

North York Moors National Park Authority

Item 2, Public Minutes of the meeting held on 27 September 2021

Present:

Jim Bailey, Ena Dent, Janet Frank, David Hugill, Patrick James, David Jeffels, Bob Marley, Heather Moorhouse, Caroline Patmore, Clive Pearson, Andrew Scott, Subash Sharma, Colin Williamson

Apologies:

Malcolm Bowes, Sarah Oswald, Peter Berry, Alison Fisher, Abida Nayyar, Shaun Moody

Officers in attendance:

Tom Hind (Chief Executive), Pete Williams (Chief Financial Officer), Briony Fox (Director of Conservation & Polyhalite Projects), Ian Nicholls (Head of Corporate Services), Chris France (Director of Planning), Gareth Mills (Grant Thornton), Debbie Trebilco (NY Rural Commission), Judith Seaton (Executive Support Team Leader)

Copies of all documents considered are in the minute book

20/21 Minutes

That the public minutes of the meeting held on 29 July 2021 having been printed and circulated, be taken as read and be confirmed and signed by the Chair as a correct record.

21/21 Public question time

There were no questions from Members of the public.

22/21 Members Interests

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

23/21 Exclusion of the public

Resolved: That the public be excluded from the meeting during consideration of Items 14 and 15. On the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3, 5 and 10 of Part 1 Schedule 12A to the Local Government Act 1972.

24/21 Grant Thornton ISA260 Audit report/Letter of Representation

Considered:

The report of the External Auditors

- Audit almost complete subject to outstanding matters outlined in the report

- NYCC Pension Fund report expected from Deloitte week commencing 27/9. Any issues arising will be reviewed. The sign off date of 30 September is challenging but out of our control
- Value for Money work not yet complete so unable to issue Auditor's Annual Report until December 2021 which is in line with National Audit Office's revised deadline and will be reported to February FRAS Committee
- 2 identified risks – double authorisation of journals is not considered essential due to small team and other systems in place; opening valuation of land and buildings understated by £37k for Sutton Bank Visitor Centre which is a one-off and will be rectified next year
- Audit fees are as reported to FRAS, the uplift this year was due to additional work on land and buildings and the pension deficit. Future audit fees are expected to be the same in the last 2 years of the contract.
- Grant Thornton thanked the finance team for their cooperation during the Audit. Members and officers thanked Grant Thornton for the audit and report.

25/21 Presentation of Statement of Final Accounts

Considered:

The report of the Chief Financial Officer

The Chief Financial Officer and Members thanked Grant Thornton and the finance team for the considerable work undertaken on the accounts.

Resolved: That Members approve the Statement of Financial Accounts subject to the letter of assurance indicating no material changes to the Statement of Financial Accounts. If there are no material changes, signing off the accounts is delegated to Chair of NPA and Chief Executive in consultation with S151 Officer. If the letter of assurance does indicate material change to the accounts, The Statement of Financial Accounts will be brought back to a future meeting.

26/21 North Yorkshire Rural Commission

Considered:

The report of the Director of Planning

Members and officers thanked Debbie Trebilco for an excellent and thought provoking presentation on the main conclusions of the Rural Commission and their relevance to the National Park, which stimulated good discussion.

Resolved: That Members note the key issues arising from the Rural Commission's Report and headlined in the covering report. Members support officer involvement in a Task Force to help implement actions relating to the National Park emerging from the Report. That Members take note of the conclusions in considering the outcomes and emerging vision to be set out in the new National Park Management Plan.

27//21 CEO update

Considered:

The report of the Chief Executive

Members noted that the CEO update was a good vehicle to keep them informed on national issues.

Resolved: That Members noted the contents of this report.

28/21 On the Record

Considered:

The report of the Executive Support Team Leader

Resolved: That Members noted the contents of the report.

29/21 Feedback from Lead Members

Considered:

The report of the Executive Support Team Leader

Patrick James thanked officers on work so far on the Management Plan. The Thematic Working Groups had allowed good stakeholder contribution. The Authority is on course to deliver the Management Plan on time with a full Member consultation to take place on 26 October 2021.

Tom Hind indicated that the Trustees of the National Park Trust were seeking a new Director to lead the charity to be more self-reliant and become more ambitious in fundraising.

Resolved: That Members noted the verbal reports.

30/21 Reports from Members on outside bodies

Considered:

The report of the Executive Support Team Leader

David Jeffels reported that no meetings had taken place for Welcome to Yorkshire, the next meeting will be in October. CNP have also not met recently, the next meeting is due in November.

Resolved: That Members noted the report

31/21 Other business

The Director of Planning indicated that the pre-application advice service would be suspended until December 2021 due to staff shortages and high workloads.

Resolved: That Members noted the temporary suspension of the pre-application advice service

..... (Chair)
Date

Public Summary of Items considered "in private" at the meeting of the North York Moors National Park Authority held on 27 September 2021

Private minutes

Members agreed that the private minutes of the meeting held on 29 July 2021 having been printed and circulated, be taken as read and be confirmed and signed by the Chair as a correct record.

Property review

Officers and Members considered and discussed the paper.

Resolved: That Members noted the contents of the report and requested that additional work be undertaken to provide them with extra information. A further report on the Property Review to be discussed at December NPA.

North York Moors National Park Authority

Item 3, Public Question Time

When?

Public Question Time will be at the beginning of each meeting, immediately after the Minutes of any previous meeting have been agreed, and will be limited to a maximum of 15 minutes of questions and answers in total.

What?

- Only questions will be allowed and these must relate to the business of the Authority
- Any questioner will be limited to two minutes maximum speaking time
- Supplementary questions will only be allowed for purposes of clarifying an earlier answer
- If answers cannot be provided on the day a reply in writing will be offered

How?

Any questions must be delivered in writing to the Head of Corporate Services at least two clear working days before the meeting. The Chair will then call questioners at the meeting in the order questions were received.

Answers to questions will normally be given by the Chair.

Exclusions?

No question relating to an individual recipient of services will be allowed, as appropriate alternative channels exist for such inquiries.

The opportunity to ask questions under this scheme does not apply to staff or their representatives, since other mechanisms are available.

No questions can be accepted which relate to matters which would normally be dealt with in private session because they relate to exempt information, for example:-

- Legal actions
- Financial and business affairs of other organisations
- Individual members of staff
- Trade Union negotiations

No questions can be accepted where there is a statutory procedure in place for public consultation, for example:-

- Development control matters
- Traffic regulation orders
- Public rights of way orders, etc

Notice of questions should be sent to :

Head of Corporate Services, National Park Office, Old Vicarage, Bondgate, Helmsley, YO62 5BP. Tel: 01439 772700.

North York Moors National Park Authority

National Park Authority

13 December 2021

Item 7, Draft Strategy and Business Plan 2022-27

1. Purpose of the report

- 1.1 To provide Members with a first draft of the Authority's Strategy and Business Plan for April 2022 to March 2027 for comment

2. Background

- 2.1 Throughout 2021 the Authority has been working to develop a new Authority strategy, Business Plan and Medium Term Financial Strategy, which will be implemented from April 2022. These will set out the Authority's priorities, plans and allocation of resources for contributing to the delivery of a new National Park Management Plan.

