Public Document Pack

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Our Ref: A.1142/1757

Date: 8 March 2018

NOTICE OF MEETING

Meeting: **National Park Authority**

Date: **Friday 16 March 2018**

Time: **10.00 am**

Venue: **The Board Room, Aldern House, Baslow Road, Bakewell**

SARAH FOWLER
CHIEF EXECUTIVE

AGENDA

1. **Apologies for Absence**

2. **Chair's Announcements**

3. **Minutes of previous meeting of 2 February 2018** *(Pages 5 - 8)*

4. **Urgent Business**

5. **Public Participation**
To note any questions or to receive any statements, representations, deputations and petitions which relate to the published reports on Part A of the Agenda.

6. **Members Declarations of Interest**
Members are asked to declare any disclosable pecuniary, personal or prejudicial interests they may have in relation to items on the agenda for this meeting.

7. **Treasury Management Policy Statement and Annual Treasury Management and Investment Strategy (A1327/PN)** *(Pages 9 - 52)* 10 mins

Appendix 1

Appendix 2

Appendix 3

8. **Trans Pennine Upgrade Programme Statutory Public Consultation and Transport for the North Strategic Transport Plan Public Consultation (TN/BJT)** *(Pages 53 - 82)* 30 mins

Appendix 1

Appendix 2

9. **Exempt Information S100(A) Local Government Act 1972**

The Committee is asked to consider, in respect of the exempt item, whether the public should be excluded from the meeting to avoid the disclosure of Exempt Information.

Draft Motion:

That the public be excluded from the meeting during consideration of Agenda Item No. 10 to avoid the disclosure of Exempt Information under S100 (A) (4) Local Government Act 1972, Schedule 12A, Paragraph 3 "Information relating to the financial or business affairs of any particular person (including the authority holding that information)".

PART B

10. **National Parks Partnership (SLF)** *(Pages 83 - 120)* 30 mins

Appendix 1

Appendix 2

Duration of Meeting

In the event of not completing its business within 3 hours of the start of the meeting, in accordance with the Authority's Standing Orders, the Authority will decide whether or not to continue the meeting. If the Authority decides not to continue the meeting it will be adjourned and the remaining business considered at the next scheduled meeting.

If the Authority has not completed its business by 1.00pm and decides to continue the meeting the Chair will exercise discretion to adjourn the meeting at a suitable point for a 30 minute lunch break after which the committee will re-convene.

ACCESS TO INFORMATION - LOCAL GOVERNMENT ACT 1972 (as amended)

Agendas and reports

Copies of the Agenda and Part A reports are available for members of the public before and during the meeting. These are also available on the website www.peakdistrict.gov.uk .

Background Papers

The Local Government Act 1972 requires that the Authority shall list any unpublished Background Papers necessarily used in the preparation of the Reports. The Background Papers referred to in each report, PART A, excluding those papers that contain Exempt or Confidential Information, PART B, can be inspected by appointment at the National Park Office, Bakewell. Contact Democratic Services on 01629 816200, ext 362/352. E-mail address: democraticservices@peakdistrict.gov.uk.

Public Participation and Other Representations from third parties

Anyone wishing to participate at the meeting under the Authority's Public Participation Scheme is required to give notice to the Director of Corporate Strategy and Development to be received not later than 12.00 noon on the Wednesday preceding the Friday meeting. The Scheme is available on the website www.peakdistrict.gov.uk or on request from Democratic Services 01629 816362, email address: democraticservices@peakdistrict.gov.uk.

Written Representations

Other written representations on items on the agenda, except those from formal consultees, will not be reported to the meeting if received after 12noon on the Wednesday preceding the Friday meeting.

Recording of Meetings

In accordance with the Local Audit and Accountability Act 2014 members of the public may record and report on our open meetings using sound, video, film, photograph or any other means this includes blogging or tweeting, posts on social media sites or publishing on video sharing sites. If you intend to record or report on one of our meetings you are asked to contact the Democratic and Legal Support Team in advance of the meeting so we can make sure it will not disrupt the meeting and is carried out in accordance with any published protocols and guidance.

