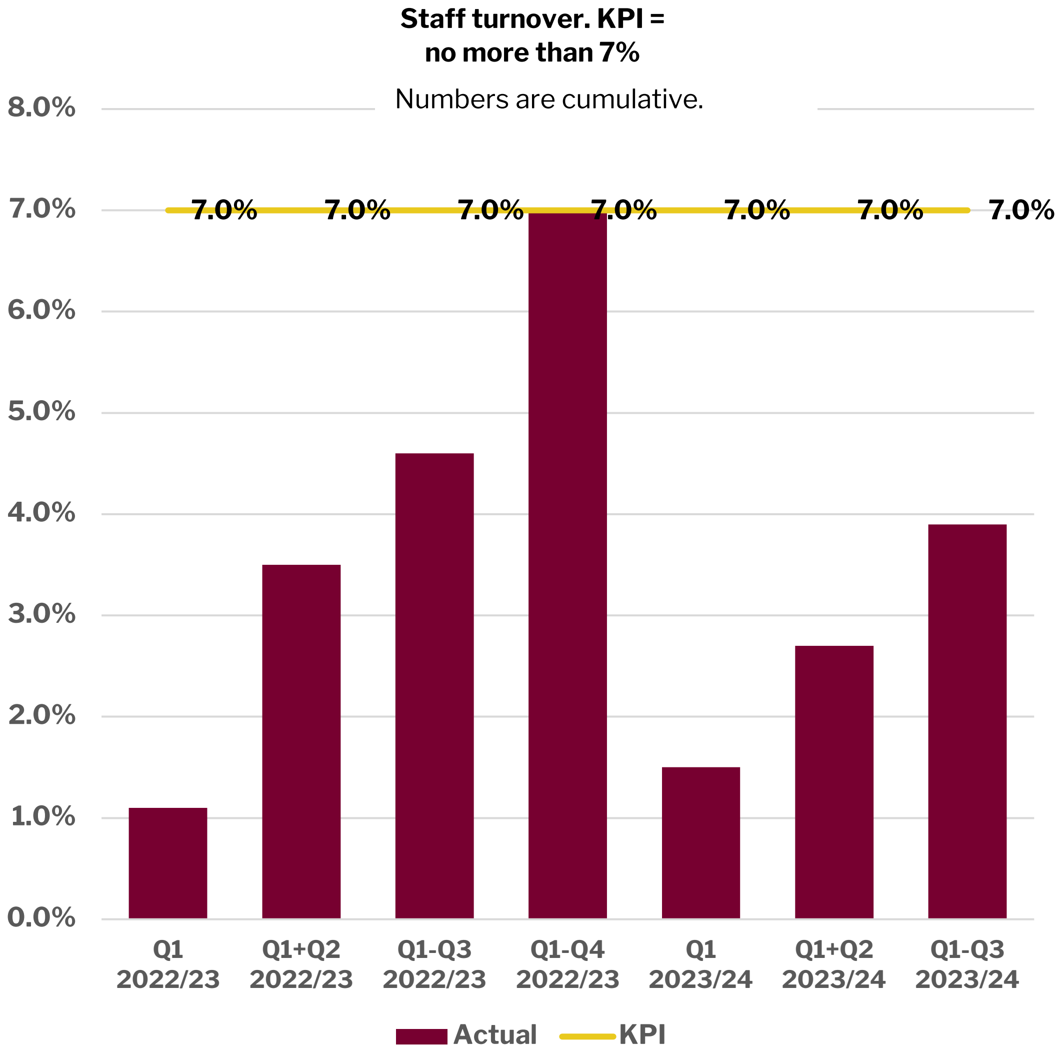


Underway and on target

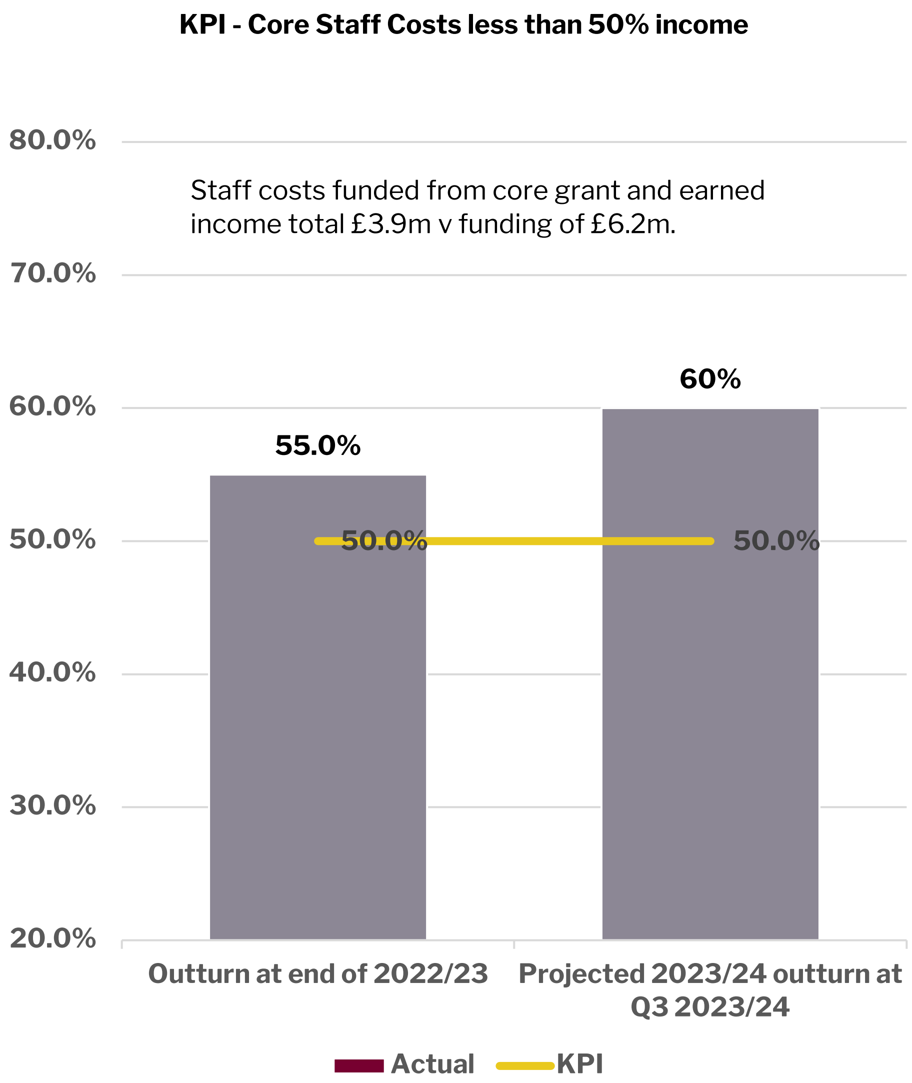
Corporate Services

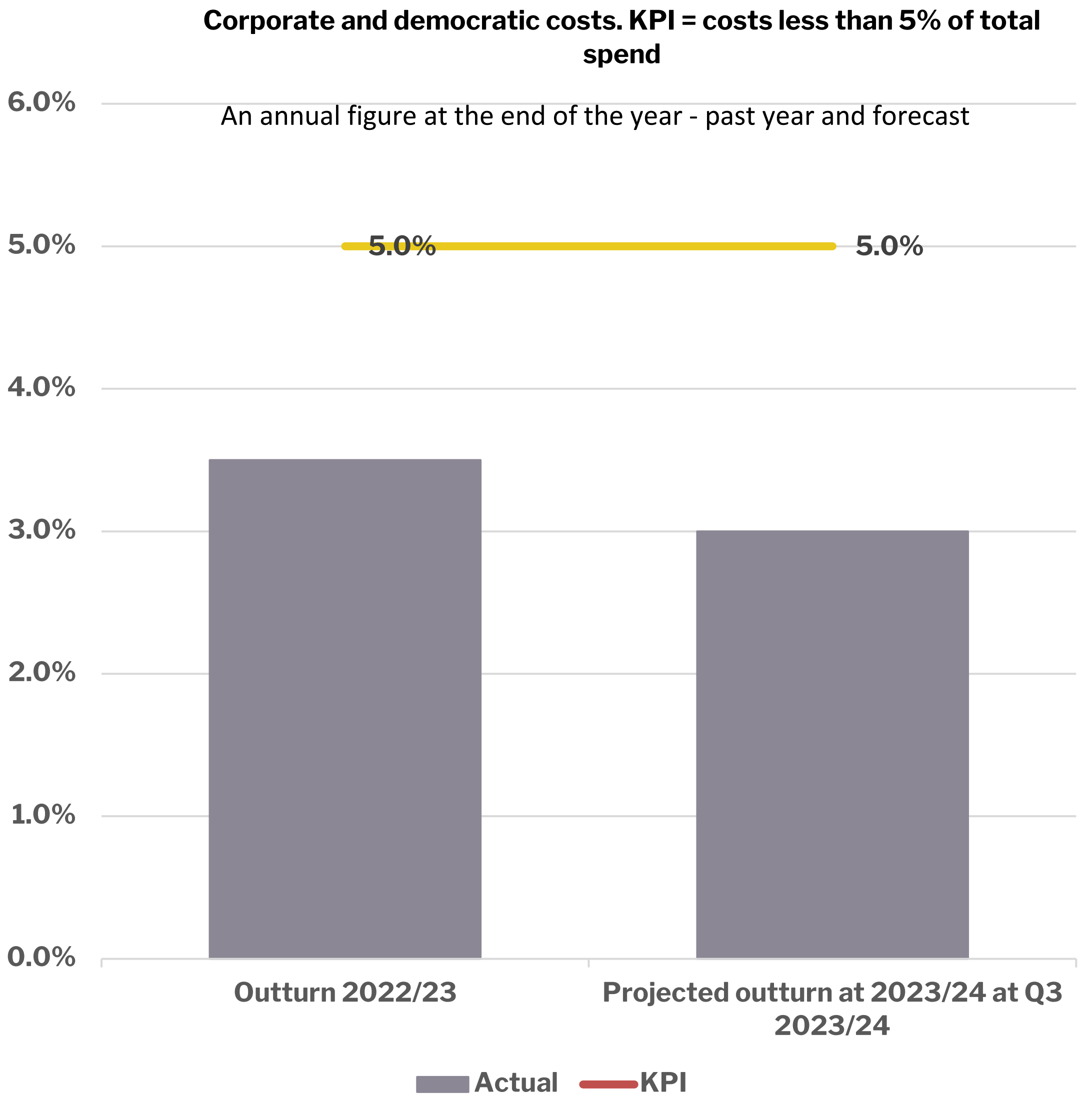


Underway and on target



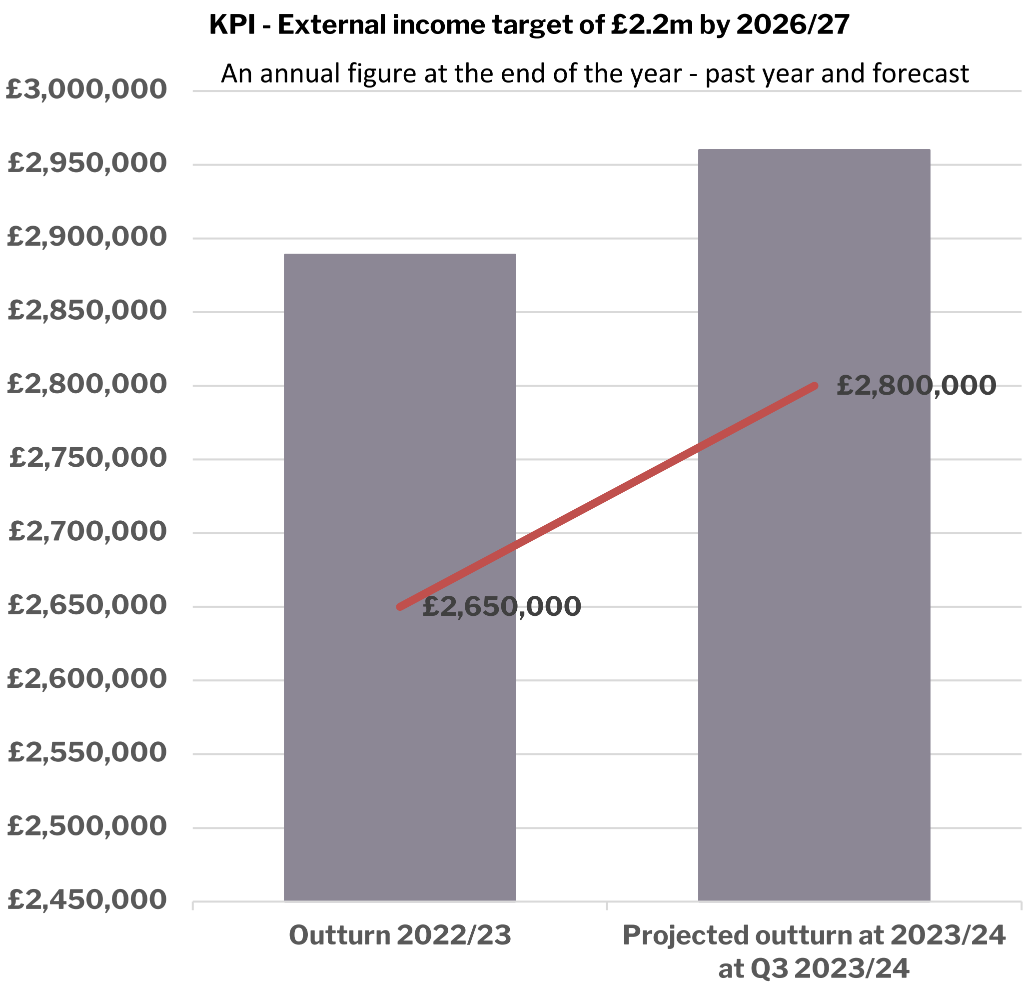
Underway and on target





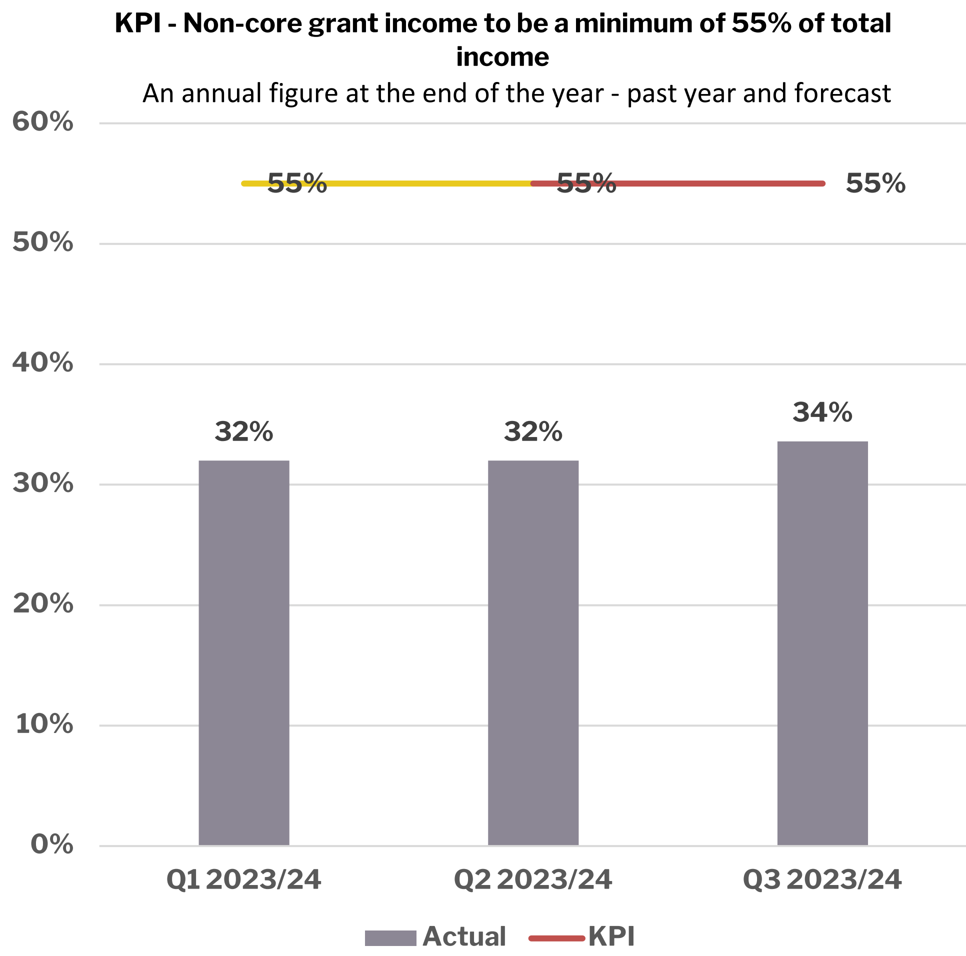
Underway but behind schedule

Underway and on target



On target to significantly exceed 2023/24 target expected £3.8 m to spent in year.