3. For consideration

- 3.1 The document in the **Appendix** sets out a first draft of the Authority's Strategy and Business Plan for 2022-27. It sets out 22 objectives for the Authority, what these objectives will deliver and, more specifically what we aim to achieve in the next financial year.
- 3.2 Many of the objectives (18) are taken from the National Park Management Plan – the Authority will play a key role in delivering these. There are a further four objectives, which are focused on developing a high profile, contemporary organisation that's fit for purpose in facing the future.

4. Financial and staffing implications

- 4.1 The Appendix should be read alongside item 8 on this agenda – focusing on the Medium Term Financial strategy, and the financial principles that underpin the delivery of the Business Plan. Each objective in the Business Plan is accompanied by an indication of how the delivery of the objective will be resourced in year 1 of the Plan period - split between core funds (which includes our DEFRA grant and earned income) external funds and Section 106 contributions. This summary is *indicative* and contains *draft figures*, which will be confirmed when the MTFS and Business Plan are presented at the National Park Authority meeting in March 2022.

5. Legal and sustainability implications

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

6. Recommendation

6.1 That Members

- Note the contents of this report, making any comments that they wish to.

Contact Officers

Tom Hind

Chief Executive

and

Jo Swiers

Performance Consultant

01439 772700

Appendix Draft Strategy and Business Plan 2022 – 27

Introduction

Our Business plan sets out the organisational priorities and delivery objectives for the North York Moors National Park Authority for the next five years.

It describes the NPA's contribution to the North York Moors Management Plan and it describes our strategy to grow the organisation and become a high profile, contemporary organisation that is fit for purpose.

The Business Plan runs in parallel with a Medium Term Financial Strategy that sets the financial context for the Plan. It is a dynamic document that will be reviewed annually taking account of ongoing delivery of objectives as well as changes in the political and financial context.

The North York Moors National Park Management Plan

The 2022 – 27 National Park Management Plan is a strategic vision for the National Park to 2040. It sets out a series of outcomes and objectives that we and key stakeholders want to achieve through working in partnership.

We have identified three outcomes from the Management Plan that we will prioritise in our Business Plan and MTFs over the next five years:

Outcome 1 – A resilient landscape at the forefront of addressing climate change

We're prioritising this outcome because it is the biggest priority in the Management Plan. The NPA needs to show leadership in demonstrating how the National Park can best adapt and respond to climate change whilst maintaining its special qualities. We are already taking a lead in woodland creation and peat restoration.

Outcome 2 - A more biodiverse landscape

We're prioritising this outcome because it's central to our statutory purposes. We have a strong track-record of landscape-scale habitat creation/ restoration programmes. Developing a local Nature Recovery Strategy that's bespoke for the National Park is the key to unlocking future funding for nature through ELMS.

Outcome 4 – A place that lifts the nation's health and well-being

We're prioritising this outcome because it's central to a key role that protected landscapes can play in connecting people with nature. We will build on our existing strengths in access management, volunteering and youth engagement. We can further develop our links with under-served communities in Teesside and elsewhere to achieve health and well-being outcomes.

Whilst our work to achieve these outcomes will not be the total sum of what we will do, these priorities will guide where we concentrate over the coming 5 years so that we do fewer things well.

Our strategy for the National Park Authority

The Business Plan defines the work what we will deliver over the next 5 years. Our strategy defines our goals and ambitions for the National Park Authority. Despite a challenging financial backdrop we aim to grow the organisation. We want the National Park Authority to be a high profile, contemporary organisation that's fit for purpose. To achieve this vision we need to:

- Increase the profile and reputation of both the National Park and our work, to draw interest, awareness and enthusiasm for the great work we do regionally and nationally
- Harness our stakeholders, businesses and residents as partners in aspiration for the National Park
- Invest in our people, developing their skills and making the best of technology to operate smartly
- Ensure our working environment and systems are up to date, efficient and limit their impacts on the environment
- Maintain high levels of customer service and satisfaction so our reputation amongst our communities and partners is held high

Resourcing the Business Plan

The Authority will agree a Medium-Term Financial Strategy to implement our Business Plan. In each section of the Plan below we provide a summary of how delivery will be resourced in terms of the key funding sources we have available – core, external and s106 funding.

Our MTFS sets out a framework that is both prudent and ambitious. Financial prudence comes from focussing our effort on doing few things well, keeping operating costs low and making the most of other funding sources. Ambition lies in growing external income through developing compelling project concepts whilst being fleet of foot. It also lies in our ability to harness others as partners in delivering for the National Park, notably through important incentives for land management such as ELM.

Business Plan – what will we deliver?

Organisational outcome. A high profile, contemporary organisation, fit for purpose

Objective	Delivery by 2027	2022/23 milestones
<p>1. Raise the profile and position the brand of the North York Moors, so that more people recognise and appreciate the special nature of the National Park</p>	<ul style="list-style-type: none"> • Increase awareness of the NYM National Park and put the National Park brand at the heart of everything we do • Complete the rollout of the National Park’s brand including signage, mobile display units and vehicle branding • Increase website traffic, social media followers and reach • Deliver effective campaigns to tell the destination story of the North York Moors 	<p>Continue execution of National Park Brand roll- out</p> <p>Brown sign scheme completed</p> <p>Website refresh & upgrade complete and social media engagement increased by 5%</p>
<p>Resourcing: S106: Yes (TBC)</p>	<p>External Funding: Yes (dependent on availability of external funding)</p>	<p>Core Funds: Yes (approx. £435k)</p>

Objective	Delivery by 2027	2022/23 milestones
<p>2. Provide an employment and volunteering experience which supports people to thrive, is inclusive and actively engages with the wider National Park family</p>	<p>Deliver an Organisational Development Plan which sets out:</p> <ul style="list-style-type: none"> • An approach to staff and volunteer communication which is clear about what we want to achieve and does so making best use of the available technology • Blended working and desk sharing arrangements that provide opportunities for better professional interaction. • Benchmarked salaries in difficult to recruit to work areas, combined with updating the appraisal process and linkage to pay. • Staff training programme to develop leadership and project management skills • Maintain our current offer and develop new opportunities for training and employing young people in the National Park 	<p>OD Plan produced and published</p> <p>Desk sharing implemented for Old Vicarage</p> <p>Staff turnover 7%. Staff short term sickness – 2 days per FTE</p> <p>Develop and commence implementation of a corporate training programme</p> <p>Forward plan for funding apprentices agreed</p>
<p>Resourcing: S106: No</p>	<p>External Funding: Yes (£70.5k)</p>	<p>Core Funds: Yes (TBC)</p>

Objective	Delivery	2022/23 milestones
<p>3. Ensure our working environment and systems are efficient and minimize our negative impact on the environment</p>	<ul style="list-style-type: none"> • NPA net Scope 1 and 2 emissions to fall by 75% towards net zero in 2030 • Develop either a new or significantly refurbished low carbon HQ building. • Replace all Authority vehicles with zero carbon emissions as soon as 'fit for purpose' vehicles become available. • EV charging points installed at all key Authority operational sites and visitor centres. • Deliver a costed programme of works for Sutton Bank and the Moors Centre to reach net zero. • New Procurement framework and policy takes into account environmental credentials of suppliers • Implement new systems to deliver land charge services directly to the Land Registry Office 	<p>8 year roadmap developed to reach net zero by 2030</p> <p>Plan in place to execute outcome of the property review</p> <p>Roadmap to installing EV charging points agreed</p> <p>Procurement method assesses impact on the environment integrated</p>
<p>Resourcing: S106: No</p>	<p>External Funding: Yes (value dependent on availability of external funding)</p>	<p>Core Funds Yes (staff time, £90k vehicle replacement reserves contribution plus match funding)</p>