The Authority uses an audio sound system to make it easier to hear public speakers and discussions during the meeting and to make a digital sound recording available after the meeting. From 3 February 2017 the recordings will be retained for three years after the date of the meeting.

General Information for Members of the Public Attending Meetings

Aldern House is situated on the A619 Bakewell to Baslow Road, the entrance to the drive is opposite the Ambulance Station. Car parking is available. Local Bus Services from Bakewell centre and from Chesterfield and Sheffield pick up and set down near Aldern House. Further information on Public transport from surrounding areas can be obtained from Traveline on 0871 200 2233 or on the Traveline website at www.travelineeastmidlands.co.uk.

Please note that there is no catering provision for members of the public during meal breaks. However, there are cafes, pubs and shops in Bakewell town centre, approximately 15 minutes walk away.

To: National Park Authority Members

Constituent Authorities
Secretary of State for the Environment
Natural England

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MINUTES

Meeting:	**National Park Authority**
Date:	Friday 2 February 2018 at 10.00 am
Venue:	The Board Room, Aldern House, Baslow Road, Bakewell
Chair:	Cllr Mrs L C Roberts
Present:	Cllr D Chapman, Mrs P Anderson, Cllr J Atkin, Mrs F Beatty, Mr J W Berresford, Cllr D Birkinshaw, Cllr P Brady, Cllr A R Favell, Cllr C Furness, Mr Z Hamid, Cllr Mrs G Heath, Mr R Helliwell, Cllr Mrs C Howe, Cllr J Macrae, Cllr A McCloy, Cllr C McLaren, Cllr J Perkins, Cllr Mrs K Potter, Cllr Mrs N Turner, Cllr Mrs J A Twigg and Cllr F J Walton
Apologies for absence:	Mr P Ancell, Cllr C Carr, Cllr A Hart, Cllr A Law, Cllr H Laws and Cllr B Woods.

1/18 CHAIR'S ANNOUNCEMENTS

The Chair confirmed that as a result of recent correspondence received from HMRC regarding the taxation of travel and subsistence payments made to Members the issue has been discussed at a recent meeting of National Parks England. At that meeting representatives of Defra had agreed to look into the matter and that officers in all National Parks in England and Wales were preparing a joint response to the HMRC letter. Further information would be circulated to Members as it becomes available.

The Chair advised Members that the Moors for the Future Bogtastic Van had been parked in the Aldern House car park for Members to visit at the end of the meeting.

It was noted that Mam Tor near Castleton had been voted 10th in a television survey of the top 100 best walks in the United Kingdom.

The Chair invited the Director of Commercial Development and Outreach to show Members a film commissioned by the Authority aimed at promoting the Peak District National Park and encouraging supporters. Members welcomed the film and asked how they could share it more widely to their network. The film was available to stream and download on the internet and a link and copies would be given to Members.

2/18 MINUTES OF PREVIOUS MEETING 1 DECEMBER 2017

The minutes of the last meeting of the Authority held on 1 December 2017 were approved as a correct record.

3/18 URGENT BUSINESS

In accordance with paragraph 1.9(e) in Part 1 of Standing Orders the Chair confirmed that, following consultation with the Director of Corporate Strategy and Development, she had approved a request from the Chief Executive for the Authority to consider an urgent item not included on the published agenda. The urgent item related to the recruitment process for a new Director of Commercial Development and Outreach following the current post holder's decision to leave the Authority.

The reason given for the urgency was that, although the formal notice that this post would become vacant was made in late December 2017, since returning from leave the Chief Executive had taken time to consider and consult with senior staff and Members on how to respond to the resignation and the options available for moving forward. This process had not been completed in sufficient time to prepare a formal report or add an item to the Agenda before publication. As the post would become vacant on 31 March 2018 the recruitment process needed to commence immediately and could not wait until after the next scheduled meeting of the Authority.