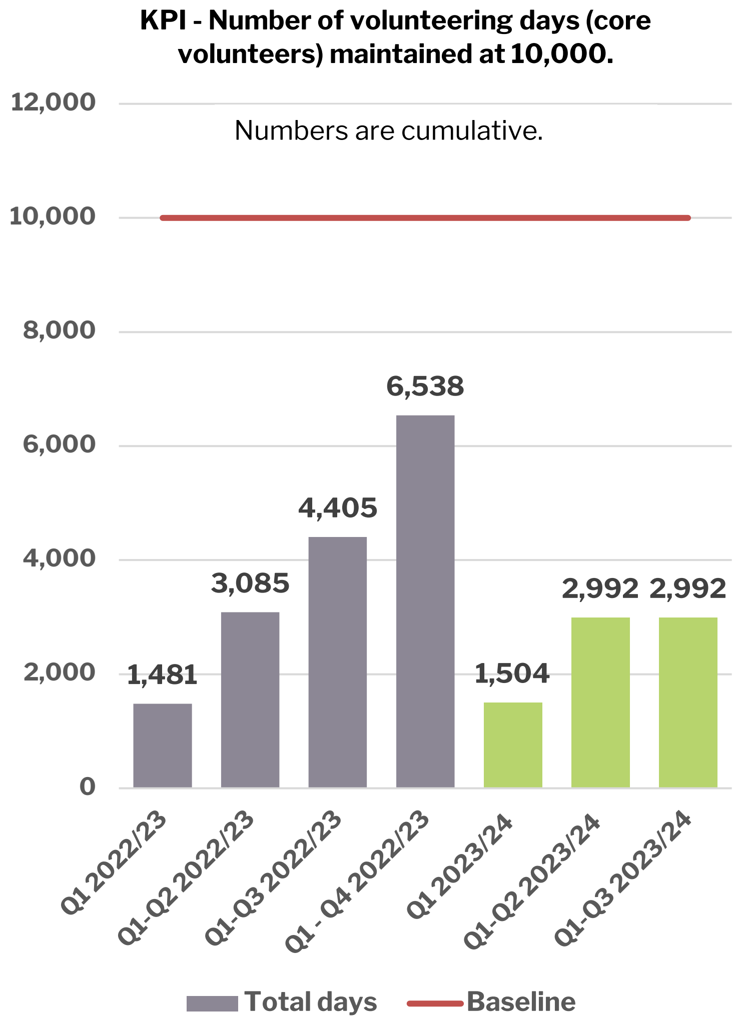
Underway and on target



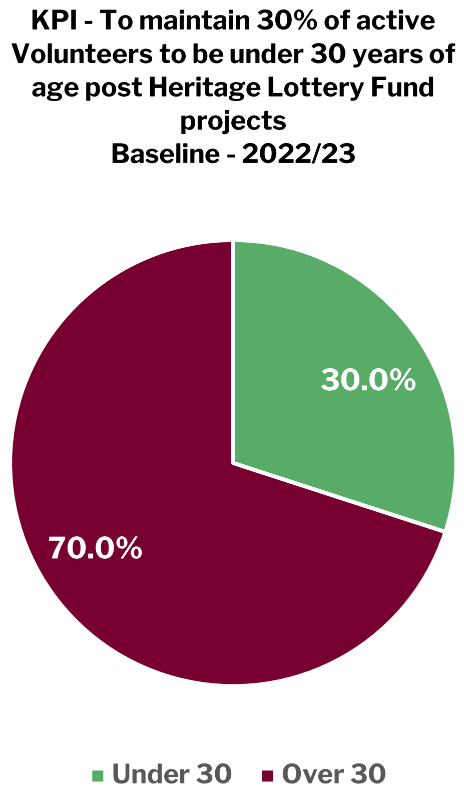
Expected that DEFRA grant will make up 32% of spend, non-core grant income is forecast to be 68%.

Underway and on target

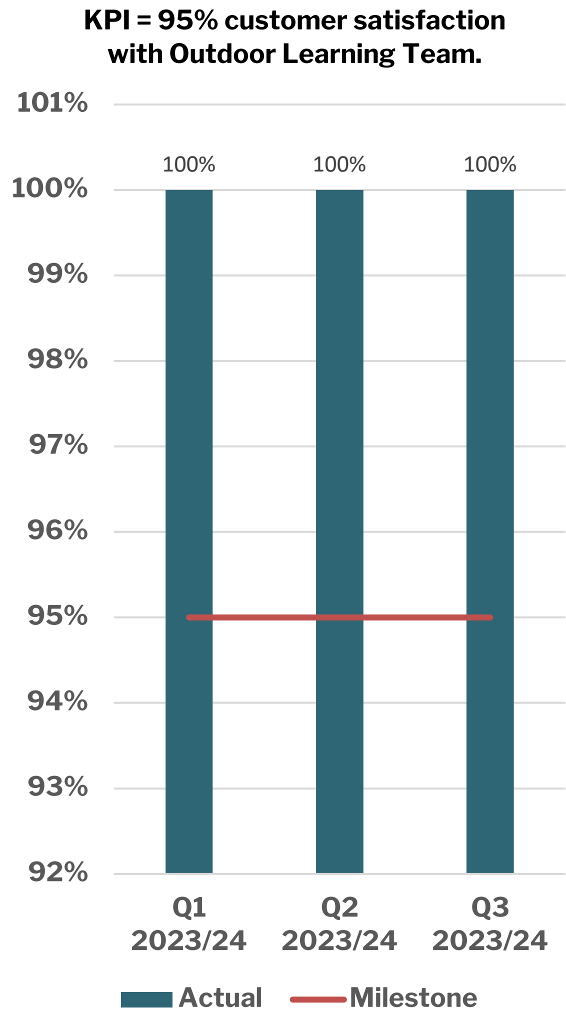
Recreation and Wellbeing



Underway but behind schedule



No information/setting baseline



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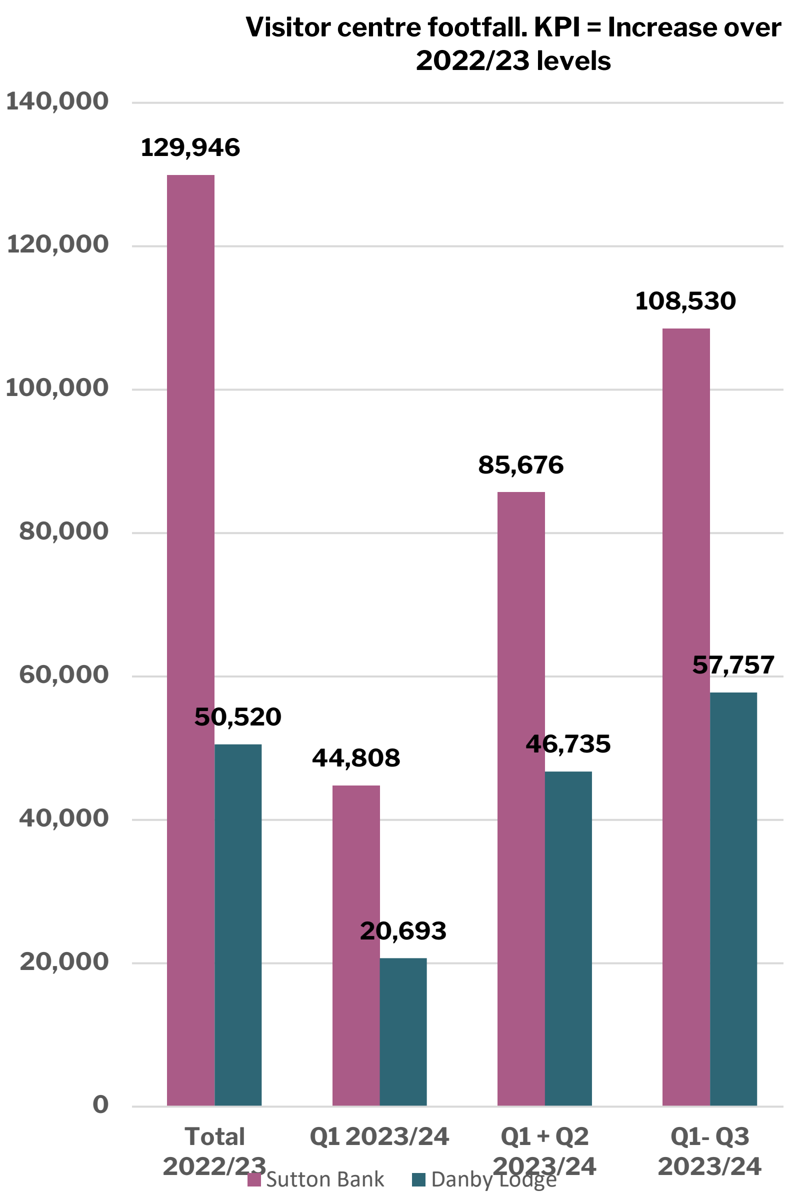
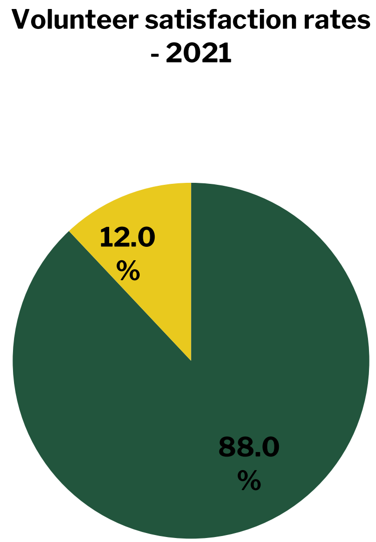
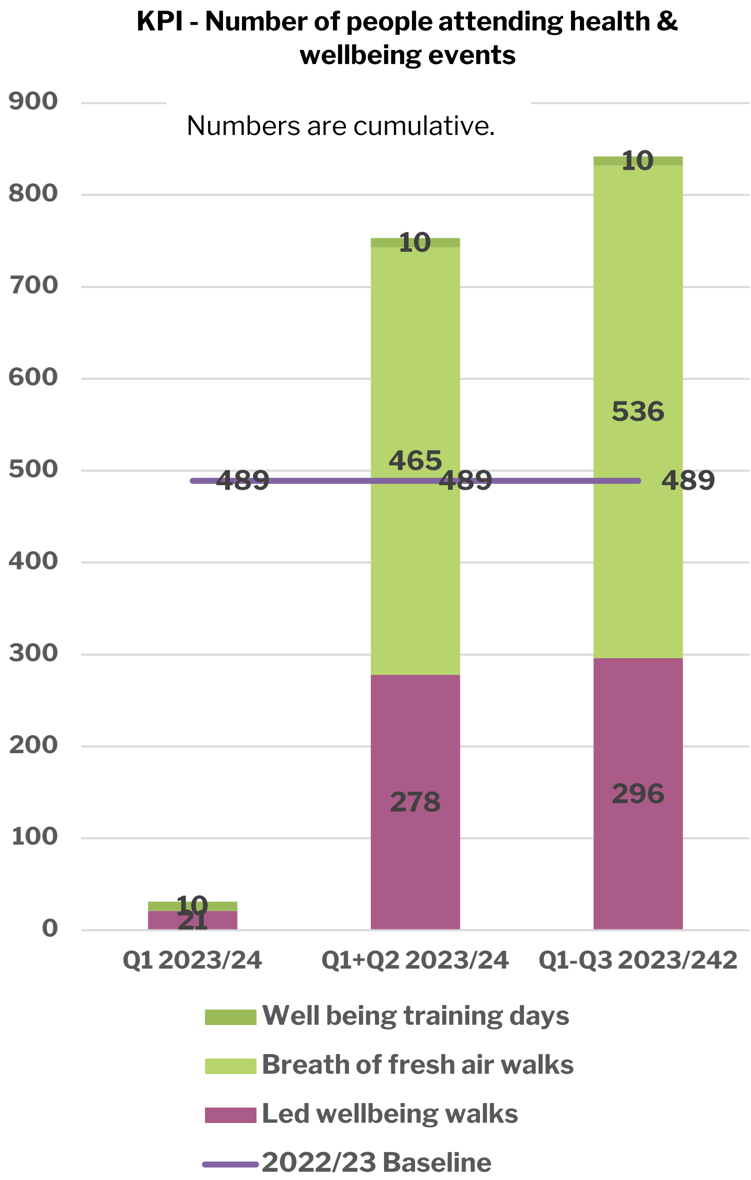


Underway and on target



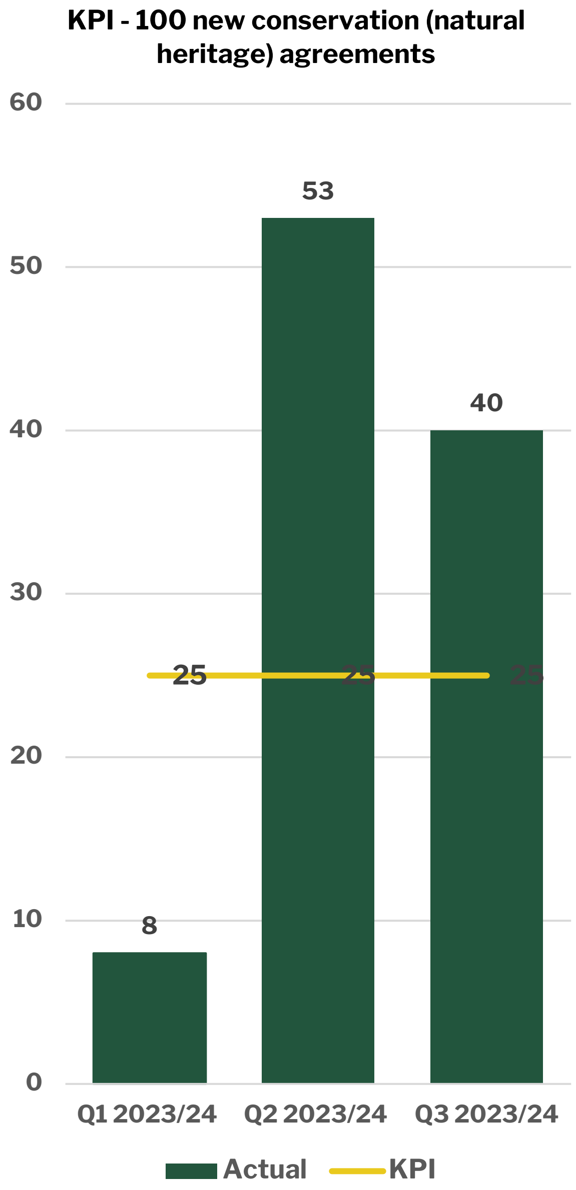
Survey last undertaken in 2021 and next survey results due end of March 2024