Objective	Delivery	2022/23 milestones
<p>4. Provide an excellent level of service to all our clients and staff through their every interaction with the organization</p>	<ul style="list-style-type: none"> • Deliver a customer focused Development Management and planning enforcement service. • Undertake Biennial Planning training events with Parish Councils and Agent’s forums • Develop a programme for assessing the level of customer service and an improvement plan which should include training and development initiatives. 	<p>80% of planning applications determined within 8 weeks</p> <p>Agents forum established</p> <p>Authority Values reviewed and launched</p> <p>Internal customer service standards reinvigorated and publicised</p> <p>Mystery shopper survey completed and improvement plan developed</p>
<p>Resourcing: S106: No</p>	<p>External Funding: No</p>	<p>Core Funds Yes (value TBC)</p>

Management Plan outcome. A resilient landscape at the forefront of addressing climate change

Objective	Delivery by 2027	2022/23 milestones
5. Capture and store carbon by creating at least 2,500 hectares of additional wooded habitat by 2032	<ul style="list-style-type: none"> • Create 375ha of new woodland through s106 CPD • Create 10 ha new woodland through Ryevitalise and FiPL • Plant 500 landscape trees • Plant / enhance 50km hedgerow 	Woodland strategy produced 75 ha new woodland created 100 landscape trees planted 10 km hedgerow enhanced
Resourcing S106 £700k million Core Policy D £10k Landscape & Ecology	External Funding £40k – Ryevitalise & FiPL	Core Funds £66k

Objective	Delivery by 2027	2022/23 milestones
6. Place all degraded blanket bog and peat habitats in the National Park under active restoration by 2032.	Work with Natural England, Estates and the Yorkshire Peat Partnership to complete restoration works on 2500ha of blanket bog by 2027	Peat assessment and restoration plans completed by March 2023
Resourcing S106 No	External Funding £204k NE Peat Discovery Grant	Core Funds No

Objective	Delivery by 2027	2022/23 milestones
7. Protect, restore and improve soils across the National ark.	<ul style="list-style-type: none"> • Enhance soil health throughout the National Park by working with land managers • Improve 77 ha of land through a programme of invasive plant species eradication. • Engage at least 200 land managers in best practice to enhance awareness of soil health 	<p>TBC</p> <p>52ha of land improved via invasive species eradication</p> <p>100 land managers engaged in soil health awareness</p>
Resourcing: S106: No	External Funding: £10k Ryevitalise	Core Funds: No

Objective	Delivery by 2027		2022/23 milestones
8. Achieve good status on at least 40% of water bodies by 2027 and support the improvement of marine and coastal habitat.	Work with land managers to deliver improvement works on water bodies through agricultural infrastructure and management, invasive species control, improvements to septic facilities and monitoring.		Objectives of Blue Corridors, Esk/ Coastal Streams, Ryevitalise and Derwent catchment partnership achieved. ¹
Resourcing: S106: £80k Landscape & Ecology		External Funding: £305k ERDF £615k NLHF £40k EA £35k EIRF	Core Funds: £125K

¹ Objectives include removing 10 obstacles from the Esk and Rye under Blue corridors, enhancing 37ha of habitat on the Esk & Rye Invasive Species control, 2 new access routes on the Rye and Feasibility, 10 new conservation agreements on the Rye, 100 ancient trees surveyed and detailed design report for the removal or modification of the top four priority barriers on Staithes Beck
INNS assessment and treatment on Sandsend Beck

Management Plan outcome. A more biodiverse landscape.

Objective	Delivery by 2027	2022/23 milestones
<p>9. Create bigger, better and more joined up habitats, with nature rich wildlife corridors extending beyond the National Park boundaries.</p>	<ul style="list-style-type: none"> • Develop and deliver a Nature Recovery Strategy for local North York Moors nature recovery work. • Maintain 115 ha habitat enhancements through existing conservation agreements and bring 100 ha into new conservation agreements • Protect, manage and enhance 250ha of ancient and significant woodlands • Complete and implement a Levisham Estate Management Plan 	<p>Nature Recovery Strategy produced by March 2023</p> <p>115 ha land under existing agreements. 20 ha under new agreements</p> <p>30 ha of woodland restoration delivered</p> <p>Management Plan completed for Levisham</p>
<p>Resourcing: S106: £180k</p>	<p>External Funding: No</p>	<p>Core Funds: £78k</p>

Objective	Delivery by 2027	2022/23 milestones
<p>10. Support low intervention management on at least 2,000 hectares of high quality habitat to restore a wilder and more naturally functioning ecosystem through two landscape recovery schemes from 2023</p>	<ul style="list-style-type: none"> • Develop and implement a partnership approach to deliver Bransdale Conservation Management Plan • Develop partnership approach to create/deliver a Newtondale Conservation Management Plan • Develop a Nature Recovery Pilot programme on Derwent Catchment 	<p>Bransdale Management Plan completed</p> <p>Newtondale Partnership established</p> <p>ELM Landscape Recovery pilot established</p>
<p>Resourcing: £106 £100k</p>	<p>External Funding: No</p>	<p>Core Funds: No</p>

Objective	Delivery by 2027	2022/23 milestones
<p>11. Work with our Moorland community to support the sustainable management of moorland to ensure it retains a natural remoteness which supports a greater variety of species and habitats.</p>	<p>Work with Natural England and Moorland partners to enhance moorland fringe habitat</p>	<p>Work with the Moorland Forum completed to develop a clear vision of sustainable moorland management.</p> <p>Areas of moorland fringe that could be improved identified and mapped with Natural England</p>
<p>Resourcing: S106: No</p>	<p>External Funding: No</p>	<p>Core Funds: £5k</p>

Management Plan outcome. A more beautiful and varied landscape where our key Special Qualities are conserved and enhanced

Objective	Delivery by 2027	2022/23 milestones
<p>12. Ensure the best examples of heritage are conserved, explained and under appropriate management and improve the condition of at least 25 identified Heritage Assets at Risk by 2027</p>	<ul style="list-style-type: none"> • Improve the condition of at least 25 Heritage Assets at Risk • Deliver the Land of Iron legacy • Restore the Rosedale Kilns • Develop a major multi- stranded historic environment focused project seeking external funding. • Complete 10 Conservation Area appraisals / management plans • Deliver 5 heritage skills training workshops • Deliver a historic building repair grant (focusing on energy efficiency) 	<p>5 assets removed from register Brief and funding bid developed. Stakeholder support engaged.</p> <p>2 conservation area appraisals completed</p> <p>One heritage skills training workshop delivered</p>
<p>Resourcing: S106: £50k</p>	<p>External Funding: No</p>	<p>Core Funds: £150k</p>