The Chief Executive proposed that a Member Panel be established to support the process for recruiting to the post suggesting that the Panel should consist of the Chair of the Authority, the Deputy Chair of the Authority and the Chair of Audit Resources and Performance Committee. The notice and request to approve any appointment would be presented to a meeting of the Authority in accordance with Standing Orders.

The proposal was moved, seconded, put to the vote and carried.

RESOLVED:

1. **To appoint the Chair and Deputy Chair of the Authority and the Chair of the Audit Resources and Performance Committee to a Member Panel established to support the process for recruiting and selecting to the post of Director of Commercial Development and Outreach.**

2. **To confirm that attendance at meetings of the Panel are an approved duty for the purposes of travel and subsistence claims.**

4/18 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interest

5/18 PEAK DISTRICT NATIONAL PARK MANAGEMENT PLAN: APPROVAL FOR PUBLIC CONSULTATION

Members considered a report including a revised version of the National Park Management Plan updated to reflect feedback received following previous consultation. The Authority was asked to approve the latest version and commence further consultation. It was proposed that the consultation would last for 6 weeks from approximately 23 February to 6 April 2018 with the aim of the Authority adopting the final Management Plan on 25 May 2018.

During discussion of the Management Plan Members suggested minor changes and asked the Chief Executive to consider them under her delegation. The Chief Executive confirmed that she had already received comments via email and where practicable they would be taken on board.

In discussion the following issues were raised:

- Suggestions that objectives relating to climate change were not strong enough
- Greater emphasis should be placed on the impacts of tourism and the visitor economy.
- The Partnership approach should make reference to a wider range of organisations both in the public and private sector
- More transparency on cultural heritage assets
- Revisiting the use of the words “What we want to do” in the context of the delivery plan

It was noted that in December 2017 the Chief Executive had made contact with a number of partners regarding their contribution to the Delivery Plan and already a number had written back confirming their commitment.

Officers were thanked for developing a clear plan and for their engagement with members throughout the process. The Chair thanked all Members for their significant input in the development of the Management Plan.

RESOLVED:

1. **To undertake a final public consultation on the draft Peak District National Park Management Plan 2018-23 provided at appendix 1 of the report.**

2. **To authorise the Chief Executive to make amendments to the draft management plan to address issues arising from discussions at the meeting.**

The meeting was adjourned from 11:05am to 11:10am following consideration of this item.

6/18 BUDGET 2018/19 (A137/PN)

The Authority were asked to approve the 2018/19 Budget. It was noted that the budget had been prepared in accordance with the approach to investing in delivery of the Authority’s Corporate Strategy presented to Members on 27 May 2016, and subsequent workshops during 2016 and 2017.

It was noted that the 2018/19 financial year was the 3rd year of the 4 year settlement from Defra and that £75,000 more a year had been included to accommodate a 2% pay award.

In discussing the report Members sought and received assurances on reserve levels, welcomed the information on how corporate costs had been allocated and received an update from the Chief Executive on the proposal in the Government’s 25 year Environment Plan of a 21st Century “Hobhouse” Review of National Parks. Members also received further information about the budget for cultural heritage and a forthcoming discussion at the Resources Management Meeting on staffing resources.

Officers were thanked for a clear budget report and for taking on Member comments on the inclusion of comparative data.

RESOLVED:

1. **To approve the base budget for the 2018/19 financial year shown in Appendix 1 and 2 of the report which incorporate the investment allocations delegated to the Leadership Team, working with the Chief Finance Officer (Authority Minute 20/16 refers) as set out in paragraph 9 of the report.**

2. **To note the financial position of the Authority in the period up to March 2020 as explained in paragraph 11 of the report.**

The meeting ended at 11.20 am

7. <u>TREASURY MANAGEMENT POLICY STATEMENT AND ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY (A1327/PN)</u>

Purpose of the report

1. The purpose of this report is to meet the necessary statutory requirements governing Treasury Management functions by asking Members to approve:-

   1) An over-arching Treasury Management Policy Statement. (Appendix 1)
   2) An Annual Treasury Management and Investment Strategy.(Appendix 2)

   Incorporated into 2) above is the requirement to set appropriate Prudential Code indicators and limits, and approve a Minimum Revenue Provision policy.