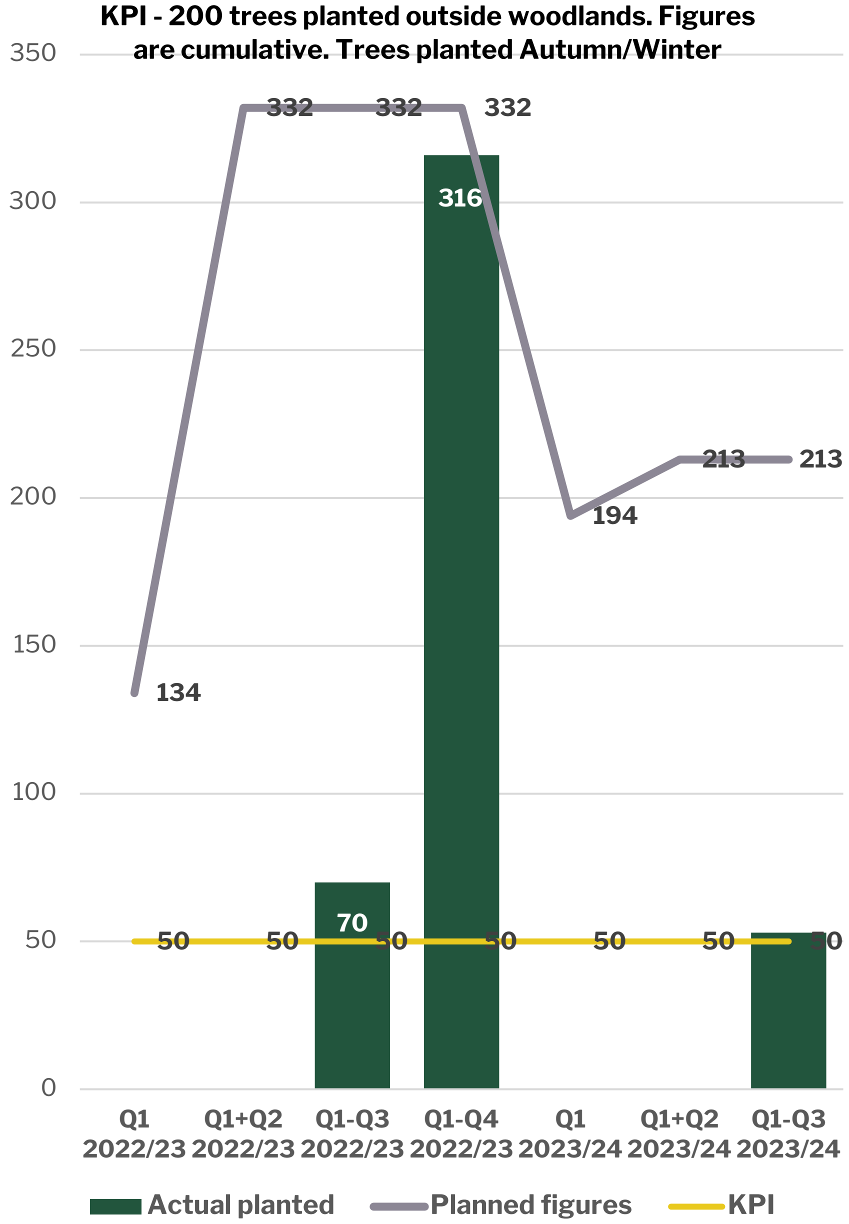
Underway and on target

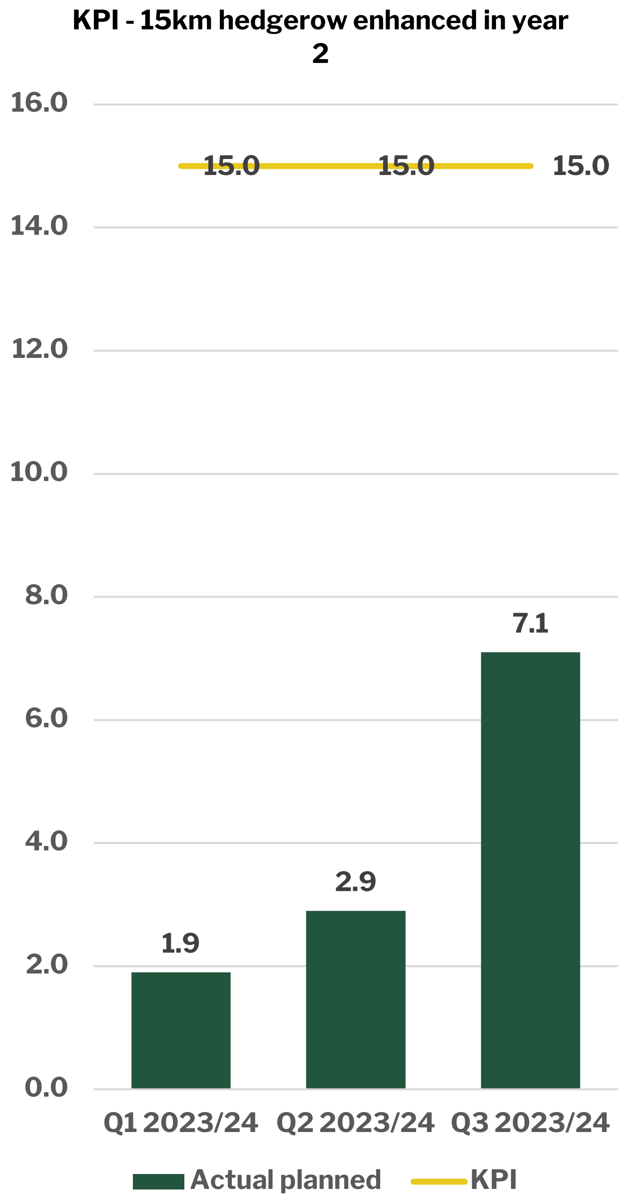


Underway and on target

Conservation and Climate Change



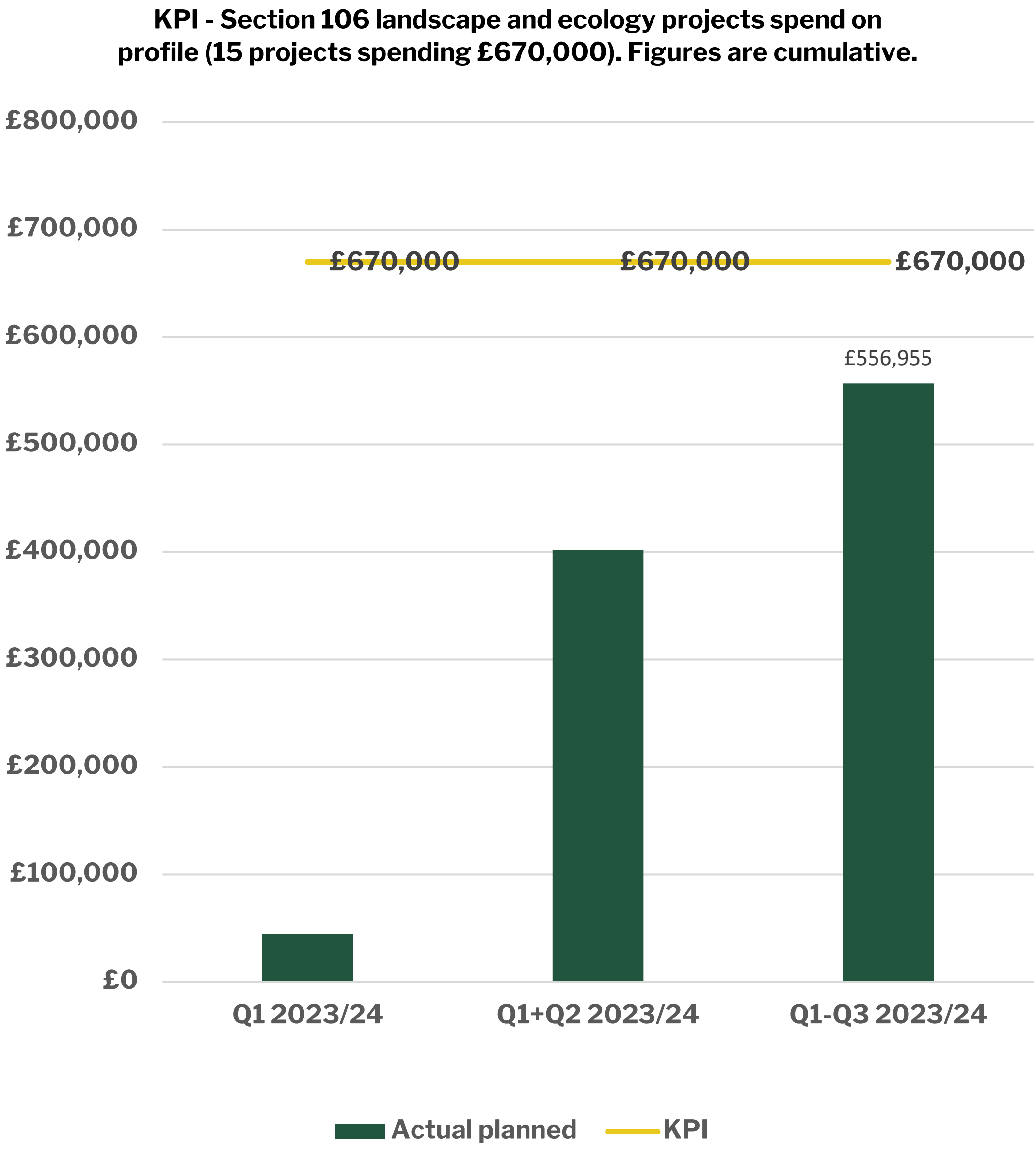


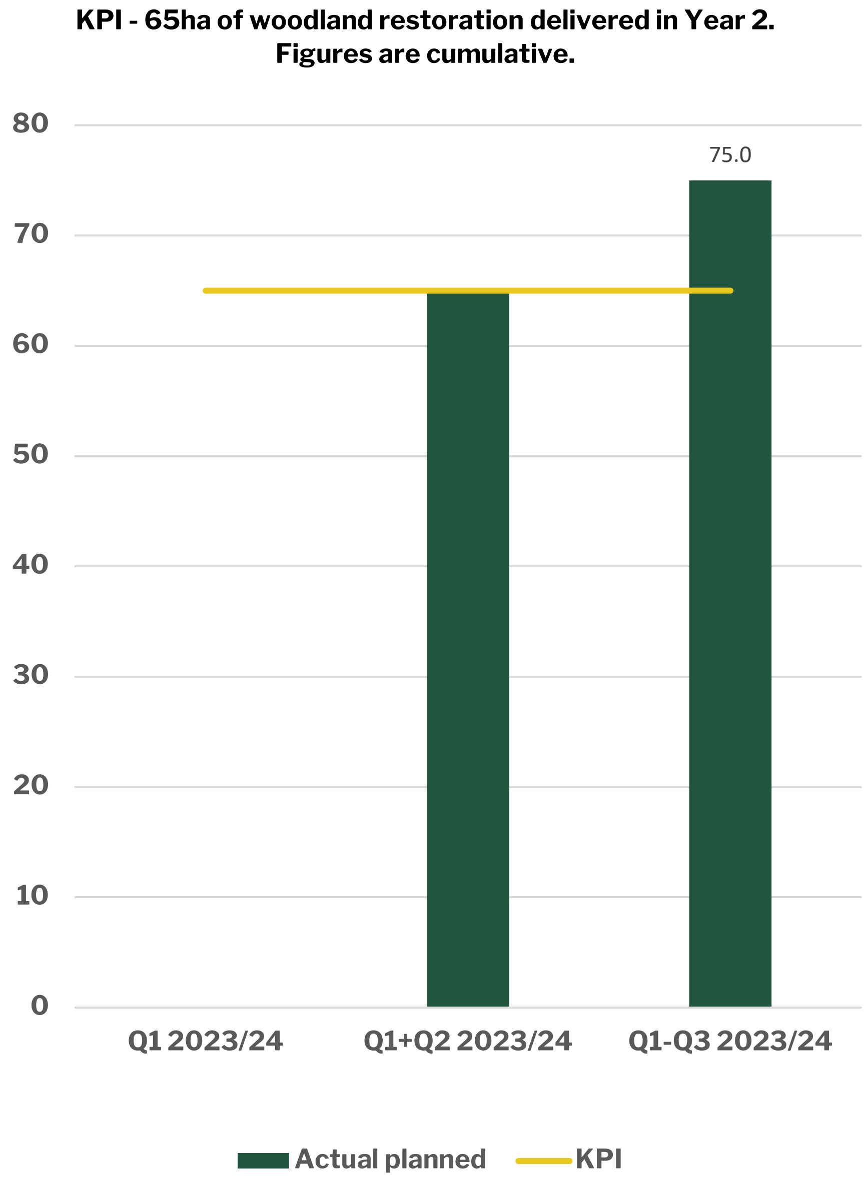


Underway and on target

Underway and on target

Underway but behind schedule

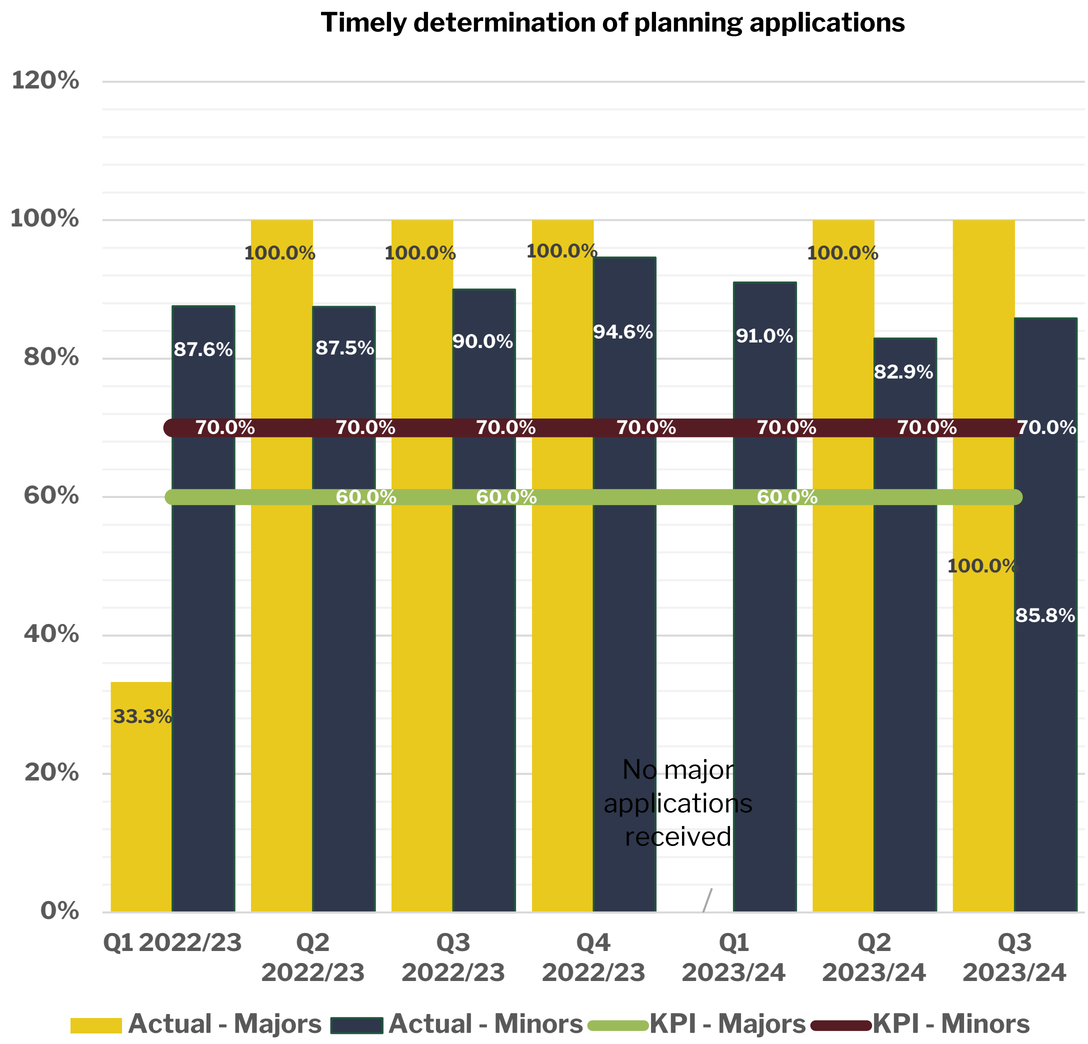




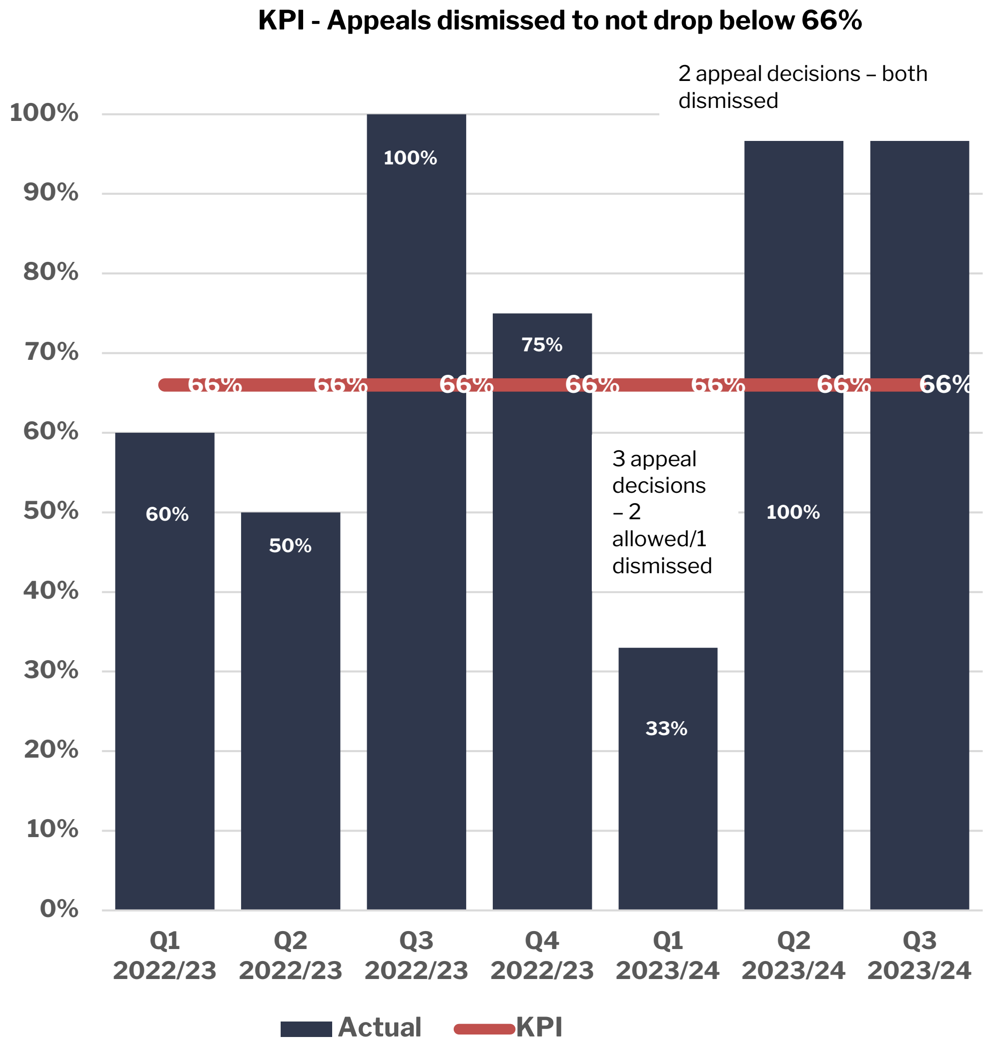
Underway and on target

Underway and on target

Planning

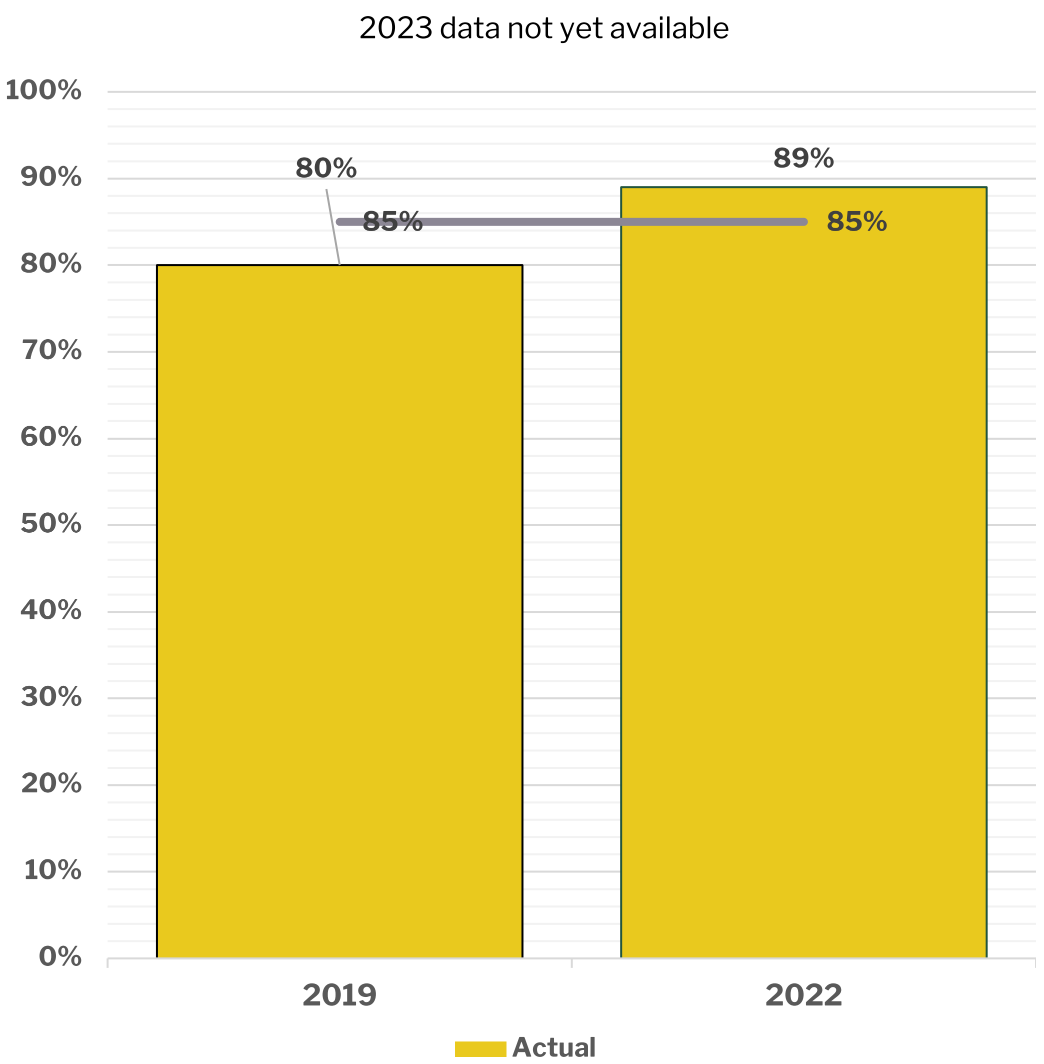


Underway and on target



Underway and on target

KPI - Planning service satisfaction rating



Underway and on target

North York Moors National Park Authority

Finance, Risk, Audit and Standards Committee

5 February 2024

Item 11, Corporate Risk Register

1. Purpose of the report

1.1 To update Members on the progress made in managing the risks in the Authority's Corporate Risk Register (CRR) for 2023/24.