Objective	Delivery	2022/23 milestones
<p>13. Increase the intrinsic darkness of the National Park International Dark Sky Reserve, through expanding the current dark sky core zone.</p>	<ul style="list-style-type: none"> • Deliver a lighting strategy / management plan to maintain dark sky status and increase the area of dark sky core zone by 20% • Proactively use the planning system to conserve dark skies • Identify dark corridors within dales to link up with habitat connectivity. • Factor lighting into all future landscape improvement projects wherever possible 	<p>Reserve status maintained</p> <p>Lighting strategy delivered</p>
<p>Resourcing: S106: £50k</p>	<p>External Funding: No</p>	<p>Core Funds: No</p>

Management Plan outcome. A place that lifts the nation’s health and well being

Objective	Delivery by 2027		2022/23 milestones
<p>14. Create specific, targeted opportunities to improve mental and physical health and wellbeing by connecting people with nature</p>	<ul style="list-style-type: none"> • Provide Green Social Prescribing opportunities to communities within and around the National Park • Prepare an externally funded (Arts Council England) project to deliver the outcomes of the Art & Culture Strategy • Refocus the events programme, target s health and wellbeing benefits • Enhance our offer at National Park Centres • Implement a revised volunteering strategy, which determines targets for health and well-being, participation and output. 		<p>Health and well-being Strategy produced</p> <p>Arts Council Project bid submitted</p> <p>Refocused events programme in place for 2023</p> <p>Costed plan produced for National Park Centre improvements</p> <p>New baseline established for assessing volunteering health and well-being benefits</p>
<p>Resourcing: S106: No</p>	<p>External Funding: Yes (value dependent on availability of external funding)</p>	<p>Core Funds: Yes (value TBC)</p>	

Objective	Delivery by 2027	2022/23 milestones
<p>15. Increase awareness of, and access to the National Park among underserved communities</p>	<ul style="list-style-type: none"> • Build on our emerging destination PR activity working with underserved groups and organisations • Develop an improved and accessible visitor offer in the north of the National Park • Support the VisitEngland NYM Accessibility Project to improve information, customer service and facilities • Deliver a programme of outreach activities and events focusing on underserved communities • Increase the proportion of people from underrepresented groups involved in volunteering 	<p>Mosaic funding bid submitted</p> <p>Area management plan for North of National Park agreed with key stakeholders</p> <p>Project objectives delivered² Outreach programme delivered including Mela and big picnic</p> <p>Baseline and targets established</p>
<p>Resourcing: S106: Yes (value TBC)</p>	<p>External Funding: Yes (value dependent on availability of external funding)</p>	<p>Core Funds: Yes (value TBC)</p>

² Assistance with developing an exemplar website re accessible information, accessibility audit of Sutton Bank and delivery of some of the findings, customer service staff training for both National Park Centres

Objective	Delivery by 2027	2022/23 milestones
<p>16. Inspire the next generation to enjoy, learn about and care for the National Park and support young people's direct involvement in decision making about its future</p>	<ul style="list-style-type: none"> • Provide immersive learning experiences through an Education Service tailored to schools, with a focus on areas of high deprivation • Deliver a programme of youth engagement provision and volunteering, aiming for 10% of volunteers being 30 and under by 2027 • Ensure Youth Council and Youth Voice is embedded into NP processes • Successfully conclude delivery of the NHLF funded Young Explorer Project and seek legacy funding to ensure equitable provision of these clubs 	<p>10,000 education and youth contacts</p> <p>95% customer satisfaction with education service</p> <p>Establish a baseline for measuring improvements to mental health of families through volunteering</p> <p>Year three of Young explorer project delivered</p>
<p>Resourcing: S106: No</p>	<p>External Funding: Yes (£70k)</p>	<p>Core Funds: Yes (£178k)</p>

Objective	Delivery by 2027	2022/23 milestones
<p>17. Ensure that all members of the public are able to enjoy the National Park using easy to use, well-marked rights of way and open access land</p>	<ul style="list-style-type: none"> • Maintain promoted RoW (including easy access paths) at 85% easy to use; and all other Rights of Way at 75% • Increase the offer of ‘Miles Without Stiles’ • Provide and support the delivery of facilities (including toilets and Car Parks) in the National Park for public benefit • Work with partners to establish the Coast to Coast as a National Trail and maintain support for the Cleveland Way 	<p>85% of promoted and priority public rights of way easy to use</p> <p>70% of all other public rights of way easy to use</p> <p>Revised grading of routes completed</p> <p>8 NPA toilet refurbishments completed</p>
<p>Resourcing: S106: Yes (£50k)</p>	<p>External Funding: Yes (£182k)</p>	<p>Core Funds: Yes (£212k)</p>

Objective	Delivery by 2027	2022/23 milestones
<p>18. Establish the North York Moors National Park as the premier recreational/family cycling destination in the North of England</p>	<ul style="list-style-type: none"> • Develop a compelling offer around the National Park's usp's (e-bikes, gravel, family friendly and mountain biking) and encourage a transformative change in the way people get to and move around the National Park: • Redesign the Moor to Sea Cycle Network route as a nationally recognised off-road route • Work with Highways England and NYCC to sign the North York Moors Cycleway and promote accordingly • Work with partners to develop cycle trails linking surrounding urban areas with the National Park. 	<p>NY Moors cycling partnership established and funding prospectus developed</p> <p>NYM Cycleway signage completed and route launched</p> <p>Potential routes identified and partners engaged in delivery.</p> <p>Partnerships established to develop cycling links with Teesside and Scarborough</p>
<p>Resourcing: S106: No</p>	<p>External Funding: Yes (dependent on external funding availability)</p>	<p>Core Funds: No</p>

Objective	Delivery by 2027	2022/23 milestones
<p>19. Work with businesses to establish regenerative tourism as a guiding principle and develop a range of activities that will encourage visitors to love nature, care for the National Park and make a positive contribution to the place.</p>	<ul style="list-style-type: none"> • Work with NYMTN to encourage hosts to build an even closer relationship with the place distinctiveness/special qualities • Facilitate self-led, virtual and micro-volunteering opportunities with 20 community and environmental organisations 	<p>Baseline and targets set to increase the % of local residents who feel positive about tourism</p> <p>Work with 12 tourism businesses to become champions for sustainable practices</p> <p>Establish group of 20 organisations and activity plan agreed</p>
<p>Resourcing: S106: Yes (part of £701k tourism funding. Proportion TBC)</p>	<p>External Funding: No</p>	<p>Core Funds: Yes (value TBC)</p>

Management Plan outcome. A place that supports a more diverse and flourishing net zero carbon economy

Objective	Delivery by 2027		2022/23 milestones
<p>20.Maintain a strong and viable farming and land management community that delivers more for climate, nature, people and place.</p>	<p>Support a significant proportion of farmers and land managers in the National Park in accessing ELM Local Nature Recovery and Landscape Recovery ELM components</p> <p>Deliver a Test and Trial focusing on incorporating private sector funding into ELM through initiatives such as Biodiversity Net Gain and Carbon Credits</p> <p>Deliver and fully spend the resources allocated to the Farming in Protected Landscapes Scheme</p>		<p>New Test and Trial launched</p> <p>Delivery of full NYM FiPL allocation of c.£600k on a wide range of farmer-led projects across the National Park</p>
<p>Resourcing: S106: No</p>	<p>External Funding: £686k FIPL £160k DEFRA T&T</p>	<p>Core Funds: £27k</p>	

Management Plan outcome. A place of great beauty where local communities thrive

Objective	Delivery	2022/23 milestones
<p>21. Increase the delivery of affordable housing³ above 2010-2020 levels to build at least 100 affordable homes in villages across the National Park by 2027; and lobby central government to agree to introduce a mechanism to control the conversion of existing housing to second or holiday homes.</p>	<p>Undertake a focused review of the Local Plan</p> <p>Prepare an affordable housing and second homes strategy to implement targets</p>	<p>Focused review of Local Plan launched</p> <p>Affordable housing strategy prepared by end of 2022</p>
<p>Resourcing: S106: No</p>	<p>External Funding: No</p>	<p>Core Funds: Yes (£2k plus staff time)</p>

³ As defined in the 2021 National Planning Policy Framework (Glossary).