Key Issues

2. Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as:-

   "The management of the organisation'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".

   Because we are able to draw down National Park Grant in advance to meet our expenditure obligations when they arise, in practice this Authority has relatively uncomplicated requirements. They are predominantly the need to invest securely temporary cash balances until they are required, in exchange for a reasonable rate of return, and also to arrange appropriate loans for our limited borrowing exposure.

   This document therefore asks Members to approve the framework, and limits, within which these arrangements are carried out by the Chief Finance Officer.

   Our temporary cash balances are invested on our behalf by North Yorkshire County Council, which relies upon the Annual Investment Strategy of North Yorkshire County Council (Appendix 3) which was approved by their full Authority Meeting on 21st February 2018 – and which Members are asked to adopt.

   The 3 year Service Level Agreement with North Yorkshire County Council ends on 6th April 2020 and the Authority is fortunate to have access to this arrangement and is grateful for NYCC's continued partnership approach, with the contract being renewed in April 2017. The Chief Finance Officer is happy that this arrangement is the best option for the Authority to safeguard its surplus funds with the required security and in compliance with current legislation and guidance for Local Authorities.

   In December 2017, CIPFA issued a revised Treasury Management Code of Practice and Prudential Code. The revised Codes require all local 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 Corporate and service objectives and takes account of stewardship, value for money, prudence, sustainability and affordability. The Authority approved a revised Capital Strategy covering the period up to 31st March 2020 on 4th December 2015 (Authority Minute 124/15) and this remains the reference document complying with this requirement. A new Capital Strategy for the next 5 year period aligned to the new Corporate priorities from 1st April 2020 to 31st March 2025 will be approved by a future Authority meeting to meet this requirement in the future.

Recommendations

3. **1. That the Authority approves the Treasury Management Policy Statement in Appendix 1.**

2. That the Authority approves the Annual Treasury Management and Investment Strategy in Appendix 2, with specific approval of the Prudential Indicators and borrowing limits (paragraphs 5-13), and the policy on Minimum Revenue Provision (paragraphs 14-15), and adopts the Investment Strategy of North Yorkshire County Council (Appendix 3).

How does this contribute to our policies and legal obligations?

4. This report is produced in order to comply with the requirements of:-

- The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Services
- The CIPFA Prudential Code for Capital Finance in Local Authorities
- The Ministry of Housing, Communities and Local Government (MHCLG) Guidance on Local Government Investments and Minimum Revenue Provision

Proposals

5. Borrowing

The Authority finances its overall capital expenditure from a combination of use of capital receipts, capital grants from external bodies, direct revenue contributions, and borrowing. The ability to finance capital expenditure directly from revenue contributions tends to be limited, so in the medium term the Authority is looking to maximise capital grant opportunities if they are available, and use a combination of capital receipts (from asset disposals) and borrowing to meet some of the capital investment challenges. Borrowing is only practical if the debt repayments can be achieved safely from income arising from the capital investments themselves, as increasing reliance on National Park Grant to finance debt repayments is not considered to be sustainable.

The Authority approved a new Capital Programme and Capital Strategy in December 2015, with estimates of possible capital expenditure in the next Spending Review period of up to £3.6m, of which approximately £2.5m was estimated to be from borrowing, subject to individual business cases.

Borrowing therefore remains an important tool to allow the Authority to consider vital expenditure investments, in particular those invest-to-save or invest-to-income proposals which could comfortably repay debt charges, and the Prudential Code indicators have been set at levels which are mindful of the need to accommodate this higher level of potential expenditure.