2. Background

2.1 As Members are aware the Authority maintains a CRR which is updated annually and then considered by FRASC quarterly after approval at the March Authority meeting.

2.2 Officers will shortly be developing the draft risk register for 2024/25 and this will be presented to the NPA for approval in March.

3. Corporate Risk Register 2023/2024

3.1 Detailed below is a summary of each of the risks and their category level. The full description and list of risk reduction actions are detailed in **Appendix 1** and the summary of risks is in **Appendix 2**.

- **Financial resilience – category 2**. The draft budget paper outlines the financial issues which the Authority is currently dealing with. The core grant has remained at the same cash level this year for the fifth year in a row (shortly to become sixth year) which combined with a significant pay award and high inflation is adding extra pressure to core budgets. In year savings have been identified in several areas to assist with, for example, the effect of sharply increasing utility bills. It is anticipated that core grant spending will continue to be under pressure in 2024/25 and the appropriate budget changes are being made to ensure that the budget balances.
- **Capacity, skills and resilience – category 2**. Members approved the Organisational Development Plan in March 2023, and an update was given to Members at the December NPA. A staff survey was undertaken in November 2023, the results were positive, and a number of actions will be taken as a result. Significant improvements are being made to the appraisal process. The leadership development programme hasn't yet been progressed due to availability of resources and this will be carried forward to 2024/25. An emerging risk in this area is the capacity of the core parts of the organisation to sustainably support a strongly growing project base. This will be a theme in the next corporate risk register.

- **Health and safety and safeguarding – category 3**. A good programme of actions was developed for 2023/24 and these have progressed as planned. Training for Members, however, has not yet been completed. Health and Safety is an important part of Members' scrutiny role, and this action will be carried forward as a priority into 2024/25.
- **Woodsmith/Boulby Mines (implementation of planning decisions) – category 3**. This risk was expanded in 2022/23 to include implementation of the Boulby Mine planning obligations, including a new s106 agreement following the granting of planning permission in December 2021. Work continues delivering the suite of Woodsmith s106 obligations. Work has commenced on delivering the Boulby obligations. Monitoring is undertaken regularly, and the developers are working cooperatively with us. We continue to retain professional legal and technical, advisers as necessary to support us. Officers consider that this risk is well controlled.
- **Nature Recovery – category 4**. Funding has been secured for a Landscape Recovery Pilot for our own estate at Levisham and we are currently completing enrolment for a 2-year project to scope out what Nature Recovery on a landscape scale might look like in the North York Moors. Existing projects continue to be delivered on schedule and the project management systems continue to be finessed to help structure and monitor the work.
- **Climate change - category 4**. A decarbonisation plan has been developed for the Authority and was approved by NPA in December. This will be annually reviewed. Due to work pressures elsewhere (Business Plan Monitoring) in the Policy team there has been some slippage in the programme for consulting on the Design Code though this is planned to take place in the Spring of this year.
- **Property assets – category 4**. The Property Review commenced in 2021 with agreed terms of reference. The member agreed plan for the Authority's Helmsley based properties is progressing steadily and the Member/Officer working group has recently reconvened, following the sale of no.13 Bondgate. The decision-making structure has been agreed with members to enable key property decisions to be properly made. As well as the Helmsley based properties, there are other significant property liabilities that will need to be addressed over the next 5 years and Officers are considering the best way to fund these.
- **Information security – category 5**. Officers continue to consider that the risk and potential consequences from cyber-attack are sufficient to warrant inclusion in this register, albeit at a low level. Officers engaged with training provided by the Authority's insurer, Zurich Municipal, in September to ensure that knowledge remains up to date and that the actions being taken are both effective and proportionate. Resources have not been found to complete several actions in this area and will be carried forward to 2024/25 as a priority.

4. Financial and Staffing Implications

4.1 There are no financial implications arising directly from this report.

5. Legal and sustainability implications

5.1 There are no legal or sustainability implications resulting from this report beyond those outlined in Part 3.

6. Recommendation

6.1 That Members note the contents of this report and the appendix, making any suggestions that they wish to regarding topics that should be included in the 2024/25 register as significant corporate risks for the Authority.

Contact Officer:
Ian Nicholls
Director of Corporate Services
01439 772700

Appendix 1

Phase 1 - Identification							
Ref.	NYM_2	**Title**	**Financial Resilience**	**Risk Owner**	NYM CEO	**Risk Manager**	NYM CFO
Risk Description	Failure to manage the Medium Term Financial Strategy adequately with sustainable resilience resulting in consequent risk to work programmes detailed in the Business Plan and potentially the financial viability of the Authority;					**Risk Group**	Financial

Phase 2 - Current Assessment
Current Control Measures
Reserves reviewed for adequacy; established budget monitoring processes; setting a balanced budget; production of an annual MTFS; measures in place to mitigate against fraudulent activity; engagement with Defra and other partners; focus on earned income generation; opportunities sought to optimise income from external funding; effective day to day financial management; Financial Framework developed to enable appropriate decision taking and governance; good, externally verified processes and financial control measures in place;

Current Probability	H	**Current Impact**	H	**Current Risk Score**	16	**Current Risk Category**	High

Phase 3 - Risk Mitigation Plan						
Reduction Action		**Action Manager**	**Due Date and status**		**%**	**Date Completed**
RR_NYM_1	Ensure financial resources are adequate to deliver NP relevant Management Plan outcomes	NYM All Mgt Board	31-Mar-2024		90%	
RR_NYM_2	Set stretching but realistic income targets; continue to monitor performance of the income generating services against monetary expectations (ongoing)	NYM All Directors	31-Mar-2024		90%	
RR_NYM_3	Work to develop staff understanding of the changing relationship between DEFRA grant and external funding for core posts (ongoing)	NYM CFO	31-Mar-2024		90%	
RR_NYM_4	Ensure adequate financial resources to deliver the outcomes of the property review	NYM CEO; NYM CFO; NYM Do CS; NYM Members	31-Mar-2024		90%	
RR_NYM_5	Produce an MTFS which incorporates a number of scenarios for how different levels of settlements and pay awards will be managed. Review level of reserves to manage current levels of risk	NYM CFO	31-Dec-2023		100%	31-Dec-2023
RR_NYM_6	Internal and external audits to ensure proper compliance with both internal processes and financial accounting standards	NYM CFO	31-Mar-2024		90%	
RR_NYM_7	Continue external funding initiatives where they align with NPA objectives (ongoing).	NYM All Directors; NYM CEO	31-Mar-2024		90%	
RR_NYM_8	Continue to horizon scan to identify and quantify changes to assumptions which underpin the MTFS and annual budget recognising the complexity and interdependencies (ongoing)	NYM CFO	31-Mar-2024		90%	
RR_NYM_9	Continue to implement measures to combat fraud including keeping up to date with latest developments and communicate to relevant staff.	NYM CFO	31-Mar-2024		90%	

Phase 4 - Target Risk Assessment							
Target Probability	M	**Target Impact**	H	**Target Risk Score**	12	**Target Risk Category**	Medium High

Phase 1 - Identification							
Ref.	NYM_3	**Title**	**Climate Change**	**Risk Owner**	NYM CEO	**Risk Manager**	NYM Do CS
Risk Description	Failure to achieve net carbon zero for the National Park Authority by 2030. The wider National Park area fails to fulfil the ambitions set out in the Management Plan to make a significant contribution to the regional goal of being carbon negative by 2040. Either of these could result in an inability to meet public expectations, government targets for public bodies and significant reputational damage.					**Risk Group**	Strategic

Phase 2 - Current Assessment							
Current Control Measures							
Good understanding of emissions caused by the Authority's activities and plans are in place to address these; processes in place to accurately track emissions; all electricity used is from renewable sources; Small World Consulting report provides good baseline data on emissions from the National Park; regional targets for carbon zero are clear;. Management Plan and Business Plan outcomes are directed towards achieving these targets; targets are identified in the Management and Business Plans and resources have been identified;							
Current Probability	H	**Current Impact**	H	**Current Risk Score**	16	**Current Risk Category**	High

Phase 3 - Risk Mitigation Plan						
Reduction Action		**Action Manager**	**Due Date and status**		**%**	**Date Completed**
RR_NYM_10	Maintain a clear and shared understanding of the current UK policy framework as it relates to targets for the public sector (ongoing)	NYM Do CS	31-Mar-2024		90%	
RR_NYM_11	Procurement to replace existing fleet with electric vehicles when the opportunity arises (ongoing)	NYM CEO; NYM Do CS	31-Mar-2024		90%	
RR_NYM_12	Maintain up to date data on Authority's CO2e emissions (ongoing)	NYM Do CON&CC; NYM Do CS	31-Mar-2024		90%	
RR_NYM_13	Firmly establish sustainability as part of the procurement process for quotation and tender level supply of goods and services. Implement by 1 April and then ongoing.	NYM Do CS	31-Mar-2024		90%	
RR_NYM_14	Explore further opportunities and find financial support to secure resources to carry out decarbonisation of the Authority's activities including buildings work (ongoing)	NYM Members; NYM Mgt Team	31-Mar-2024		90%	
RR_NYM_15	Deliver climate change-specific training to NYMNPA Members and staff to increase awareness/level of understanding	NYM Do CON&CC	30-Jun-2023		100%	31-Jan-2024
RR_NYM_16	Install EV charge points at principal NYMNPA-owned car parks and visitor centres	NYM Do CS	31-Mar-2024		70%	
RR_NYM_17	Develop Climate Change Strategy and Action Plan for the NYMNPA and wider National Park that sets out the key actions prioritised by the NYMNPA to get to net-zero across the thematic areas of: land use, transport, energy use, energy generation, industry and lifestyle.	NYM Do CON&CC	30-Sep-2023		100%	31-Dec-2023

Phase 4 - Target Risk Assessment							
Target Probability	M	**Target Impact**	M	**Target Risk Score**	9	**Target Risk Category**	Medium

Phase 1 - Identification							
Ref.	NYM_4	**Title**	**Nature Recovery**	**Risk Owner**	NYM CEO	**Risk Manager**	NYM Do CON&CC
Risk Description	Failure to create or improve habitats at a landscape scale across the National Park contributes to an inability to meet statutory targets around species recovery, protection of land for nature and broader National Park Management Plan outcomes. This could result in the reputation of the North York Moors National Park and the Authority being harmed. Incidences of wildlife crime, pollution or other environmental and landscape damage could, erode public confidence in National Parks as exemplars in conservation & the natural environment. Note this risk is broader than just the Authority.					**Risk Group**	

Phase 2 - Current Assessment							
Current Control Measures							
Delivery plans formulated and responsibility for delivery linked into annual appraisal system for individuals; using established delivery process and ways of working (agreed NPA grant procedures/criteria) compliant with state aid requirements; holding regular team meetings to review progress and share good practice; building on established working relationships with partners and land managers and developing collaborative approaches; have additional capacity if required through local consultants; externally funded schemes fundamental to wildlife corridor delivery, improving monitoring to demonstrate delivery; annual reporting to Members via NPA; forward delivery plan to deliver Business Plan targets in place;							
Current Probability	H	**Current Impact**	H	**Current Risk Score**	16	**Current Risk Category**	High

Phase 3 - Risk Mitigation Plan					
Reduction Action		**Action Manager**	**Due Date and status**	**%**	**Date Completed**
RR_NYM_18	Continue to review rationales to make sure that they are up to date with the ecological priorities of the North York Moors, current best practice and new understanding of target species requirements, whilst at the same time ensuring no harm is caused to non-target species and change is sustainable (ongoing)	NYM Do CON&CC; NYM Ho Nat Env	31-Mar-2024	90%	
RR_NYM_19	Review Departmental delivery plan progress and budgets on a monthly basis	NYM Do CON&CC; NYM Ho Nat Env	31-Mar-2024	90%	
RR_NYM_20	Continue to improve communication/promotion of habitat connectivity concepts and NPA's objectives/progress with NPA staff/Members, farmers and land owners to explain the benefits and encourage a proactive approach	NYM Do CON&CC	31-Mar-2024	90%	
RR_NYM_21	Continue to look for opportunities to deliver effectively on a large scale and think strategically, whilst maintaining a legally compliant and value for money approach; Ongoing through Ryevitalise and the development of landscape scale projects in Bransdale, Newtondale and the Esk Catchment	NYM Do CON&CC; NYM Ho Nat Env	31-Mar-2024	90%	
RR_NYM_22	Continue to explore opportunities to maximise involvement in ELM	NYM Do CON&CC	31-Mar-2024	90%	
RR_NYM_23	Work with others including Natural England to ensure their activities are aligned with Park Purposes	NYM Do CON&CC	31-Mar-2024	90%	
RR_NYM_24	Ensure forest design plans deliver Park Purposes	NYM Do CON&CC	31-Mar-2024	90%	
RR_NYM_25	Develop a Local Nature Recovery Strategy including working with NYC's LNRS officer to collate data and develop a stakeholder engagement plan	NYM Do CON&CC	31-Mar-2024	90%	
RR_NYM_26	Implement the Local Nature Recovery Strategy	NYM Do CON&CC	30-Jun-2024	100%	01-Aug-2023

RR_NYM_27	Develop project management skills for the Conservation team and carry out training	NYM Do CON&CC	31-Mar-2023	✓	100%	01-Aug-2023

Phase 4 - Target Risk Assessment

Target Probability	M	**Target Impact**	M	**Target Risk Score**	**9**	**Target Risk Category**	Medium

Phase 1 - Identification

Ref.	NYM_5	**Title**	**Capacity, Skills and Resilience**	**Risk Owner**	NYM CEO	**Risk Manager**	NYM Mgt Team
Risk Description	Failure to ensure that there is sufficient staff capacity, together with an ability to attract candidates of sufficient calibre to fill key posts results in an inability to deliver an ambitious work programme contained in the National Park Management Plan and Business Plan, deal with workload peaks, significant decline in effectiveness, service quality &/or insufficient progress in delivering desired outcomes.					**Risk Group**	Capacity

Phase 2 - Current Assessment

Current Control Measures

Revised Business Plan to April 2027 is clear about the Authority's priorities and the Medium Term Financial Strategy supports this; there is active management of workload through the formal appraisal scheme; strong emphasis on making health/advice available to ensure wellbeing, flexible approach to working hours and work location review of skills required when vacancy arises to ensure individual posts are fit for purpose; long standing range of opportunities for younger people to work for the Authority via apprenticeships, graduate traineeships and internships, all supported by an adequate training budget; changes to Ranger Service organisational structure.

Current Probability	M	**Current Impact**	H	**Current Risk Score**	**12**	**Current Risk Category**	Medium High

Phase 3 - Risk Mitigation Plan

Reduction Action		**Action Manager**	**Due Date and status**		**%**	**Date Completed**
RR_NYM_28	Continue to monitor staff costs and review adequacy of people resources to deliver agreed work programmes (ongoing)	NYM CFO; NYM Do CS	31-Mar-2024		90%	
RR_NYM_29	Maintain access to consultancy assistance to provide professional and technical advice where needed, particularly in relation to legal and financial matters	NYM CEO; NYM CFO; NYM Do CS	31-Mar-2023		100%	31-Mar-2023
RR_NYM_30	Consider likely retirements over the next 5 years in key areas of the Authority's work and develop a plan to ensure that delivery of outputs is not adversely affected by this.	NYM Do CS	01-Apr-2023		100%	01-Apr-2023
RR_NYM_31	Members and senior officers to ensure that the focus of work is on delivering agreed BP targets (ongoing)	NYM Members; NYM Mgt Team	31-Mar-2024		90%	
RR_NYM_32	Ensure a coherent plan for staff communication is put in place by 30 April and delivered throughout the year (ongoing)	NYM Mgt Team	31-Mar-2024		90%	
RR_NYM_33	Ensure the delivery of the volunteering strategy supports both areas of high workload and priority (ongoing)	NYM Do CS	31-Mar-2024		90%	
RR_NYM_34	Ensure that the anticipated programme of work on property assets is adequately resourced (ongoing)	NYM CEO; NYM CFO; NYM Do CS	31-Mar-2024		90%	
RR_NYM_35	Ensure that collaboration and other agreements that provide external staff resource eg finance, legal, health and safety, performance are properly focussed on assisting with delivery of the Business Plan	NYM CEO; NYM Do CS	31-Mar-2024		100%	30-Jun-2023
RR_NYM_36	Revision of the appraisal scheme to reflect new corporate Values	NYM Do CS	01-Apr-2023		100%	01-Apr-2023
RR_NYM_37	Develop and specify a new leadership development programme, let a contract to deliver it and commence implementation	NYM Do CS	01-May-2023		75%	
RR_NYM_38	Develop and implement a revised pay structure with the flexibility to address market rate issues and provide a new approach to performance related pay	NYM Do CS	31-Mar-2024		90%	
RR_NYM_39	Secure new sources of funding to enable the continuation and expansion of apprentice training programmes	NYM Do CS; NYM Do R&W	31-Aug-2023		100%	01-Sep-2023

<table>
<tr><td>RR_NYM_40</td><td colspan="3">Write and gain approval from Members for a new Organisational Development Plan detailing the main 'people related' initiatives NYM will take to ensure effective delivery of the Business Plan</td><td colspan="2">NYM Do CS</td><td>01-Apr-2023</td><td></td><td>100%</td><td>01-Apr-2023</td></tr>
<tr><td colspan="10">Phase 4 - Target Risk Assessment</td></tr>
<tr><td>Target Probability</td><td>M</td><td>Target Impact</td><td>H</td><td>Target Risk Score</td><td>12</td><td colspan="2">Target Risk Category</td><td colspan="2">Medium High</td></tr>
</table>

Phase 1 - Identification							
Ref.	NYM_8	**Title**	**Property Assets**	**Risk Owner**	NYM CEO	**Risk Manager**	NYM Do CS
Risk Description	Failure to operate from properties that are fit for purpose and have a plan to attain carbon neutrality by 2030. Offices need to be suitable in size, location and design for blended working patterns and increased levels of collaboration between teams. A credible financial plan to deliver this needs to be established. Failure to achieve these outcomes will result in an adverse impact on service delivery, financial impact and internal and external criticism.					**Risk Group**	Property

Phase 2 - Current Assessment

Current Control Measures

A property review with agreed terms of reference has been established and made initial decisions regarding the Helmsley based properties; a sale on no13 Bondgate has been agreed; successful external funding bids have been made to the Public Sector Decarbonisation Scheme in respect of both visitor centres and the work on windows and heating systems been completed; member/officer working group established to enable key decisions to be made with member input; robust mechanisms in place to measure CO2e emissions from the Authority's buildings; multiple streams of property work established (not necessarily running concurrently).