Objective	Delivery	2022/23 milestones
<p>22. Work to establish the North York Moors National Park as a leader in low-cost, low-carbon housing design through the development of at least one new-build exemplar scheme; and promote the deployment of sustainable materials and retrofitting measures in existing historic buildings.</p>	<p>Facilitate two exemplar schemes – focusing on retrofitting a heritage building and a new build</p> <p>Update the design guide and design codes guide</p>	<p>Design guide / code published and promoted by March 2023</p>
<p>Resourcing: S106: No</p>	<p>External Funding: No</p>	<p>Core Funds: Yes (£1k plus staff time)</p>

North York Moors National Park Authority

Monday 13 December 2021

Item 8, Financial Approach to the new Authority Business Plan and the Medium Term Financial Strategy

- 1. Purpose of the report
 - 1.1 To provide Members with some early indications on the Medium Term Financial Strategy (MTFS) and the assumptions which will provide the balanced budget which underpins the new business plan.
- 2. Background and summary
 - 2.1 In prior years, the MTFS has been presented to FRASC in August, and has been based on the previous business plan assumptions, including short-term mitigation of increasing deficits, in particular as a result of differences in business plan assumptions on grant and pay award. Previous MTFS documents have highlighted the growing deficit created by frozen core grant and inflationary increases in pay and overheads.
 - 2.2 It has always been the intention to address these deficits in the medium term through the production of the new business plan, and that the MTFS would go hand in hand with the business plan.
 - 2.3 This document provides detail of the financial strategy and key assumptions which will be underpinning the business plan draft paper which will be going to December NPA.
 - 2.4 The intention is that the business plan and MTFS will cover the five year period 2022/23 – 2026/27, but for there to be annual revisions to allow the plan to remain flexible to respond to changes in requirements both financial and operational.
 - 2.5 At all times, the business plan needs to be financially sustainable. To fund revenue budgets from reserves is not sustainable in the medium term.
 - 2.6 The new business plan will bring a different approach to delivery, which will assist in mitigating the deficit. Last year the MTFS reported the following mid-case deficits on the basis of a continuation of activities in the last business plan, the new business plan will address this deficit to set a balanced budget.

-	21/22	22/23	23/24	24/25
2021/22 MTFS Deficit mid case (£k)	374	427	508	526

- 2.7 The draft business plan has reached a balanced position over the five years. There is timing between years 2 and 3 which relate largely to timing within the delivery of the Ryevitalise project. Work will continue to provide a detailed view which will form part of the budget papers and final business plan proposals which will come before Members in February and March.

MTFS	22/23	23/24	24/25	25/26	26/27
	£k	£k	£k	£k	£k
External Funding	2,246	2,300	2,400	2,450	2,500
Earned	1,396	1,415	1,521	1,523	1,543
S106	2,262	2,305	2,349	2,394	2,439
Core Grant	4,382	4,382	4,382	4,382	4,382
Total Income	10,286	10,402	10,652	10,746	10,864
Expenditure	-10,286	-10,501	-10,527	10,769	-10,861
Surplus (+) / Deficit (-)	0	-99	125	-20	3
Core grant as % of income	42%	42%	41%	41%	40%

3. Financial Approach to the New Business Plan

- 3.1 The funding picture has changed substantially over the last decade as reliance moves away from core grant to multiple sources of income. The larger economic picture continues to be very uncertain, and in this it is important that the new business plan takes a prudent but ambitious approach.
- 3.2 Being prudent against a challenging financial backdrop means that we need to prioritise doing few things well rather than spreading thinly across a wide range of deliverables. Core funding needs to support our statutory services and corporate and democratic costs, as well as our core staff. We need to look across all of the resources available to help delivery the outcomes.
- 3.3 The Authority also needs to move away from a focus on earned income in isolation and consider more carefully levels at which income earning services and projects either make profit or are subsidised, with reporting updated to reflect this focus. The business plan seeks to establish clear links between income sources and deliverables, and we must as an Authority continue to see all of our income streams as key components of delivering our overall business plan priorities.
- 3.4 Whilst the plan needs to be prudent, with reasonable assumptions underpinning the financial strategy, we want to be ambitious, both about the Authority and our approach to our income generation in tandem with ensuring we deliver in the most efficient way possible.

- 3.5 The new Business Plan is an opportunity to set out a new vision and strategy for the Authority. It will set a vision for a high profile, contemporary organisation that remains fit for purpose.
- 3.6 A cornerstone of the strategy is increasing the brand profile for the National Park and our work in order to generate further interest and engagement in our plans and ambitions. This draws potential partners and funders to us to provide additional delivery opportunities as well as a knock on effect to income through visitor centre facilities, car parking and events.
- 3.7 External funding will continue to be a key component of resource, with the new business plan featuring an increase from the current £1.5m per annum target by the end of the five year plan period. The impact on the core from external funding and project legacies needs to continue to be considered, and appropriate analysis of external funding opportunities need to be fully considered before applying.
- 3.8 While the new plan seeks to have a more outward ambition to achieving the outcomes in the new Management Plans, the Authority does not and cannot always need to be the delivery vehicle. Our strategy places an increased focus on partnership working as well as our own project delivery. Involving partners in developing the Management Plan from the outset will help secure longer-term commitment. In addition, programmes such as the Farming in Protected Landscape Programme and the Natural Environment Investment Readiness Fund give us a much greater opportunity to harness farmers and landowners as partners in aspiration in delivering Management Plan objectives.

4. Key financial risks

4.1 Inflation and interest

- 4.1.1 The economic changes resulting from the pandemic and Brexit are having an impact on inflation which is the greatest risk to the financial position in the medium term and materials, utilities and insurance in particular are likely to see even higher increases. CPI Inflation at September 2021 was 2.9% compared to 0.7% at the same time last year and RPI was 4.9% compared to 1.1% in September 2020. Whilst it is currently expected that rates will return to predicted levels of 2% by 24/25, there is a risk that high rates will continue and this factor needs to be closely monitored when setting budgets. All of this puts additional pressure on cost budgets, particularly in light of the MTFS assuming a freeze in the DEFRA grant. Pay inflation in 21/22 is still undecided although Unions have rejected an offer of 1.75%, so it is reasonable to assume that this will be the minimum increase and indications in the latest budget suggest that there will continue to be pay rises into the future including increases to minimum wage. There is also an additional 1.25% National Insurance contribution for employers and there is a lack of clarity currently as to whether this will be funded by Central Government for public bodies. Pay is a substantial part of the Authority's finances and core budgets, so any increase in pay has a considerable impact and results in the need to find additional income or savings.