Current Probability	Current Impact	Current Risk Score	Current Risk Category
H	M	12	Medium High

Phase 3 - Risk Mitigation Plan

Reduction Action		Action Manager	Due Date and status	%	Date Completed
RR_NYM_56	Implement agreed action plan for Helmsley based buildings (ongoing)	NYM Do CS	31-Mar-2024	90%	
RR_NYM_57	Ensure that sufficient staff resources, including external expertise, are in place to deliver the agreed property plans	NYM CEO; NYM CFO; NYM Do CS	30-Sep-2023	100%	09-Nov-2023
RR_NYM_58	Ensure that sufficient financial resources are made available to deliver the agreed property plan and that this is part of the Authority's long term financial strategy.	NYM CEO; NYM CFO; NYM Do CS	30-Sep-2023	75%	
RR_NYM_59	Engage an external contractor to develop and cost plans and manage a subsequent building programme	NYM CEO; NYM CFO; NYM Do CS	30-Sep-2023	100%	09-Nov-2023
RR_NYM_60	Align building designs and operational requirements to wider NPA sustainability goals	NYM CEO; NYM CFO; NYM Do CS	30-Sep-2023	100%	09-Nov-2023
RR_NYM_61	Develop a robust governance framework for significant property related projects	NYM CEO; NYM CFO; NYM Do CS	30-Sep-2023	100%	30-Sep-2023
RR_NYM_62	Develop appropriate contingency plans for building projects	NYM CEO; NYM CFO; NYM Do CS	30-Sep-2023	75%	

Phase 4 - Target Risk Assessment

Target Probability	Target Impact	Target Risk Score	Target Risk Category
M	M	9	Medium

Phase 1 - Identification									
Ref.	NYM_6	**Title**	**Health, Safety and Safeguarding**	**Risk Owner**	NYM CEO	**Risk Manager**	NYM Do CS		
Risk Description	Failure to meet Health, Safety and Safeguarding statutory requirements resulting in possible loss of life/serious injuries, prosecution, claims, reputational damage and fines.					**Risk Group**	Health, Safety & Wellbeing		
Phase 2 - Current Assessment									
Current Control Measures									
Cross departmental Health and Safety Group meeting regularly; up to date health and safety policies; risk assessments of all key activities; annual corporate action plans; periodic reviews of health and safety practice; individual responsibility made clear in job descriptions; initial training and refresher training periods established; regular managerial monitoring of health and safety practice, including; strengthened reporting processes and checks on compliance; health and safety standards made explicit to external contractors; volunteers are routinely briefed on H&S prior to practical work tasks; Service Level Agreement with NYC to provide additional expert support; standing agenda item at team and SLT meetings; enhanced IoSH training for Managers; agreements with partner volunteer groups in place; support staff both internally (through mental health first aiders and prevailing management style) and externally via Health Assured.									
Current Probability	M	**Current Impact**	H	**Current Risk Score**	**12**	**Current Risk Category**	Medium High		
Phase 3 - Risk Mitigation Plan									
Reduction Action					**Action Manager**	**Due Date and status**		**%**	**Date Completed**
RR_NYM_41	Provide information for the progress report to members quarterly to allow scrutiny of actions May, September, November 2023 and February 2024				NYM Do CS	31-Mar-2024		90%	
RR_NYM_42	Implement agreed annual health & safety action plan for 2023/24				NYM Do CS	31-Mar-2024		90%	
RR_NYM_43	Develop and implement a programme of communication on health and safety matters for staff/volunteers, using a variety of different communication methods (plan to be developed by 31 May 2023, implementation then ongoing)				NYM Do CS; NYM Ho Vol Service	31-Mar-2024		90%	
RR_NYM_44	Ensure appropriate training is provided to Members relating to their specific role in holding officers to account on health and safety matters				NYM Do CS	30-Jun-2023		0%	
RR_NYM_45	Ensure that support for mental health is publicised via regular communication and that initiatives are set up and run by mental health first aiders. Programme for these initiatives to be in place by 1 April				NYM Do CS	01-Apr-2023		100%	01-Apr-2023
RR_NYM_46	Carry out annual review of the Health and Safety and Safeguarding policies plus generic risk assessments to ensure that they remain fit for purpose. Take external advice where appropriate				NYM Do CS; NYM Ho Ed&Eng	30-Jun-2023		100%	30-Jun-2023
RR_NYM_47	Agree programme of activities for expert support from NYC to review and spot check health and safety practice.				NYM Do CS	30-Apr-2023		100%	30-Jun-2023
RR_NYM_48	Implement programme of actions highlighted in NYC review regarding routine buildings health and safety				NYM Do CS	30-Jun-2023		100%	30-Jun-2023
RR_NYM_49	Implement recommendations from Veritau audit report regarding the management of trees on the Authority's property.				NYM Do R&W	30-Jun-2023		100%	30-Jun-2023
Phase 4 - Target Risk Assessment									
Target Probability	L	**Target Impact**	H	**Target Risk Score**	**8**	**Target Risk Category**	Medium		

Phase 1 - Identification								
Ref.	NYM_7	**Title**	**Woodsmith and Boulby Mines – Implementation of Planning Decisions**	**Risk Owner**	NYM CEO	**Risk Manager**	NYM Do CON&CC	
Risk Description	Failure to deliver the terms of the Section 106 agreements and effectively manage the planning implementation aspects of the development including any subsequent permissions resulting in adverse national / international publicity and harm to the National Park and local residents. The authority:- a) fails to meet its obligations as a Planning Authority in discharging Planning Conditions; b) is unable to deliver the mitigating and compensatory elements of the Section 106 and this therefore causes harm to the Park; c) fails to plan sufficiently so that overall scale of dealing with the implementation of the development significantly disrupts the functioning of the rest of the organisation.					**Risk Group**	Strategic	
Phase 2 - Current Assessment								
Current Control Measures								
Compensation/mitigation plan in place; Financial resources available and annually reviewed; appropriate knowledge and expertise in place; close collaboration to ensure necessary resources are available to achieve alignment of project timetables; Community Forum in place; financial monitoring arrangements in place; strict separation of 106 monies from core resources marketing and tourism plans in place; good relationship and clarity with Third Parties regarding the s106 agreements; arrangements set up for timely completion of annual and occasional legal agreements with the developers and with 3rd parties; external audit of management of s106 monies; full integration within the Authority achieved.								
Current Probability	M	**Current Impact**	H	**Current Risk Score**	**12**	**Current Risk Category**	Medium High	
Phase 3 - Risk Mitigation Plan								
Reduction Action				**Action Manager**	**Due Date and status**		**%**	**Date Completed**
RR_NYM_50	Continue to work with Anglo American and ICL to ensure a positive working relationship to enable the discharging of planning conditions and the commencement and ongoing implementation of the developments to progress as smoothly as possible (ongoing)			NYM Do P	31-Mar-2024	▶	90%	
RR_NYM_51	Develop annual action plans and implement and monitor for both s106 contributions including financials.			NYM Do CON&CC	31-Mar-2024	▶	90%	
RR_NYM_52	Ensure robust processes are followed and seek external advice where risk areas are identified in relation to major scheme changes (ongoing)			NYM Do P	31-Mar-2024	▶	90%	
RR_NYM_53	Implementation of the findings of the Tourism Impact Review for Woodsmith Mine (ongoing)			NYM Do CON&CC	31-Mar-2024	▶	90%	
RR_NYM_54	Work with major landowners to identify woodland creation and peat restoration sites (ongoing)			NYM Do CON&CC	31-Mar-2024	▶	90%	
RR_NYM_55	Continue good working relationship with ICL in relation to the deployment of the s106 contribution			NYM Do CON&CC	31-Mar-2024	▶	90%	
Phase 4 - Target Risk Assessment								
Target Probability	L	**Target Impact**	H	**Target Risk Score**	**8**	**Target Risk Category**	Medium	

Phase 1 - Identification

Ref.	NYM_9	**Title**	**Information Security**	**Risk Owner**	NYM CEO	**Risk Manager**	NYM Do CS
Risk Description	Failure to ensure the security (digital and physical) and quality of the Authority's systems and data, its effective storage and use to maximise its value as a key Authority asset. This could result in an impact on efficiency and decision making, potential data breaches, disruption, criticism and loss of service.					**Risk Group**	Info Gov

Phase 2 - Current Assessment

Current Control Measures

Permission to access key security systems e.g. firewalls restricted to IT staff only; permissions regarding file structure limit access to those who need to use the data held; external consultancy support available via contract for any unforeseen issues; off-site backup of data ensures availability; up to date anti-virus protection on all systems; regular external audits are undertaken with recommendations followed up and reported to members; an IT Disaster Recovery Plan is in place; advice has been given regarding data security and homeworking. Data protection training is provided periodically; FoI/DPA requests are dealt with and answered centrally; IT Manager is part of NPA network for exchange of advice and support.

Current Probability	M	**Current Impact**	H	**Current Risk Score**	**12**	**Current Risk Category**	Medium High

Phase 3 - Risk Mitigation Plan

Reduction Action		**Action Manager**	**Due Date and status**		**%**	**Date Completed**
RR_NYM_63	Carry out the transfer of the Data Protection officer role from the existing Legal Services contract into a new arrangement	NYM CEO; NYM Do CS	01-Apr-2023		100%	01-Apr-2023
RR_NYM_64	Run quarterly scans on external IP address to check security via an automated system; implementing any recommendations arising from this	NYM IT Manager	30-Jun-2023		100%	30-Jun-2023
RR_NYM_65	Ensure that any advice from the National Centre for Cyber Security is considered and implemented (ongoing)	NYM IT Manager	31-Jan-2024		100%	31-Jan-2024
RR_NYM_66	A programme of quarterly information security reminders for all staff – to be circulated via The Hub (1st update by 30 April 2023)	NYM IT Manager	31-Jan-2024		75%	
RR_NYM_67	Update of IT acceptable use policy and recirculation to staff	NYM IT Manager	30-Sep-2023		75%	
RR_NYM_68	Review and revise Business Continuity and Disaster Recovery Plans	NYM CFO; NYM Do CS; NYM IT Manager	30-Sep-2023		75%	
RR_NYM_69	Develop protocols in the event of the loss of financial and planning systems	NYM CFO; NYM Do CS; NYM Do P	31-Dec-2023		75%	

Phase 4 - Target Risk Assessment

Target Probability	L	**Target Impact**	M	**Target Risk Score**	**6**	**Target Risk Category**	Medium

Risk Reduction Action Status Key	
Symbol	Meaning
	The risk reduction action is overdue for completion or review.
	The risk reduction action is approaching its expected completion or review date.
	The risk reduction action is on target.
	The risk reduction action has been completed.

Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category
	NYM_2 Financial Resilience	Failure to manage the Medium Term Financial Strategy adequately with sustainable resilience resulting in consequent risk to work programmes detailed in the Business Plan and potentially the financial viability of the Authority;	NYM CEO	NYM CFO	H	H	16	High	M	H	12	Medium High
	NYM_3 Climate Change	Failure to achieve net carbon zero for the National Park Authority by 2030. The wider National Park area fails to fulfil the ambitions set out in the Management Plan to make a significant contribution to the regional goal of being carbon negative by 2040. Either of these could result in an inability to meet public expectations, government targets for public bodies and significant reputational damage.	NYM CEO	NYM Do CS	H	H	16	High	M	M	9	Medium
	NYM_4 Nature Recovery	Failure to create or improve habitats at a landscape scale across the National Park contributes to an inability to meet statutory targets around species recovery, protection of land for nature and broader National Park Management Plan outcomes. This could result in the reputation of the North York Moors National Park and the Authority being harmed. Incidences of wildlife crime, pollution or other environmental and landscape damage could, erode public confidence in National Parks as exemplars in conservation & the natural environment. Note this risk is broader than just the Authority.	NYM CEO	NYM Do CON&CC	H	H	16	High	M	M	9	Medium
	NYM_5 Capacity, Skills and Resilience	Failure to ensure that there is sufficient staff capacity, together with an ability to attract candidates of sufficient calibre to fill key posts results in an inability to deliver an ambitious work programme contained in the National Park Management Plan and Business Plan, deal with workload peaks, significant decline in effectiveness, service quality &/or insufficient progress in delivering desired outcomes.	NYM CEO	NYM Mgt Team	M	H	12	Medium High	M	H	12	Medium High
	NYM_8 Property Assets	Failure to operate from properties that are fit for purpose and have a plan to attain carbon neutrality by 2030. Offices need to be suitable in size, location and design for blended working patterns and increased levels of collaboration between teams. A credible financial plan to deliver this needs to be established. Failure to achieve these outcomes will result in an adverse impact on service delivery, financial impact and internal and external criticism.	NYM CEO	NYM Do CS	H	M	12	Medium High	M	M	9	Medium

Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category
	NYM_6 Health, Safety and Safeguarding	Failure to meet Health, Safety and Safeguarding statutory requirements resulting in possible loss of life/serious injuries, prosecution, claims, reputational damage and fines.	NYM CEO	NYM Do CS	M	H	12	Medium High	L	H	8	Medium
	NYM_7 Woodsmith and Boulby Mines – Implementation of Planning Decisions	Failure to deliver the terms of the Section 106 agreements and effectively manage the planning implementation aspects of the development including any subsequent permissions resulting in adverse national / international publicity and harm to the National Park and local residents. The authority:- a) fails to meet its obligations as a Planning Authority in discharging Planning Conditions; b) is unable to deliver the mitigating and compensatory elements of the Section 106 and this therefore causes harm to the Park; c) fails to plan sufficiently so that overall scale of dealing with the implementation of the development significantly disrupts the functioning of the rest of the organisation.	NYM CEO	NYM Do CON&CC	M	H	12	Medium High	L	H	8	Medium
	NYM_9 Information Security	Failure to ensure the security (digital and physical) and quality of the Authority's systems and data, its effective storage and use to maximise its value as a key Authority asset. This could result in an impact on efficiency and decision making, potential data breaches, disruption, criticism and loss of service.	NYM CEO	NYM Do CS	M	H	12	Medium High	L	M	6	Medium

Risk Trend Key	
Symbol	**Meaning**
	Risk ranking has worsened since the last review.
	Risk ranking is the same as at last review.
	Risk Ranking has improved since the last review.
new	Risk is new or has been significantly altered since the last review.

North York Moors National Park Authority

Finance, Risk, Audit and Standards Committee

5 February 2024

Item 12, Treasury Management and The Prudential Code for Capital Finance

1. Purpose of the report

1.1 To consider the updated Annual Treasury Management Strategy and Annual Investment Strategy for 2024/25, and Prudential Indicators for the financial years 2022/23 – 2026/27.

2. Background

2.1 The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.

2.2 CIPFA defines Treasury Management as:

"the Management of the Authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with these activities and the pursuit of optimum performance consistent with those risks."

'Investments' in the definition above covers all the financial assets of the organisation, as well as other non-financial assets which the organisation holds primarily for financial returns.

2.3 Members will be aware that each February the Finance, Risk and Standards Committee considers a report on Treasury Management and the Prudential Code Indicators for borrowing. The function of Treasury Management is undertaken for the Authority by North Yorkshire Council via a service level agreement.

2.4 In terms of investments, the Council pools the monies it invests on behalf of the Authority with its own funds and those of other organisations for which it undertakes a similar treasury management service. The approach adopted, consistent with the policy statement of this Authority, covered later in this report, is to ensure the security of capital and liquidity of investments. The Authority will also aim to seek the highest return on its investments provided that proper levels of security and liquidity are achieved. The current approved lending list of banks and organisations that the Chief Finance Officer can invest in is included at Schedule A to the Appendix of this report.

2.5 The second main function of the treasury management function is the funding of the Authority's capital plans. As of January 2024, the Authority does not have any loans in place and has not needed to borrow to fund capital projects. Despite not having taken out loans, the possibility of borrowing is an option that the Authority has ensured is available to it when making decisions on the optimum way to finance capital purchases. The indicators proposed in this report are based on the latest capital expenditure forecasts and therefore establish the parameters to allow a decision to be taken to borrow funds if that proves to be the optimum solution. Nothing in the report commits the Authority to any decision to borrow funds.

2.6 The Authority is required to:

a) approve an Annual Treasury Management Strategy (ATMS) for 2024/25.

b) approve an Annual Investment Strategy (AIS) for 2024/25.

c) approve a Minimum Revenue Provision Policy (MRP) for 2024/25.

d) approve a Capital Strategy for 2024/25; and

e) approve an updated set of Prudential Indicators (PI's) for the period 2024/25 to 2026/27.

2.7 In doing so, the Authority must have regard to the following guidance, both of which were reviewed in December 2017:

- CIPFA Code of Practice on Treasury Management in the Public Services.
- CIPFA Prudential Code for Capital Finance in Local Authorities.

2.8 The combined effect of these Codes and their relevant Regulations is that the Authority has to have in place by the start of the new financial year the following:

a) an up-to-date Treasury Management Policy Statement.

b) an Annual Treasury Management and Investment Strategy Statement and Minimum Revenue Provision Policy.

2.9 As noted above, the Treasury Management arrangements of the Authority are currently provided under contract by North Yorkshire Council. The Council is required (under this contract) to comply with the terms of this Authority's approved Treasury Management Policy Statement and Annual Treasury Management Strategy.

2.10 This report is required to obtain formal approval prior to 1 April 2024.

3. Treasury Management Policy Statement

3.1 The CIPFA Code of Practice on Treasury Management requires the Authority to approve:

a) a Treasury Management Policy Statement (TMPS) stating the policies, objectives and approach to risk management of its treasury management activities;

b) suitable Treasury Management Practices (TMPs) setting out the manner in which the Authority will seek to activate the policies and objectives and prescribing how it will manage and control these activities.

3.2 Based on the requirements of the Code of Practice, a Treasury Management Policy Statement stating the Authority's policies and objectives of its treasury management activities is set out below and no changes are required.

3.3 The Authority defines the policies and objectives of its treasury management activities as follows:

a) treasury management is the management of the Authority's investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with these activities, and the pursuit of optimum performance consistent with these risks;

b) the successful identification, monitoring and control of risk will be the prime criteria by which the effectiveness of the treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority;

c) that effective treasury management will provide support towards the achievement of the business and service objectives of the Authority. The Authority is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

3.4 As emphasised in the Treasury Management Code of Practice, responsibility for risk management and control of Treasury Management activities lies wholly with the Authority and officers of both this Authority and North Yorkshire Council involved in Treasury Management activities are explicitly required to follow Treasury Management policies and procedures.

3.5 The CIPFA Code of Practice on Treasury Management requires a framework of Treasury Management Practices (TMPs) setting out the manner in which the Authority will seek to achieve these policies and objectives, and prescribing how it will manage these activities. The Code recommends twelve different TMPs.

3.6 As the Treasury Management activities of the Authority are carried out by North Yorkshire Council, the approach used has been for the Authority to adopt the TMPs used by North Yorkshire Council to govern their own Treasury Management activities. A copy of the North Yorkshire Council TMPs is available on request.

4. Treasury Management Strategy

4.1 Prudential Indicators are a number of key indicators, which are set to ensure the Authority operates its activities within well-defined limits. These limits include the Authority's "Authorised Limit for External Debt" - £427k for 2023/24, which is the maximum that can be borrowed in the year without requirement of further approvals at Full Authority. The Authority's "Operational Boundary" is £177k, which is the maximum amount expected to be borrowed if a decision is made to fund capital expenditure through external borrowing. The Prudential Indicators also include:

a) a limit on fixed interest rate borrowing exposures as a proportion of total exposures of 60% to 100%;

b) a limit on variable interest rate exposures as a proportion of total exposures of 0% to 40%;

c) borrowing from the money market limited to 30% of external debt outstanding at any one point in time;

d) an investment limit on fixed interest rate exposure of 0% to 30%;

e) a limit on variable interest rate exposure of 70% to 100% of outstanding principal sums.

5. Long Term Debt Position

5.1 The Authority has no external debt in place. The external debt position in future will depend on decision made regarding the financing of future capital expenditure plans.

6. Minimum Revenue Provision (MRP) Policy

6.1 The Authority is required to determine the amount of MRP it considers prudent for each financial year. The MRP Policy is based on the Government's statutory guidance and following a review of this policy, no changes are proposed at this time.

7. Annual Investment Strategy

7.1 In terms of an Annual Investment Strategy for the National Park Authority, the current contractual arrangements with North Yorkshire Council for the investment of surplus cash balances mean that the Authority is required to use the AIS which will be adopted by the Council on 21 February 2024. As a result, there is no need to adopt a North York Moors specific document as part of the Annual Treasury Management report.

7.2 A summary of the Annual Investment Strategy is included in the Treasury Management Strategy Statements (Appendix B). However, a copy of the Council's current AIS is available to members on request.

8. Annual Treasury Management Strategy 2024/25

8.1 One of the requirements of the CIPFA Code of Practice is that an annual Treasury Management Strategy is considered and approved for each financial year. The Strategy attached as Appendix B includes:

a) the Treasury Limits in force which will limit the treasury risk and activities of the Authority (paragraph 2);

b) Prudential Indicators (paragraph 3);

c) the current treasury position (paragraph 4);

d) the Borrowing Requirement and Borrowing Limits (paragraph 5);

e) Borrowing Policy (paragraph 6);

f) prospects for interest rates (paragraph 7);

g) the Borrowing Strategy (paragraph 8);

h) Minimum Revenue Provision Policy (paragraph 9);

i) Annual Investment Strategy (paragraph 10); and

j) other treasury management issues (paragraph 11).

8.2 The Chief Finance Officer will report to the Authority if and when necessary, during the year, on any changes to this Annual Strategy arising from the use of operational leasing or any other innovative methods of funding.

9. Approved Lending List

9.1 The approved Lending List of Organisations (counterparties) to which the Authority may make investments, together with the maximum sum at any time that can be placed with each, is outlined in the Council's Treasury Management Practices (TMPs) and Treasury Management Policy Statement (TMPS) as covered by the contractual arrangements with the Council.

9.2 Any changes to the approved Lending List are made by the Council's Chief Finance Officer under delegated powers and reported to the Council's Executive and to this Authority.

9.3 The Lending List of the Council for the 2024/25 Treasury Management and Investment Strategy is detailed in Schedule A to Appendix B (Treasury Management Strategy Statement 2024/25).

9.4 The information below details all the changes reflected in the latest Approved Lending List (Schedule A) compared with that submitted for 2023/24. Please note that the analysis below is between the version provided last year and the proposed list for 2024/25 – it is a snapshot at a point in time. It is therefore possible that there will be in year changes that are not identified in this snapshot.

a) there are no organisations included on the 2023/24 Approved Lending List which will NOT be included for 2024/25.

b) There were no organisations added to the Approved Lending List during 2023/24.

c) Further changes were made during the year to decrease the maximum investment term for some organisations.

9.5 Local Authorities will continue to be included on the Approved Lending List for 2024/25. As a result of the way they are financed and their governance arrangements, Local Authorities are classed as having the highest credit rating.

10. Specified and Non-Specified Investments

10.1 The Authority may use various financial instruments for the prudent management of its treasury balances. These are set out in the list of Specified and Non-Specified Investments (Schedule B of Appendix B).

10.2 Investment rates available continue to slowly increase as a result of the Monetary Policy Committee's succession of Bank Rate increases. However, investment returns are consistent with other comparable authorities. In order to ensure investment returns are maximised, while maintaining the appropriate level of security and liquidity of funds, alternative options are continually monitored and reviewed.

10.3 North Yorkshire Council has included a range of alternative investment options, including Certificates of Deposit, Bonds and UK Government Gilts within its investment strategy in order to improve returns over the coming year. However, the extent to which these are likely to have a material impact on returns for the Authority are limited, given the Business Plan intention to spend the majority of earmarked reserves. However, officers will continue to manage the authority's cash to meet strategy objectives and value for money overall.

10.4 Alternative investment options are continually monitored and reviewed, and Treasury Management staff continue to investigate further investment options to assess whether they meet the Authority's investment priorities and criteria list.

10.5 It should be noted that in order to ensure the Authority's investment strategy is consistent with North Yorkshire Council's, Property Funds are included in the Approved Lending List at Schedule A and schedule of Non-Specified Investments at Schedule B of Appendix B. However, Property Funds are not a viable investment option for the Authority as it is unable to meet investment regulation criteria due to the low level of funds under management.

11. Capital Strategy

11.1 In December 2017, CIPFA issued a revised Treasury Management Code of Practice and Prudential Code. The revised Codes require all authorities to produce a Capital Strategy. The Capital Strategy provides a high-level overview of how capital expenditure, capital financing and treasury management contribute to the provision of services objectives and takes account of stewardship, value for money, prudence, sustainability and affordability. As a result, a Capital Strategy is now included as Appendix C to this report.

11.2 Where authorities are considering non-core, alternative investment options that are classed as capital expenditure, rather than traditional treasury management investments, the Capital Strategy should provide a projection of how capital expenditure plans impact on capital borrowing and repayment plans.

11.3 The authority's capital expenditure plans do not currently include any non-core investments.

12. Treasury Management Reporting and Scrutiny Arrangements

12.1 The CIPFA Code of Practice on Treasury Management reflects enhanced reporting and scrutiny arrangements in terms of:

a) each authority must receive reports on its Treasury Management policies, practices and activities, including as a minimum an annual strategy and plan in advance of the year, a mid-year review and an annual outturn report after the end of the year;

b) Treasury Management performance and policy setting should be subject to ongoing scrutiny and each authority must delegate the role of scrutiny of treasury management strategy and policy to a specific named body.

12.2 These enhanced requirements have been incorporated into the Authorities Latest Financial Regulations, updated October 2018. Sections 3.24-3.31 (regarding Treasury Management) state the current arrangements being as follows:-

a) The Authority adopts the key recommendations of CIPFA's Treasury Management in The Public Services: Code of Practice, as described in Section 4 of that Code.

b) Accordingly, the Authority will create and maintain, as the cornerstones for effective Treasury Management:

   i. A Treasury Management Policy Statement (TMPS) stating the policies, objectives and approach to risk management of its Treasury Management activities.

   ii. Suitable Treasury Management Practices (TMPs) setting out the manner in which the Authority will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.

c) The Authority will be responsible for the implementation and monitoring of its Treasury Management Policies and Practices but delegates the execution and administration of Treasury Management decisions to the Chief Finance Officer who will act in accordance with the Authority's TMPS, associated TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

d) The Authority will receive reports on Treasury Management Policies, Practices and Activities including, as a minimum:

i. An Annual Strategy Report in advance of the year.

ii. A Mid-Year Review.

iii. An Annual Report after the 31 March in the form described in the TMPs.

e) The Authority delegates to FRASC the responsibility of ensuring the effective scrutiny of the Treasury Management Strategies, Policies and Activities.

f) All money in the possession of the Authority shall be under the control of the Chief Executive.

g) The Chief Financial Officer shall periodically review TMPS and associated documentation and they shall make recommendations accordingly to the Authority.

h) Notwithstanding the other regulations relating to Treasury Management, the Chief Financial Officer shall ensure that the Treasury Management System is documented and ensure that Treasury Management reports are regularly provided to the Authority.

13. Recommendation

13.1 That Members recommend to the Full Authority ahead of its meeting on 18 March 2024 to:

i approve the Annual Treasury Management Strategy for 2024/25 as detailed in Appendix B, including the Prudential Indicators set out in Section 3, and the Minimum Revenue Provision policy set out in Section 9 of that Strategy;

ii adopt the Annual Investment Strategy agreed by the Council for 2024/25;

iii approve the authorised borrowing limit of £426.8k for 2023/24, under section 3(i) of the Local Government Act 2003 as set out in Appendix B;

iv confirm the delegation to the Chief Finance Officer, as agreed in previous years, for the following matters:

a) any need to effect changes between the separate agreed limits for borrowing and other long-term liabilities (such as finance leases) in accordance with option appraisal, value for money or other relevant factors. This applies to the Prudential Indicators in Appendix B;

b) decisions to borrow from the PWLB and money markets at the most advantageous rate, as set out in Appendix B.

c) approve the Capital Strategy as set out in Appendix C.

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Background documents to this report

1. CIPFA code of Practice on Treasury Management in the Public Services
2. CIPFA Prudential Code for Capital Finance in Local Authorities

Appendix A, North York Moors National Park Authority, Treasury Management Policy Statement

1. Background

1.1 The Authority has adopted the CIPFA Code of Practice on Treasury Management in the Public Services. The CIPFA Code of Practice on Treasury Management requires the Authority to adopt the following four clauses of intent:

a) the Authority will maintain as the cornerstone for effective Treasury Management:

   i a strategic Treasury Management Policy Statement (TMPS) stating the policies, objectives, and approach to risk management of the Authority to its treasury management activities;

   ii a framework of suitable Treasury Management Practices (TMPs) setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. The Code recommends 12 TMPs.

b) the Authority (full Authority and/or FRASC) will receive reports on its Treasury Management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close;

c) the Authority delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to FRASC;

d) the Authority nominates FRASC to be responsible for ensuring effective scrutiny of the Treasury Management Strategies and Policies.

1.2 The CIPFA Prudential Code for Capital Finance in Local Authorities and the terms of the Local Government Act 2003, together with ‘statutory’ Government Guidance, establish further requirements in relation to treasury management matters, namely:

a) the approval, on an annual basis, of a set of Prudential Indicators;

b) the approval, on an annual basis, of an Annual Treasury Management Strategy, an Annual Investment Strategy, and an annual Minimum Revenue Provision (MRP) policy statement.

2. Treasury management policy statement (TMPS)

2.1 Based on the requirements detailed above a TMPS stating the policies and objectives of the treasury management activities of the Authority is set out below.

2.2 The Authority defines the policies and objectives of the treasury management activities of the Authority as follows:

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

b) the identification, monitoring and control of risk will be the prime criteria by which the effectiveness of the treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority and any financial instrument entered into to manage these risks;

c) effective treasury management will provide support towards the achievement of the business and service objectives of the Authority. The Authority is committed to the principles of achieving value for many in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

2.3 As emphasised in the Treasury Management Code of Practice, responsibility for risk management and control of Treasury Management activities lies wholly with the Authority and officers of both this Authority and North Yorkshire Council involved in Treasury Management activities are explicitly required to follow Treasury Management policies and procedures.

3. Treasury management practices (TMPs)

3.1 The CIPFA Code of Practice on Treasury Management requires a framework of Treasury Management Practices (TMPs) setting out the manner in which the Authority will seek to achieve these policies and objectives and prescribing how it will manage these activities.

3.2 As the Treasury Management activities of the Authority are undertaken by North Yorkshire Council the Authority has adopted the Treasury Management Practices used by North Yorkshire Council to govern the Treasury Management activities of the Authority. A copy of the North Yorkshire Council Treasury Management Practices is available on request.

4. Prudential indicators

4.1 The Local Government Act 2003 requires the Authority to “have regard to” the CIPFA Prudential Code for Capital Finance in Local Authorities. This Code requires the Authority to set a range of Prudential Indicators for the next three years to ensure that capital spending plans are affordable, prudent, and sustainable.

4.2 The Prudential Code also requires appropriate arrangements to be in place for the monitoring, reporting and revision of Prudential Indicators previously set.

5. Annual treasury management and investment strategy

5.1 A further implication of the Local Government Act 2003 is the requirement for Authority to set out its Treasury Management Strategy for borrowing and to approve an Annual Investment Strategy.

5.2 The Treasury Management contract with North Yorkshire Council covers the day-to-day investment requirements of the Authority. The net return/cost achieved by the Council will be closely monitored by the Chief Finance Officer.

5.3 The Authority's Day to day investments are managed as part of an overall investment pool operated by North Yorkshire Council. In order to facilitate the pooling of investments with the Council, it's Annual Investment Strategy has been adopted by the Authority.

5.4 The Council will approve this combined Annual Strategy alongside the annual Revenue Budget/Medium Term Financial Strategy at its February meeting each year in advance of the Authority approving the same.

Appendix B, North York Moors National Park Authority, Treasury Management Strategy Statement 24/25

1. Introduction

1.1 This Treasury Management Strategy statement details the expected activities of the Treasury function in the financial year 2024/25. Its production and submission to Members is a requirement of the Local Government Act 2003, the CIPFA Treasury Management Code of Practice in the Public Sector & Prudential Code as updated.

1.2 The suggested strategy for 2024/25 in respect of the following aspects of the treasury management function is based upon officer's views on interest rates, supplemented with market forecasts.

The strategy covers:

- the Treasury Limits in force which will limit the treasury risk and activities of the Authority (paragraph 2);
- Prudential Indicators (paragraph 3);
- the current treasury position (paragraph 4);
- the Borrowing Requirement and Borrowing Limits (paragraph 5);
- Borrowing Policy (paragraph 6);
- prospects for interest rates (paragraph 7);
- the Borrowing Strategy (paragraph 8);
- Minimum Revenue Provision Policy (paragraph 9);
- Annual Investment Strategy (paragraph 10);
- other treasury management issues (paragraph 11).

2. Treasury Limits for 2024/25 to 2026/27

2.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations for the Authority to determine and keep under review how much it can afford to borrow. The amount so determined is termed the Affordable Borrowing Limit.

2.2 The Authority must have regard to the Prudential Code when setting the Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits. In practice, it is equivalent to the Authorised Limit as defined for the Prudential Indicators (therefore see paragraph 3 below).

2.3 Whilst termed an Affordable Borrowing Limit, the spending plans to be considered for inclusion in corporate financing by both external borrowing and other forms of liability such as credit arrangements. The Affordable Borrowing

Limit has to be set on a rolling basis for the forthcoming financial year and two successive financial years.

3. Updated Prudential Indicators Proposed for 2024/25 to 2026/27

3.1 The proposed Prudential Indicators for the Authority for the 2024/25 financial year are as follows:

i Estimated Ratio of Capital Financing Costs to the Net Revenue Budget (Affordability)

This indicator identifies the trend in the cost of borrowing (principal and interest) net of interest earned on temporary balances against net revenue expenditure met from National Park Grant.

The estimated ratios for the current and future years and the actual figures for 2022/23 are set out in the table below. Where the interest on balances exceeds the cost of borrowing, the effective percentage is set at nil.

Year	Basis	%
2022/23	actual	0.00
2023/24	probable	0.00
2024/25	estimate	0.00
2025/26	estimate	0.00
2026/27	estimate	0.00

ii Capital Expenditure Plans (Actual and Estimated)

The actual capital expenditure that was incurred by the Authority in 2022/23 and the estimates of capital expenditure to be incurred for 2023/24 and future years are outlined in the table below.

It is important to note that this table reflects the total capital spending plans for the Authority funded by borrowing, National Park Grant and other external funding sources. All the prudential indicators that follow are based upon the possible borrowing element of these spending plans only, but do not commit the Authority to using this source of finance.

Year	Basis	£k
2022/23	actual	1,160
2023/24	probable	1,813
2024/25	estimate	2,086
2025/26	estimate	137
2026/27	estimate	302

iii Capital Financing Requirement and Forecast

The capital financing requirement relates to the underlying need of the Authority to borrow to finance capital purposes. Estimates of the capital financing requirement at the future financial year end dates are as follows:

Date	**Basis**	**Borrowing £k**	**Other long term liabilities £k**	**Total £k**
31 March 2023	actual	0.0	177.2	177.2
31 March 2024	probable	0.0	177.0	177.0
31 March 2025	estimate	0.0	176.8	176.8
31 March 2026	estimate	0.0	176.5	176.5

The above figures provide the option to allow the Authority to consider funding capital purchases by borrowing. However, the level of debt outstanding needs to be adjusted for the Minimum Revenue Provision (MRP). Details of the way in which this provision is made is covered in Section 9 below. This MRP provision applies to debt outstanding at the end of each financial year and therefore the MRP charge will be applicable from 2024/25 onwards and the capital financing requirement will be reduced accordingly.

iv Authorised Limit for External Debt

This indicator represents the limit beyond which borrowing by the Authority is prohibited and is based upon the best estimate of increases in debt arising from the capital financing requirement plus a margin to allow some flexibility for unforeseen cash movements. This has been included at £250k.