4.1.2 Interest rate levels had already been low for some considerable time before, in response to the covid-19 pandemic, the Bank of England cut rates to 0.1% in March 2020. It had been expected last year that low rates would continue for some time to come, but in 2021 with increasing inflation the likelihood of interest rates rising is increased. Whilst low rates mean low returns on cash investments, it can make borrowing more attractive. Whilst the Authority does not have any borrowing at present, there is the opportunity to fund part of the property strategy from borrowing.

4.2 Funding sources

4.2.1 The Authority has four key areas of income, all of which are key in the next business plan.

4.2.2 DEFRA funding – following two one-year settlements it is expected the comprehensive service review will lead to a three year settlement which will provide some certainty. Whilst unconfirmed, the Authority is currently expecting this to be a flat cash settlement throughout the period of the next business plan. In addition to the core grant, the Authority will also receive £1.7m over three years for the Farming in Protected Landscapes grant scheme, which will enable delivery of works across the National Park. It is not known at this stage whether there will be any funding beyond 2024/25 so the business plan assumes that this comes to an end at that stage.

4.2.3 Earned income – current levels of car parking, planning and visitor centre income are at challenging levels which are being achieved in 2021/22. There are currently no new initiatives but the business plan will look to put more challenge into the profit and loss position of income generating services and assets to ensure that we are maximising value from delivery. Growing income and margin is one way of increasing our overall funding position. New initiatives will continue to be sought, with margin the key focus rather than just income.

4.2.4 External funding – this was a key area of development in the last business plan and will continue to be a key tenet of the new business plan, with ambition to increase the existing target of £1.5m per year to £2.5m over the next five years.

4.2.5 S106 funding – the Authority continues to receive a substantial level of income from Anglo-American in relation to the development of the Woodsmith polyhalite mine to fund mitigation works. Following the takeover of Sirius by Anglo-American, the positive relationship has continued and there has been no change to the funding agreements that are already in place.

4.3 Property

4.3.1 The Authority is currently undertaking a review of property. There is a substantial financial risk with the review considering a number of potential strategies, all of which require substantial funding. This includes adapting buildings to become more carbon-neutral as well as essential repairs and maintenance which have built up after a period of under-investment. Whilst there is currently a reserve set

aside to address this, substantial additional funding will be required. Funding options are being considered as part of the review, but there is the potential option to borrow which will incur capital and interest repayments. Borrowing to fund the programme could add a further £150k to annual budgets.

- 4.3.2 In order to avoid this build-up of capital requirements occurring again in the future, it is proposed that funding for future major capital works on our buildings will be through the setting up of a smoothing reserve with annual contributions from revenue to help funding a rolling capital programme on our buildings. The level of this contribution may be amended annually as detailed budget review takes place.
- 4.3.3 One of the impacts of the pandemic has been the introduction of remote working at the Authority and the ability to reduce the number of people working at key office sites. It has led to the ability to make some savings in the Authority, and will allow us to reduce the amount of office space that we use into the future with a combined home and office working strategy being adopted.

4.4 Covid-19

- 4.4.1 The greatest financial risk from the pandemic, as we have seen from 2020/21 is if facilities are closed. This risk is now minimised and whilst we need to continue to monitor and react as appropriate to any changes in Government rules, the new business plan will assume no impact on facilities as a result of the pandemic.

4.5 Landscapes review

- 4.5.1 The report contains recommendations that would constitute additional demands of National Park Authorities if the Authorities were asked to implement them. At this stage this has not been the case but any requirements that are not part of the business plan would need additional funding or would require a change to other priorities and delivery to be able to facilitate this.

4.6 Large capital projects

- 4.6.1 The Authority now generates a substantial part of our income from external funding and the business plan aims to increase the £1.5m per annum target to £2.5m over the life of the business plan. As a result of this, substantial multi-year capital projects are being delivered; this brings an additional risk in respect of the potential for cost overruns. This risk is mitigated by the Authority through close project management, but it continues to be an increasing risk factor in the Authority budgets. Project contingencies should always be considered for all financial projections on large projects and an annual assessment of levels of emergency reserves carried out as part of the budget process, including assessment of potential risk from up and coming large scale projects.
- 4.6.2 Some externally funded projects also require a long term legacy plan to sustain the work once the initial grant funded phase is completed. This adds an additional demand on both financial and staff resource. For each individual project, this

element is usually a relatively small proportion of the overall project spend but cumulatively, this can start to have a significant impact on our longer term resource requirement. Legacies for Land of Iron and Ryevitalise are already included.

5. Key assumptions and sensitivity analysis

5.1 DEFRA Grant

5.1.1 A 4 year settlement which included annual inflation of 1.7% ended in 2019/20. For the last two years, the Authority has been informed that the grant would be frozen for one year. Whilst we await confirmation of the outcome of the Comprehensive Spending Review, a freeze in the core grant for the next three years seems a plausible mid-case scenario.

5.1.2 The MTFS will assume frozen grant throughout the five years unless confirmation is received otherwise, which is a prudent approach based on the last two years. With pay and overhead inflation this would mean a real terms cut to budgets each year.

5.1.3 A 2% change to the level of DEFRA grant equates to £88k.

5.2 Pay and general inflation

5.2.1 Employee costs are the Authority's single largest item of expenditure, with a budget of £3.5m estimated in 2022/23. Last year's MTFS included a pay award assumption of 2% per annum, the latest offer for 2021/22 is 1.75% which has been rejected by Trade Unions. It is therefore considered reasonable to assume a 2% increase in the pay award each year going forward in the mid-case scenario.

5.2.2 In addition there has been an increase in national insurance of 1.25% commencing from April 2022. There was a statement at the time of the announcement suggesting that for public bodies this increase would be funded, but the budget statement suggested that this may be funded from departmental increases. There is a risk this increase may need to be funded from existing funds.

5.2.3 Each 1% change in pay award will increase or decrease the cost to the Authority by £35k based on current employee levels. A number of scenarios are illustrated below.

Increase of 2% £k	Increase of 3.25% £k	Increase of 5% £k
70	114	175

- 5.2.4 There is also a pension risk to consider although this does seem to be reducing. The last triennial valuation showed a very successful investment return over the three years which resulted in the pension scheme being 120% funded an increase from the 100% funded position in 2016. As a result, the employer pension contribution had a tapered reduction over the three years to 15.4%. As a result of the pandemic impacting on investment performance, it is considered that the next valuation risks an increase in the primary rate which will see an increased cost of pensions to the Authority. All of the savings from the rate reduction are put into reserves for the years 2021/22 and 22/23 and this will help to smooth any increase. The table below shows the saving from the reduced rates going to reserves for the next three years before an increase in the pension rate from 23/24 onwards. The reserve will help to smooth this increase until 2025/26, but thereafter if the rate remains high the Authority will have to fund the full increase.
- 5.2.5 Investments have performed reasonably during the pandemic and the risk is reduced. The mid-case MTFS scenario will assume retention of the 15.4% current rate, but the example below shows that a rate of 21% in 2026/27 will result in the Authority needing to fund an additional £103k of pension costs and will therefore be included as the worst case.