The limit is analysed between borrowing and other long-term liabilities (such as finance leases) to show the actual debt owed by the Authority and any other financing instruments that have been used.

The Chief Finance Officer has delegated authority to effect any changes between the separately agreed limits for borrowing and other long-term liabilities, in accordance with option appraisal, value for money and any other relevant factors.

The recommended Authorised limits for external debt are as follows:

Year	**Borrowing limit £k**	**Other long - term liabilities £k**	**Total £k**
2022/23	250.0	177.2	427.2
2023/24	250.0	177.0	427.0
2024/25	250.0	176.8	426.8
2025/26	250.0	176.5	426.5

The Chief Finance Officer can confirm that the Authorised Limit is consistent with the Authority’s current commitments and budget process.

Under Section 3(1) of the Local Government Act 2003 the Authority must determine a Statutory Limit in terms of how much money it can afford to borrow. This affordable borrowing limit must be set for the following year. The Authorised limit of £426.8k will act as this limit for 2024/25.

v Operational Boundary for External Debt

This indicator is based on the probable external debt position during the year. It is not a limit and actual borrowing could vary around this boundary during the year. The difference between this indicator and the Authorised Limit is the £250k which provides headroom for unusual cash movements.

In line with the Authorised limit, the operational boundary is analysed between borrowing and other long-term liabilities separately. The Chief Finance Officer has delegated authority to make in year changes to the operational boundary and its subcategories.

Year	**Borrowing limit £k**	**Other long-term liabilities £k**	**Total £k**
2022/23	0.0	177.2	177.2
2023/24	0.0	177.0	177.0
2024/25	0.0	176.8	176.8
2025/26	0.0	176.5	176.5

vi Actual External Debt

The Authority had no external debt at 31 March 2023. At this late stage of the financial year no external borrowing has been taken to date and none is envisaged by 31 March 2024. For Prudential Indicators, however, other long-term liabilities, such as the finance lease identified in paragraph 3.1 (iii), are classed as external debt for this purpose.

vii Gross Debt and the Capital Financing Requirement

The Prudential Code emphasises that in order to ensure that over the medium-term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year, plus the estimate of any additional capital financing requirement for the current and next two financial years.

The Chief Finance Officer can confirm that the Authority has met this requirement up to 2023/24. Furthermore, no difficulties are anticipated for the period covered by this report to 2024/25.

viii Maturity Structure of Borrowing

Upper and lower limits for the maturity structure of borrowings are set to allow maximum flexibility -

Period	Lower limit	Upper limit
Under 12 months	0%	100%
12 months and within 24 months	0%	100%
24 months and within 5 years	0%	100%
5 years and within 10 years	0%	100%
10 years and above	0%	100%

ix Total Principal Sums Invested for Periods longer than 365 days

In line with the Council's policy and advice in this area, a Prudential Indicator of 20% of the Authority's core cash balances is recommended for investments longer than 365 days.

A maximum of 20% of funds available for investment will be held in aggregate in "Non-Specified investments" over 365 days.

4. The current Treasury position

4.1 As at 31 December 2023, the Authority's Treasury position was as shown below

Item	Principal as at 31 December 2023 £k	Average return in 2023/24 to 31 December 2023 %
External Debt Outstanding	0	0
Investments	0	0
Managed by NYC	7,782*	5.51

* **The figure above reflects the principal held as of 31 December 2023. The average daily balance from 1 April to 31 December 2023 was £7,391k.**

5. The borrowing requirement and borrowing limits

5.1 The Operational Boundary reflects an estimate of the most likely, prudent but not worst-case scenario of external debt during the financial year. The Authorised Limit is based on the same estimate as the Operational Boundary but allows sufficient headroom over this figure to allow for unusual cash movements.

5.2 The Authorised Limit therefore represents the maximum amount of external debt which the Authority agrees can be incurred at any time during the financial year and includes both capital and revenue requirements. It is not, however, expected that the Authority will have to borrow up to the limit agreed.

5.3 The agreed Operational Boundary and Authorised Limit for external debt up to 2025/26 are as follows:

Item	2022/23 actual £k	2023/24 estimate £k	2024/25 estimate £k	2025/26 estimate £k
Debt Outstanding at the start of the Year	0.0	0.0	0.0	0.0
+ Internal or External borrowing requirements	0.0	0.0	0.0	0.0
- MRP charged to revenue	0.0	0.0	0.0	0.0
+ Long Term Liabilities	178.1	177.9	177.7	177.6
= Operational Boundary for year	**178.1**	**177.9**	**177.7**	**177.6**
+ Provision to cover unusual cash movements	250.0	250.0	250.0	250.0
= Authorised Limit for year	**428.1**	**427.9**	**427.7**	**427.6**

6. Borrowing Policy

6.1 The policy of the Authority is that if external borrowing is required to finance capital expenditure, then loans will be sought from the Public Works Loan Board (PWLB) or the money markets, over periods up to 70 years which reflect the best possible value to the Authority and/or the life of the Authority's assets. Individual loans are also chosen depending on the perceived value of interest rates at the time of borrowing. Consideration will be given to internal borrowing from internal cash balances. This is dealt with in more detail in Section 8 on Borrowing Strategy.

6.2 The Chief Finance Officer, on the recommendation of the Council's Treasury Management consultant, advises that if borrowing was undertaken from the money markets then loans should be limited to 30% of the total debt portfolio.

6.3 The Authority will look to borrow from the PWLB and money markets at the most advantageous rate. The Chief Finance Officer will monitor this situation closely throughout the year to determine the most appropriate and advantageous borrowing.

6.4 The Prudential Code allows external 'borrowing for capital purposes in advance of need with the constraints of relevant approved Prudential Indicators. There are risks, however, in such borrowing in advance of need and the Authority has not taken any such borrowing to date. Furthermore, the Authority will not borrow more than or in advance of need purely in order to profit from the investment of the extra sums borrowed. Any such borrowing in advance of need will only be considered where there is a clear business case for doing so for the current Capital Plan or to finance future debt maturity payments.

6.5 The merits of internal capital borrowing from the Authority's cash balances also needs to be considered very carefully and this is covered in more detail in paragraphs 8.3 to 8.9.

7. Prospects for Interest Rates

7.1 Whilst recognising the continuing volatility and turbulence in the financial markets, the following paragraphs present a pragmatic and measured assessment of key economic factors as they are likely to impact on interest rates over the next three years.

7.2 In terms of the key economic background and forecasts, looking ahead the current position as summarised by Link Asset Services (the Council's treasury advisors), is as follows:

Link's central forecast for interest rates was previously updated on 25 September and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. Link expects rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and that there is a likelihood of the overall economy enduring at least a mild recession over the coming months, although most recent GDP releases have surprised with their on-going robustness.

Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

In the upcoming months, Link's forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, as noted previously, most of those excess savings are held by more affluent households whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

Gilt yield curve movements have broadened since our last Newsflash. The short part of the curve has not moved far but the longer-end continues to reflect inflation concerns. At the time of writing there is 60 basis points difference between the 5- and 50-year parts of the curve.

7.3 Interest rate forecasts

The first half of 2023/24 saw:

- Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.

- Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
- CPI inflation falling from 8.7% in April to 6.7% in September, its lowest rate since February 2022, but still the highest in the G7.
- Core CPI inflation declining to 6.1% in September from 7.1% in April and May, a then 31 years high.
- A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose by 7.8% for the period June to August, excluding bonuses).

The registering of 0% GDP for Q3 suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.

As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of- living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

But the cooling in labour market conditions still has not fed through to an easing in wage growth. The headline 3myy rate rose 7.8% for the period June to August, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular annual average total pay growth for the private sector was 7.1% in June to August

2023, for the public sector this was 12.5% and is the highest total pay annual growth rate since comparable records began in 2001. However, this is affected by the NHS and civil service one-off non-consolidated payments made in June, July and August 2023. The Bank of England's prediction was for private sector wage growth to fall to 6.9% in September.

CPI inflation declined from 6.8% in July to 6.7% in August and September, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.1%. That reverses all the rise since March.

In its latest monetary policy meeting on 06 November, the Bank of England left interest rates unchanged at 5.25%. The vote to keep rates on hold was a split vote, 6-3. It is clear that some members of the MPC are still concerned about the stickiness of inflation.

Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. In terms of messaging, the Bank once again said that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures", citing the rise in global bond yields and the upside risks to inflation from "energy prices given events in the Middle East". So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be "sufficiently restrictive for sufficiently long" and that the "MPC's projections indicate that monetary policy is likely to need to be restrictive for an extended period of time". Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.

This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates in the future.

7.4 The balance of risks to the UK

The overall balance of risks to economic growth in the UK is now to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).
- The Bank of England has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.

- UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- Geopolitical risks, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows; and

Upside risks to current forecasts for UK gilt yields and PWLB rates include:

- The **Bank of England is too slow** proves too timid in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer term **US treasury yields** rise strongly if inflation remains more stubborn there than the market currently anticipates, consequently pulling gilt yields up higher.
- Projected **gilt issuance, inclusive of natural maturities and QT,** could be too much for the markets to comfortably digest without higher yields consequently.

7.5 The Council has appointed Link Asset Services - Treasury Solutions (previously known as Capita Asset Services) as its treasury management advisor and part of their service is to assist in formulating a view on interest rates. By drawing together a number of current city forecasts for short term (Bank rate) and longer fixed interest rates a consensus view for bank rate, PWLB borrowing rates and short-term investment rates is as follows:

Link Group Interest Rate View	08.01.24												
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.80	4.30	3.80	3.30	3.20	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.60	4.10	3.70	3.20	3.20	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

7.6 As shown in the forecast table above, the forecast for Bank Rate now includes three decreases for 2024/25, one in September 2024 to 4.75%, December 2024 to 4.25%, then to 3.75% in March 2025.

It is not expected that Bank Rate will peak beyond 5.25%, but it is possible.

8. The Borrowing Strategy

8.1 Based on the interest rate forecast outlined above, there is as usual a range of options available for the borrowing strategy for 2024/25.

8.2 The main Strategy for undertaking new borrowing will be to generally take advantage of the lowest borrowing rates available with forecast PWLB borrowing rates (see paragraph 7.4) for under 10 years expected to be cheaper than longer term borrowing. The downside of such shorter-term borrowing is the loss of long-term stability in interest payments that longer term fixed interest rate borrowing provides.

External -v- internal borrowing

8.3 Due to the current risks and uncertainties within the economy, caution will be adopted with the 2024/25 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

8.4 The Authority has cash balances. In 2023/24 there is a current daily average of £7,391k. This cash consists of cash flow generated (creditors and debtors etc); reserves, balances and provisions etc.

8.5 The existing borrowing policy does provide for such shorter term borrowing from the Authority's revenue cash balances depending on the relationship between short term variable interest rates and the fixed term PWLB or money market rates for longer periods. Consideration will, therefore, be given to the potential merits of internal borrowing.

8.6 Over the next three years investment rates are expected to be below long-term borrowing rates. A value for money assessment would indicate that value could be obtained by avoiding/delaying some or all new external borrowing and by using internal cash balances to finance new capital expenditure. This would maximise short term savings but is not risk free.

8.7 The use of such internal borrowing, which runs down investments, also has the benefit of reducing exposure to low interest rates on investments, and the credit risk of counterparties.

In considering this option, however, two significant risks to take into account are:

a) the implications of day-to-day cash flow constraints; and

b) short term savings by avoiding/delaying new external borrowing must be weighed against the loss of longer-term interest rate stability. Thus, there is the potential for incurring long term extra costs by delaying unavoidable new external borrowing until later years by which time PWLB long term rates are forecast to be slightly higher.

8.8 Against this background, the Chief Finance Officer will monitor the interest rate market and adopt a pragmatic approach to changing circumstances - any key strategic decisions that deviate from the above will be reported to the Authority as soon as possible.

Sensitivity of the forecast

8.9 The main sensitivities of the forecast are likely to be the two scenarios below. The Chief Finance Officer will, in conjunction with the Council's Treasury Management Adviser, continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a significant change of market view:

i if it is felt that there was a significant risk of a sharp fall in both long- and short-term rates, e.g., Due to the marked increase of risks around the relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short rate funding will be considered;

ii if it is felt that there was a significant risk of a much sharper rise in both long- and short-term rates than currently forecast, perhaps arising from a greater than expected increase in world economic activity or sudden increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheaper.

9. Minimum Revenue Provision Policy

9.1 The statutory requirement for local authorities to charge revenue each year a specific sum for debt repayment was replaced in February 2008 with more flexible statutory guidance.

9.2 The new simple statutory duty is that a local authority shall determine for the current financial year an amount of minimum revenue provision (MRP) that it considers to be prudent. This replaces the previous prescriptive requirement that the minimum sum should be 4% of the Authority's Capital Financing Requirement (CFR). The CFR consists of external debt plus capital expenditure financed by borrowing from internal sources (surplus cash balances).

9.3 Along with the above duty the Government also issued new guidance in February 2008 which requires that a Statement on the Authority's policy for its annual MRP should be submitted to the Authority for approval before the start of the financial year to which the provision will relate. The Authority are therefore legally obliged to have regard to this MRP guidance in the same way as applies to other statutory guidance such as a CIPFA Prudential Code, the CIPFA Treasury Management Code and the CLG guidance in Investments.

9.4 The guidance is intended to enable a more flexible approach to assessing the amount of annual provision than was required under previous statutory requirements. The guidance offers four options under which MRP might be made, with an overriding recommendation that the Authority should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits (i.e. estimated useful life of the asset being financed). The previous system of 4% MRP did not necessarily provide that link. Although four options are described in the guidance, there is no intention to be prescriptive to make these the only options which a local authority may consider as being prudent.

9.5 The guidance also requires an annual review of MRP policy being undertaken and it is appropriate that this is done as part of this annual Treasury Management report.

9.6 The move to IFRS in 2010/11 involved some long-term liabilities such as finance leases being brought onto balance sheets with a consequential impact on the CFR and annual MRP provision. As a result, the Danby Lodge Visitor Centre is now included on balance sheet as a long-term liability. This new accounting treatment impacts on the CFR mentioned in paragraph 9.2 above with the result that an annual MRP provision is required for the finance lease. To ensure that this change has no overall financial impact on local authority budgets, the Government updated their “Statutory MRP Guidance” with effect from 31 March 2010. This updated Guidance allows MRP to be equivalent to the existing lease rental payments and the implications of this are reflected in the authority’s MRP policy for 2020/21 as set out in paragraph 9.7 below.

9.7 The policy for 2024/25 therefore takes into account the fact that the Authority has no outstanding debt. The proposed policy is as follows.

For locally agreed Prudential Borrowing on capital expenditure incurred after 1 April 2008, MRP will be calculated based on equal annual instalments over the estimated useful life of the asset for which the borrowing is undertaken. For finance leases, MRP will be equivalent to the annual rental payable under the lease agreement.

9.8 The estimated life of relevant assets will be assessed each year based on types of capital expenditure incurred but in general will be 25 years for buildings, 50 years for land, 5 to 7 years for vehicles, plant and equipment, and 3 years for IT equipment. To the extent that expenditure is not on the creation of an asset (e.g. capital grants and loans) and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Authority.

9.9 This method of calculating the MRP is a simpler alternative to depreciation accounting. The option also allows the Authority to defer the introduction of an MRP charge for new capital projects/land purchases until the year after the new asset becomes operational rather than in the year borrowing is required to finance the capital spending. This approach is beneficial for projects that take more than one year to complete and is therefore included as part of the MRP policy.

9.10 This policy has been used, in respect of the requirement for capital expenditure, to calculate the provisions made in the Prudential Indicators set out in section 3 of this statement.

9.11 Future annual reviews of the Authority's MRP Policy will be undertaken and reported to Members as part of this Annual Treasury Management report.

10. Annual Investment Strategy (AIS)

Background

10.1 Under the Local Government Act 2003 the Authority is required to have regard to Government Guidance in respect of its cash flows. The Guidance leaves local authorities free to make their own investment decisions, subject to the fundamental requirement of an Annual Investment Strategy being approved by the Authority before the start of the financial year.

10.2 The Treasury Management Contract with North Yorkshire Council covers the day-to-day investment requirements of the Authority. The net return/cost achieved by the Council officers will be closely monitored by the Chief Finance Officer.

10.3 Within the terms of the contract the Council continues to make all investments in accordance with the Local Government Act 2003 which requires an Annual Investment Strategy to be approved. The Authority has, therefore, adopted the Annual Investment Strategy approved by the Council. A copy of the document is available for members on request.

10.4 In addition to this updated Investment Strategy, a revised Strategy will be submitted to Authority for consideration and approval where there are significant developments that might impact on the Authority's investments and the existing strategy for managing those investments.

Investment Policy

10.5 The Authority's investment priorities are:

i the Authority will have regard to the revised Government Guidance on Local Government Investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes;

ii the Authority's investment policy has two fundamental objectives:

the security of capital (protecting the capital sum from loss); and then

liquidity (keeping the money readily available for expenditure when needed).

iii the Authority will also aim to seek the highest return (yield) on its investments provided that proper levels of security and liquidity are achieved. The risk appetite of the Authority is low in order to give priority to the security of investments;

iiii the borrowing of monies purely to invest or on-lend and make a return is unlawful and the Authority will not engage in such activity;

v investment instruments for use in the financial year are listed under Specified and Non-Specified investment categories (see paragraphs 10.8 and 10.9);

vi Counterparty Limits (which are set to secure the surplus funds the authority lends to counterparties) will be as set through the North Yorkshire Council's Treasury Management Practices Schedules.

Policy regarding loans to other bodies

10.6 The Authority's general investment powers under this Annual Treasury Management Strategy come from the Local Government Act 2003. Under this Act a local authority has the power to invest for any purpose relevant to its functions or for the purpose of the prudent management of its financial affairs.

10.7 In addition to investment, the Authority has the power to provide loans and assistance to other bodies under the Localisation Act 2011. Any such loans made under these powers will not, however, be classed as investments and will not impact on the Investment Strategy. Instead, they will be classed as capital expenditure under the Local Authorities Regulations 2003 and will be approved, financed, and accounted for accordingly.

10.8 Investment Instruments identified for use in the forthcoming financial year are listed in the Schedule B under the specified and non-specified Investment categories:

all specified Investments are defined by the Government as options with "relatively high security and high liquidity" requiring minimal reference in investment strategies. In this context, the Authority has defined Specified Investments as being sterling denominated, with maturities up to a maximum of 1 year meeting the minimum high credit quality;

Non-specified investments (see Schedule B) attract a greater potential of risk.

Creditworthiness Policy

10.9 The approved Lending List of Organisations (counterparties) to which the Authority may make investments, together with the maximum sum at any time that can be placed with each, is outlined in the Council's Treasury Management Practices (TMPs) and Treasury Management Policy Statement (TMPS) as covered by the contractual arrangements with the Council.

10.10 Any changes to the approved Lending List are made by the Chief Finance Officer under delegated powers and reported to the Council's Executive and to this Authority as part of the reporting arrangements.

10.11 The Lending List of the Council for the 2024/25 Treasury Management and Investment Strategy is detailed in Schedule A to Appendix B (Treasury Management Strategy Statement 2024/25).

10.12 The credit worthiness policy, the criteria for monitoring and assessing organisations to which the Authority may make investments, is incorporated into the detailed Treasury Management Practices that support the Treasury Management Policy Statement mentioned above. Applying these criteria enables the Authority to produce an Approved Lending List of organisations.

10.13 The credit worthiness policy of the Authority reflects the significantly enhanced criteria which has developed throughout the period of considerable turmoil in the financial markets since 2008. This approach has reflected the following:-

a) a system of scoring each organisation using Link's (the Council's approved Treasury Management consultants) creditworthiness service. The service which has been progressively developed uses a sophisticated modelling system that includes:

- credit ratings published by the three credit rating agencies (Fitch, Moodys and Standard and Poor) which reflect a combination of components (long term and short term);
- credit watches and credit outlooks from the ratings agencies;
- Credit Default Swaps (CDS) spreads to give early warnings of likely changes in credit ratings;
- Other information sources, including share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the availability of potential investment counterparties.

b) sole reliance would not be placed on the information provided by Link. In addition, the Council will also use market data and information available from other sources, such as the financial press and other agencies and organisations.

c) in addition to the above, the following measures would also continue to be actively taken into consideration:

- institutions will be removed or temporarily suspended from the Approved Lending List if there are significant concerns about their financial standing or stability;
- investment exposure will be concentrated with higher rated institutions wherever possible.

10.14 Utilising the approach to the assessment of credit quality, the criteria and investment limits for specified investments (a maximum of 365 days) are:

- institutions which are substantially owned by the UK Government (Nationalised Banks) being limited to £75m;

other institutions achieving suitable credit scores and colour bonding being limited to a maximum investment limit of between £20m and £60m (actual duration and investment limit dependent on final colour/score).

10.15 Local Authorities will continue to be included on the Approved Lending List for 2024/25, although suitable investment opportunities are limited. Local Authorities are classed as having the highest credit rating due to the way they are financed and their governance arrangements.

10.16 The Council manages its cash balances internally, including those of this Authority.

10.17 Ongoing discussions will be held with the Council's Treasury Management Adviser on whether to consider the appointment of fund manager(s) or continue investing in-house or any other appropriate investment opportunities.

10.18 The authority's cash balances are invested with the Councils funds and therefore the investment interest earned by the Authority will be from a combination of different investments over differing periods.

10.19 Changes have been made to the Lending List of the Council for the 2024/25 Treasury Management and Investment Strategy and the Lending List is kept under regular review. This revised lending list, at the time of compiling this report, is detailed in Schedule A.

11. Other Treasury Management Issues

11.1 The Chief Finance Officer continues to monitor and assess other potential innovative methods of investing funds. Depending on the way these initiatives progress, it may be necessary to review the overall financing/borrowing figures included in this Strategy. The Chief Finance Officer will monitor the position as it develops throughout the year and report as necessary to the Authority.

11.2 As part of the review of alternative investment options, the Approved Lending List is continuously reviewed in order to further increase investment opportunities.

Pete Williams

Chief Finance Officer to North York Moors National Park Authority

Schedule A, Approved lending list 2024/25

Maximum sum invested at any time (The overall total exposure figure covers both Specified and Non-Specified investments)

	Country	Specified Investments (up to 1 year)		Non-Specified Investments (> 1 year £40m limit)	
		Total Exposure £m	Time Limit *	Total Exposure £m	Time Limit *
UK "Nationalised" banks / UK banks with UK Central Government involvement					
Royal Bank of Scotland PLC (RFB)	GBR	90.0	365 days	-	-
National Westminster Bank PLC (RFB)	GBR				
UK "Clearing Banks", other UK based banks and Building Societies					
Santander UK PLC (includes Cater Allen)	GBR	80.0	6 months	-	-
Barclays Bank PLC (NRFB)	GBR	90.0	100 days	-	-
Barclays Bank UK PLC (RFB)	GBR		6 months		
Bank of Scotland PLC (RFB)	GBR	80.0	6 months	-	-
Lloyds Bank PLC (RFB)	GBR				
Lloyds Bank Corporate Markets PLC (NRFB)	GBR				
Goldman Sachs International Bank	GBR	80.0	6 months	-	-
Sumitomo Mitsui	GBR	80.0	6 months	-	-
Standard Chartered Bank	GBR	80.0	6 months	-	-
Handlesbanken	GBR	80.0	365 days	-	-
Nationwide Building Society	GBR	40.0	6 months	-	-
Leeds Building Society	GBR	40.0	3 months	-	-
Coventry Building Society	GBR	40.0	6 months	-	-
High Quality Foreign Banks					
National Australia Bank	AUS	40.0	365 days	-	-
Credit Industriel et Commercial	FRA	40.0	365 days	-	-
Landesbank Hessen-Thueringen Girozentrale (Helaba)	GER	40.0	365 days	-	-
DBS (Singapore)	SING	40.0	365 days	-	-
Bayerische Landesbank	GER	40.0	6 months	-	-
National Bank of Canada	CAN	40.0	6 months	-	-
Local Authorities					
County / Unitary / Metropolitan / District Councils		30.0	365 days	5.0	5 years
Police / Fire Authorities		30.0	365 days	5.0	5 years
National Park Authorities		30.0	365 days	5.0	5 years
Other Deposit Takers					
Money Market Funds		40.0	n/a liquid	-	-
Property Funds		5.0	365 days	5.0	10 years
UK Debt Management Account		150.0	365 days	-	-

* Based on data 30 September 2023

Based on data as 30 September 2023

North York Moors National Park Authority annual investment strategy 2024/25 specified investments

(All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable)

-	**Minimum 'High' Credit Criteria**	**Use**
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies **	Colour Band Green	In-house

Term deposits with nationalised banks and banks and building societies

-	**Minimum Credit Criteria**	**Use**
UK part nationalised banks	Colour Band Blue	In-house

Other specified investments

-	Minimum 'High' Credit Criteria	Use
UK Government Gilts	UK sovereign rating	In-house buy and hold and Fund Managers
Bonds issued by multilateral development banks	AAA or Government backed	In-house buy and hold and Fund Managers
Bonds issued by a financial institution which is explicitly guaranteed by the UK Government e.g., National Rail	UK sovereign rating	In-house buy and hold and Fund Managers
Treasury Bills	UK sovereign rating	In house and Fund Managers

Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs): -

-	Minimum 'High' Credit Criteria	Use
1a. Money Market Funds (CNAV)	Funds must be AAA rated (MMF rating)	In-house and Fund Managers
1b. Money Market Funds (LVNAV)	Funds must be AAA rated (MMF rating)	In-house and Fund Managers
1c. Money Market Funds (VNAV)	Funds must be AAA rated (MMF rating)	In-house and Fund Managers

North York Moors National Park Authority investment strategy 2024/25 – non-specified investments

-	Minimum Credit Criteria	Use	Maximum investments	Maximum maturity period
Term deposits – local authorities with maturities greater than 1 year	--	In-house	£60m	5 yrs
Term deposits – banks and building societies with maturities greater than 1 year	Colour band Purple	In-house	£60m	5 yrs
Certificates of deposit issued by banks and building societies with maturities greater than 1 year	Colour band Purple	In-house	£60m	5 yrs
Certificates of deposit issued by banks and building societies with maturities greater than 1 year	Short-term F1, Long-term A- (Fitch or equivalent	Fund Managers	£60m	5 yrs
Collateralised deposits	UK sovereign rating	In-house	£60m	5 yrs
UK Government Gilts with maturities greater than 1 year	UK sovereign rating	In-house and Fund Managers	£60m	5 yrs
Bonds issued by multilateral development banks with maturities greater than 1 year	AA or Government backed	In-house and Fund Managers	£60m	5 yrs
Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs)				
Property Funds	Organisations assessed as having "high credit quality"	In-house after consultation with Treasury Management Advisor	£60m	10 yrs

Appendix C, North York Moors National Park Authority

Capital Strategy

1. **Background**

1.1 The purpose of the Capital Strategy is to demonstrate that the Authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. It sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

1.2 The Capital Strategy comprises a number of distinct, but inter-related, elements as follows:

a) Capital Expenditure (Section 2)

This section includes an overview of the governance process for approval and monitoring of capital expenditure, including the Authority's policies on capitalisation, and an overview of its capital expenditure and financing plans.

b) Capital Financing and Borrowing (Section 3)

This section provides a projection of the Authority's capital financing requirement, how this impacted by capital expenditure decisions and how it will be funded and repaid. It therefore sets out the Authority's borrowing strategy and explains how it will discharge its duty to make prudent revenue provision for the repayment of debt.

c) Alternative Investments (Section 4)

This section provides an overview of those of the Authority's position regarding alternative investment options.

d) Chief Finance Officer's statement (Section 5)

This section sets out the Chief Financial Officer's requirement to report on the affordability and risk associated with the capital strategy.

2. Capital Expenditure

Capitalisation Policy

2.1 Expenditure is classified as capital expenditure when it results in the acquisition or construction of an asset (e.g., land, buildings, roads and bridges, vehicles, plant, and equipment etc.) that:

- will be held for use in the delivery of services, for rental to others, investment or for administrative purposes; and
- are of continuing benefit to the Authority for a period extending beyond one financial year.

Subsequent expenditure on existing assets is also classified as capital expenditure if these two criteria are met.

2.2 There may be instances where expenditure does not meet this definition but would be treated as capital expenditure, including:

- where the Authority has no direct future control or benefit from the resulting assets, but would treat the expenditure as capital if it did control or benefit from the resulting assets; and
- where statutory regulations require the Authority to capitalise expenditure that would not otherwise have expenditure implications according to accounting rules.

Governance

2.3 Capital expenditure is a necessary element in the development of the Authority's services since it generates investment in new and improved assets. Capital expenditure is managed through the annual budget as part of the budget setting process and reviewed quarterly as part of performance monitoring arrangements.

2.4 The Authority's Financial Procedure Rules provide a framework for the preparation and appraisal of proposed capital schemes and appropriate authorisations for individual schemes to proceed.

Capital expenditure and funding plans

2.5 The Authority's capital expenditure plans are set out in Appendix B Section 3.

2.6 When expenditure is classified as capital expenditure for capital financing purposes, this means that the Authority is able to finance that expenditure from any of the following sources:

- Capital grants and contributions - amounts awarded to the Authority in return for past or future compliance with certain stipulations.
- Capital receipts - amounts generated from the sale of assets and from the repayment of capital loans, grants or other financial assistance.
- Revenue contributions - amounts set aside from the revenue budget in the Reserve for Future Capital Funding.
- Borrowing - amounts that the Authority does not need to fund immediately from cash resources, but instead charges to the revenue budget over a number of years into the future.

2.7 The implications of financing capital expenditure from 'borrowing' are explained in section 3 below.

3. Capital financing requirement and borrowing

Context

3.1 The Authority is required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (referred to as the 'Prudential Code') when assessing the affordability, prudence and sustainability of its capital investment plans.

3.2 Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These indicators are intended to collectively build a picture that demonstrates the impact over time of the Authority's capital expenditure plans upon the revenue budget and upon borrowing and investment levels, and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable.

3.3 A summary of the actual prudential indicators for 2022/23, and the estimates for 2023/24 through to 2025/26, are provided in Appendix B Section 3.

Capital financing requirement

3.4 When capital expenditure is funded from borrowing, this does not result in expenditure being funded immediately from cash resources but is instead charged to the revenue budget over a number of years. It does this in accordance with its policy for the repayment of debt, which is set out in Appendix B Section 11.

3.5 The forward projections of the CFR reflect:

- Additional capital expenditure from borrowing or further credit arrangements resulting in an increase to the CFR; and
- Revenue budget provision being made for the repayment of debt, which results in a reduction to the CFR).

3.6 The actual CFR for 2023/24 and forward projections, updated for the latest capital expenditure plans, for the current and forthcoming years are as follows:

3.7

Item	2022/23 Actual £000	2023/24 Probable £000	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £000
Capital Borrowing Other Long-Term Liabilities	0.0 177.2	0.0 177.0	0.0 176.8	0.0 176.5	0.0 176.2
Total Capital Financing Requirement	177.2	177.0	176.8	176.5	176.2

Capital expenditure plans do not include any expenditure relating to non-core alternative investments. In the event any alternative investment plans are developed in the future capital expenditure plans will updated and consideration will be given to the potential impact on the Capital Financing Requirement.

External borrowing limits

3.8 The Authority is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR).

To ensure that external borrowing does not exceed the CFR, other than in the short term, limits are established for external debt, as follows:

- Authorised limit – this defines the maximum amount of external debt permitted by the Authority, and represents the statutory limit determined under section 3 (1) of the Local Government Act 2003.
- Operational boundary – this is an estimate of the probable level of the Authority's external debt and provides the means by which external debt is managed to ensure that the 'authorised limit' is not breached.

3.9 The proposed limits, which are set out in Appendix B Section 3, make separate provision for external borrowing and other long-term liabilities, and are based upon an estimate of the most likely but not worst case scenarios. They allow sufficient headroom for fluctuations in the level of cash balances and in the level of the CFR.

3.10 Alternative investment activities are likely to be classed as capital expenditure and as such any decision to incorporate into capital expenditure plans would impact on current borrowing limits.

Borrowing strategy

3.11 The Authority's Borrowing Strategy is set out in Appendix B Section 8.

3.12 The Authority does not currently have any external borrowing in place. In the event borrowing is required the strategy will be to take advantage of the lowest borrowing rates available with forecast PWLB borrowing rates.

3.13 Consideration will also be given to the potential merits of internal borrowing from the Authority's revenue cash balances depending on the relationship between short term variable interest rates and the fixed term PWLB or money market rates for longer periods.

Minimum revenue provision

3.14 The Authority sets cash resources aside from the Revenue Budget each year to repay the borrowing. This practice is referred to as the minimum revenue provision (MRP) for the repayment of debt.

3.15 The Capital Financing Requirement (CFR) provides a measure of the amount of capital expenditure which has been financed from borrowing that the Authority yet to fund from cash resources.

3.16 Statutory guidance requires MRP to be provided annually on a prudent basis. In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the Authority ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. This is achieved by applying the methodology set out in Appendix B Section 11.

4. Alternative Investments

Introduction

4.1 The introduction of the general power of competence has given authorities far more flexibility in the types of activity they can engage in. These changes in the economic and regulatory landscape, combined with significant financial challenges, have led many authorities to consider different and more innovative types of investment.

4.2 The CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Treasury Management Code) requires authorities to incorporate all of the financial and non-financial assets held for financial return in authorities' annual capital strategies

4.3 Separately, The Department for Levelling Up, Housing and Communities Statutory Guidance on Local Authority Investments also reinforces the need for Commercial Activities to be included in the Capital Strategy.

4.4 In addition, His Majesty's Treasury introduced revised lending terms for borrowing from the PWLB on 25 November 2020. Under the revised lending terms, the government has now ended access to the PWLB for Local Authorities that wish to buy commercial assets primarily for yield, as assessed by the statutory Section 151 officer. Local Authorities remain free to buy commercial assets primarily for yield, but are not able to take out new loans from the PWLB in year where they have any plans to buy commercial assets at any point over the following 3-year period (any loans taken out under the old system are not affected by this change). As a result, of the revised lending terms the government has now cut PWLB lending rates.

4.5 In advance of confirmation of the statutory requirements related to commercial investment activities, the following paragraphs provide an overview of the Authority's current approach to commercial investment activity. This section of the Capital Strategy will need to be updated once the revised statutory Guidance on Local Authority Investments is published and/or as the Authority's own agenda for commercial investments evolves.

4.6 In accordance with CIPFA's Commercial Property Investment guidance, issued in Autumn 2019, the Authority does not plan to externally borrow to finance commercial investments. Further to this, the Authority currently has no plans in place regarding alternative investments. Should these plans change, then the latest CIPFA guidance will be given due consideration.

5. Chief Finance Officer's statement

5.1 The Prudential Code for Capital Finance in Local Authorities (the Prudential Code) plays a key role in capital finance in local authorities. Local authorities determine their own programmes for investment that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA as a professional code of practice to support local authorities in taking their decisions. Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.

5.2 In financing capital expenditure, local authorities are governed by legislative frameworks, including the requirement to have regard to CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.

5.3 In order to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability, the Prudential Code requires authorities to have in place a Capital Strategy that sets out the long term context in which capital expenditure and investment decisions are made, and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

5.4 The Prudential Code requires the Chief Finance Officer to report explicitly on the affordability and risk associated with the Capital Strategy. The following are specific responsibilities of the Chief Finance Officer:

- recommending clauses, treasury management policy/practices for approval, reviewing regularly, and monitoring compliance;
- submitting regular treasury management reports;
- submitting regular budget reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;

- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities;
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
- ensuring that the authority has adequate expertise, either in house or externally provided;
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed.

5.5 The Capital Strategy provides an overview of the governance process for approval and monitoring of capital expenditure. These processes along with, the Capital Strategy and Prudential Indicators demonstrate that the capital expenditure, investment and financing plans of the Authority are robust, affordable and sustainable.