-	22/23	23/24	24/25	25/26	26/27
Pension Rate (est from 23/24)	15.4%	19.7%	20.5%	21.0%	21.0%
Pension cost v 2019/20 18.1% rate (£k)	71.3	-47.4	-78.7	-102.9	-102.9
Contribution to (-) / from (+) reserves	-71.3	30	50	58	0
Impact on the I&E (£k)	0	-17.4	-28.7	-44.9	-102.9

5.3 Key income streams

- 5.3.1 Car parking income remains at the challenging level of £651k set in 2021/22. One tariff review during the period will be included with an increase in line with inflation assumed at this stage.
- 5.3.2 Car park income currently is at challenging levels so there is no proposal to revise this further given the current uncertainty. The pandemic resulted in the closure of car parking facilities and loss of income, but following reopening the staycation affect has resulted in higher income figures and performance. Car parking figures will be kept under close review and whilst it is not expected that the staycation effect will remain at 2021/22 levels in the future, it is expected that visitor numbers may remain higher than pre-pandemic levels. The table below illustrates the value of any shortfall in income with every 1% resulting in £6,510 less income.

22/23 MTFS Income	Decrease of 1%	Decrease of 5%	Decrease of 10%
651,000	-6,510	-32,550	-65,100

5.3.3 Planning fees are also assumed to continue at levels set in the previous MTFS. The value and volume of applications has increased considerably in the last two years and is running higher than budget, but it is assumed this will not be a long term impact and therefore a return to previous levels from 2022/23. It is considered that any longer term increase in income would be offset by additional cost to be able to sustain the service.

5.3.4 The table below illustrates the potential impacts of a reduction in planning income, should there be external factors impacting on volumes of applications.

22/23 MTFS Income	Decrease of 1%	Decrease of 5%	Decrease of 10%
275,000	-2,750	-13,750	-27,500

5.3.5 Visitor centre, education and gallery and events income streams remain at the same level throughout but previous increases to donation and sponsorship targets have been removed due to resource that this would take to deliver making this uneconomical.

5.5 Future match funding

5.5.1 The strategy of generating external funding to help deliver more substantial projects has been very successful with sizeable projects such as Land of Iron, Ryevitalise and development of facilities at Sutton Bank.

5.5.2 The Ryevitalise project requires the Authority to commit to significant match funding through both reserves and revenue. There is a reserve to fund the next large project, but how much this will fund is dependent on the availability of external funding and the extent of cash match.

5.5.3 The new business plan focusses on maximising use of our funding to leverage maximum expenditure, which includes using reserves and S106 funds to use as match.

5.6 Reserves

5.6.1 Most of the reserves are earmarked and will therefore spend over the period of the business plan with the value expected to reduce to less than £0.7m, including the £0.4m in the emergency reserve.

- 5.6.2 As per last year, it is recommended that the reserves contributions profile is maintained in order to help to smooth the impact of replacement of our IT and vehicles and a new smoothing reserve is introduced for property.
- 5.6.3 A business plan target was set that a minimum level of 5% of gross expenditure excluding S106 is to be maintained in the emergency reserve at any time. If this was to dip below that level we would need to top this reserve back up from revenue budgets in the following year. The business plan will incorporate a review of this to see if this level is deemed sufficient or if this should be increased over the life of the business plan.

6. Key financial indicators

- 6.1 The new business plan should be underpinned by some new performance indicators. Whilst exact targets are to be confirmed with the final numbers in the business plan, the areas of focus below provide an indication of likely indicators: -
- Net profit/loss from earned income resources.
 - More than 50% of total resources to come from non-grant sources.
 - Core staff costs to make up no more than 50% of core DEFRA grant.
 - Corporate and democratic core costs to be less than 5% of total spend.

7. Conclusion

- 7.1 The business plan is an ambitious change in direction which builds on the previous ambitions to increase resources away from core grant whilst also addressing the growing deficit gap created by a freeze in the grant and rising inflation.
- 7.2 There are focusses on property, margins of services, external funding generation and further investment in brand recognition and profile.
- 7.3 The plan for the next five years will be built on a prudent yet ambitious model to ensure financial sustainability, and will be reviewed alongside the MTFS annually to allow for flexibility and to ensure that the business plan and MTFS do not deviate from each other. It is essential in times of unpredictability to ensure that delivery of outcomes and resources are aligned.

8. Next steps

- 8.1 The formal process for the development and approval of the 2021/22 budget at member level is as follows;

Final MTFS and detailed budget	FRASC	February 2022
Final MTFS and detailed budget for sign off	NPA	March 2022

9. Financial and staffing implications

- 9.1 As detailed in the report.

10. Contribution to National Park Management Plan

10.1 A balanced medium-term financial strategy based on reasoned assumptions is critical to ensure the financial sustainability of the management plan and the business plan ambitions.

11. Legal and sustainability implications

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

12. Recommendations

12.1 That Members note the content of the report.

Contact Officer:

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North York Moors National Park Authority

Monday 13 December 2021

Item 9, Appointment of External Auditors

1. Purpose of the report

1.1 This report sets out proposals for appointing the external auditor to the Authority for the accounts for the five-year period from 2023/24.

2. Background

2.1 The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Authority opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.

2.2 PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to make a decision about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.

2.3 The report concludes that the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Authority than a procurement undertaken locally because:

- collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
- if it does not use the national appointment arrangements, the Authority will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
- it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
- supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.

2.4 If the Authority wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at full Authority.

2.5 The opt-in period starts on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Authority needs to return completed opt-in documents to PSAA by 11 March 2022.

3. Procurement of External Audit for the period 2023/24 to 2027/28

3.1 Under the Local Government Audit & Accountability Act 2014 (“the Act”), the Authority is required to appoint an auditor to audit its accounts for each financial year. The Authority has three options;

- To appoint its own auditor, which requires it to follow the procedure set out in the Act.
- To act jointly with other authorities to procure an auditor following the procedures in the Act.
- To opt in to the national auditor appointment scheme administered by a body designated by the Secretary of State as the ‘appointing person’. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).

In order to opt in to the national scheme, a decision must be taken at a meeting of the Full Authority.

4. Appointment by the Authority itself or jointly

4.1 The Authority may elect to appoint its own external auditor under the Act, which would require the Authority to;

- Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Authority itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Authority’s external audit.
- Manage the contract for its duration, overseen by the Auditor Panel.

4.2 Alternatively, the Act enables the Authority to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Authority under the Act and the Authority would need to liaise with other authorities to assess the appetite for such an arrangement.

5. The national auditor appointment scheme

5.1 PSAA is specified as the ‘appointing person’ for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing

period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.

5.2 In summary the national opt-in scheme provides the following:

- The appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- minimising the scheme management costs and returning any surpluses to scheme members;
- consulting with authorities on auditor appointments, giving the Authority the opportunity to influence which auditor is appointed;
- consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- ongoing contract and performance management of the contracts once these have been let.

6. The next audit procurement

6.1 The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:

- Seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;
- continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme);
- continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 it returned a total £3.5million to relevant bodies and in 2021 a further £5.6million was returned.

- 6.2 PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.
- 6.3 The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office)¹, the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.
- 6.4 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

7. Assessment of options and officer recommendation

- 7.1 If the Authority did not opt in there would be a need to establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Authority itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Authority's external audit.
- 7.3 Alternatively, the Act enables the Authority to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Authority under the Act and the Authority would need to liaise with other local authorities to assess the appetite for such an arrangement.
- 7.4 These would be more resource-intensive processes to implement for the Authority, and without the bulk buying power of the sector-led procurement would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment

process. The Authority is unable to influence the scope of the audit and the regulatory regime inhibits the Authority's ability to affect quality.

- 7.5 The Authority and its auditor panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.
- 7.6 The national offer provides the appointment of an independent auditor with limited administrative cost to the Authority. By joining the scheme, the Authority would be acting with other councils and authorities to optimise the opportunity to influence the market that a national procurement provides.
- 7.7 The recommended approach is therefore to opt in to the national auditor appointment scheme.

8. The Way forward

- 8.1 The Authority then needs to respond formally to PSAA's invitation (Appendix 1) in the form specified by PSAA by the close of the opt-in period (11 March 2022).
- 8.2 PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022 and will then consult with authorities on the appointment of auditors so that it can make appointments by the statutory deadline of 31 December 2022.

9. Financial and staffing implications

- 9.1 There is a risk that current external audit fee levels could increase when the current contracts end. It is clear that the scope of audit has increased, requiring more audit work. There are also concerns about capacity and sustainability in the local audit market.

10. Contribution to National Park Management Plan

- 10.1 It is a requirement for the Authority to appoint an auditor for the five year period from 2023/24.

11. Legal and sustainability implications

- 11.1 Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.
- 11.2 Section 8 governs the procedure for appointment including that the Authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant Authority is a local Authority operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the Authority under those arrangements.

- 11.3 Section 12 makes provision for the failure to appoint a local auditor. The Authority must immediately inform the Secretary of State, who may direct the Authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the Authority.
- 11.4 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

12. Recommendations

- 12.1 That the Authority accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

Contact Officer:

Pete Williams

Chief Finance Officer to the North York Moors National Park Authority

01439 772700



22 September 2021

To: Mr Hind, Chief Executive
North York Moors National Park Authority

Copied to: Mr Williams, S151 Officer
Councillor Patmore, Chair of Audit Committee or equivalent

Dear Mr Hind,

Invitation to opt into the national scheme for auditor appointments from April 2023

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at ap2@psaa.co.uk. We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to ap2@psaa.co.uk, and we will respond to you.

Yours sincerely

Tony Crawley
Chief Executive

Encl: Summary of the national scheme

North York Moors National Park Authority

13 November 2021

Item 10, Chief Executive update

1. Purpose of the report

- 1.1 To provide Members with an update on the CEO's activities since the last NPA and to identify key and emerging issues for Members to be aware of.

2. National policy overview

- 2.1 The Autumn Budget and Spending Review was published on 27 October, which sets Department budgets up to 2024/25. The Review commits funding to decarbonisation activities, woodland creation, peat restoration and species reintroduction. Defra's Departmental Expenditure Limit rises 5.3% over the period albeit a sizeable proportion earmarked for flood defences. National Park Grant settlements will not be confirmed until full Departmental budgets have been allocated.
- 2.2 The Environment Bill cleared its passage through Parliament and the Environment Act is now law, putting into statute the commitment to establish local nature recovery strategies (LNRS) and reverse the decline in biodiversity. Defra also published a progress report on the 25 year Environment Plan demonstrating mixed progress according to latest outcome indicators https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1032472/25yep-progress-report-2021.pdf
- 2.3 A Defra-hosted 'contact group' involving representatives from National Parks England, NE, NAAONB & National Trails has continued to meet to consider responses to the Glover Review. The earlier Defra Written Ministerial Statement indicated a response was due by the end of the year. NPE's Chair, Andrew McCloy recently met Lord Benyon and highlighted work of the organisation on our four Delivery Plans.

3. COP26

- 3.1 Naomi Conway, Development Director of National Parks Partnerships, chaired a panel discussion about how the UK's 15 National Parks are collaborating with the private sector to establish nature-based solutions to help fight climate change. National Parks UK orchestrated a joint statement from National Parks around the world highlighting the contribution that they can play to tackling climate change and biodiversity loss. The statement was supported by US Interior Secretary Deb Haaland. <https://www.nationalparks.uk/2021/11/05/press-release-protected-and-conserved-areas/>
- 3.2 Prior to COP 26, National Parks Partnerships announced the launch of Revere, an innovative financing concept created with the support of Palladium partners that

enables companies to invest in nature-based solutions to climate change. Estee Lauder, Santander and Capita are amongst the first companies to commit support to the initiative.

4. National Park Management Plan

- 4.1 We have published the draft National Park Management Plan for consultation inviting responses from partners, stakeholders, residents and visitors to a number of questions concerning the future of the National Park. The deadline for responses is the end of January. The feedback will be used to inform the final version of the Plan which the Management Plan Working Group will consider in February before the final plan is put to the full Authority for approval.
- 4.2 The experience of involving partner organisations in the development of the Plan has been very welcome. Going forward it will be important to find a mechanism that ensures our Partners remain engaged and committed to delivering and reviewing the Plan. <https://www.northyorkmoors.org.uk/looking-after/new-management-plan/draft-management-plan>

5. Local Government reform

- 5.1 Councils have now received a draft legal order that sets out the terms for the transition to a new Unitary Authority. It includes naming the new organisation North Yorkshire Council and agreeing it would be a 'continuing authority', which reduces the administration needed to transfer the 14,000 colleagues currently employed by the county council and district and borough colleagues to the new Authority.
- 5.2 The draft order also indicated a preference for 90 councillors to represent the new council across 89 new ward areas and outlines plans for elections in May 2022.
- 5.3 It also proposes that town and parish council elections be aligned to the May 2022 election process. This has implications for SOS Parish Appointments since under the Environment Act (Schedule 7, para 3), National Park Authorities cannot appoint someone unless they are:
- a) **a member of the parish council** for a parish the whole or any part of which is comprised in the relevant Park; or
 - b) **the chairman of the parish meeting** of a parish
 - i. which does not have a separate parish council; and
 - ii. the whole or any part of which is comprised in the relevant Park.

As a result it seems likely that we will need to deal with the election and appointment of all four NYMNPAs Parish Members soon after May 2022.

6. Welcome to Yorkshire

- 6.1 Members will be aware that there is considerable public speculation surrounding the future of Welcome to Yorkshire, which has intensified in the wake of the departure of James Mason as Chief Executive.
- 6.2 A meeting of the Yorkshire Leaders Board made up of Council Leaders and Metro Mayors on 18 November concluded that a fundamental review of tourism marketing for the region was needed and agreed to produce options for the governance, finance and the future direction of tourism marketing for the region. The outcome of the review will be presented to Council leaders and Mayors in February 2022. A statement following the meeting indicated that Welcome to Yorkshire would continue to promote tourism in the region as the review is conducted.
- 6.3 We are following developments closely. Not only is the National Park Authority a member of Welcome to Yorkshire but we effectively act as destination management organisation for the area and custodian of part of the wider Yorkshire 'brand'. We understand that National Park Authorities will be consulted as part of any review of current arrangements but to date this has not taken place. Our position remains that we support the case for a region-wide destination marketing organisation, albeit working closely with regional bodies such as National Parks.

7. Financial and staffing implications

- 7.1 None.

8. Legal and sustainability implications

- 8.1 None.

9. Recommendation

- 9.1 That Members note the contents of this report.

Contact Officer:
Tom Hind
Chief Executive
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