A decision to borrow leads to what is called a “Capital Financing Requirement (C.F.R)” which is the underlying need for the Authority to borrow to support the capital expenditure, assuming it is not financed by other means. The actual borrowing may or may not be taken out at the same time – currently it is more cost effective to use temporary cash funds because investment returns are so low, compared to the interest payment on an external loan. At March 31st 2017 the Authority’s C.F.R was £967,171 (£770,299 at March 31st 2016) of which £497,306 was a Public Works Loan and the remainder, £469,865, is financed temporarily from internal cash funds.

One consideration in the use of Capital and Revenue funds might be a decision to reduce debt by repaying outstanding loan principals. This might be an option if the alternative capital expenditure proposals are not considered to produce a reasonable rate of return on capital. There is however a penalty in early repayment of Public Works Loan board debt, over and above the principal outstanding, as the repayment amount is calculated on current market rates. There is no such penalty where internal cash funds are used and this might be an option to consider.

Capital resources can be used for revenue purposes only if agreed by the Secretary of State (for Housing Communities and Local Government - MHCLG) by way of a Capitalisation Direction, which must be bid for.

6. For any extension of borrowing the Prudential Code requires that explicit regard must be taken of option appraisal, asset management planning, and strategic planning. Capital expenditure and associated borrowing has a long term impact and therefore it is important to ensure that strategic plans have a longevity matching these underlying financial commitments. Some of the decision making methods which are used to help support these decisions are common accounting decision making tools such as net present value, profitability indices and Interest cover ratios. Another test is the "exit" value of any investment proposal; these tests are intended to reduce the risk of the debt being a future burden on the Authority's revenue budget.

7. Investing

Assuming the Investment Strategy is approved (Appendix 2 & 3) in this report, the Authority will invest its surplus cash resources with North Yorkshire County Council on a shared risk, and shared return basis. The 2018/19 budget has assumed that a rate of return of approximately 0.6% p.a. will be achieved, based on the assumption that base rates will remain at least at 0.5% for the majority, if not all, of the next financial year, plus the continuation of higher cash balances in the short term – the estimated interest receipts being £50,000 p.a.

Are there any corporate implications members should be concerned about?

8. **Financial:** Financial issues are covered by virtue of the nature of the report

9. **Risk Management:** The Prudential Code indicators help to manage risks inherent in borrowing for capital expenditure. The Treasury Management and Investment Strategy manages and minimises the risks inherent in the Authority's investing activities.

10. **Sustainability:** The indicators include consideration of the sustainability of capital borrowing.

Background papers

Appendices

1) An over-arching Treasury Management Policy Statement. (Appendix 1)
2) An Annual Treasury Management and Investment Strategy.(Appendix 2)
3) North Yorkshire County Council Treasury Management Report (relevant extracts of full report 21/02/18) (Appendix 3)

Report Author, Job Title and Publication Date

Philip Naylor, Chief Finance Officer, 8 March 2018

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APPENDIX 1 TREASURY MANAGEMENT POLICY STATEMENT

1. The Authority defines its Treasury Management activities as "The management of the organisation'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".

2. The identification, monitoring and control of risk is the primary criterion by which the effectiveness of Treasury Management activities will be measured, with value for money an important but secondary objective.

3. The Annual Treasury Management and Investment Strategy sets out the means by which the above objectives will be achieved.

4. The Peak District National Park Authority has determined responsibilities for Treasury Management within its Standing Orders as follows:-

K. INVESTMENTS AND BORROWING

K1 The Authority maintains a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and adopts suitable Treasury Management Practices, setting out the manner in which the organisation will manage and achieve those policies and objectives.

K2 The Authority receives reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close.

K3 The Authority delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Budget Monitoring Group, and for the execution and administration of treasury management decisions to its Chief Finance Officer, who will act in accordance with the organisation's policy statement and Treasury Management Practices, and CIPFA's Standard of Professional Practice on Treasury Management.

K4 The Authority nominates its Audit Resources and Performance Committee to be responsible for ensuring effective scrutiny of the Treasury Management strategy and policies.

K5 The Authority's borrowing limits will be approved annually at an Authority meeting based on the advice of the Chief Finance Officer.

Treasury Management Practices

The Authority's Chief Finance Officer will design, implement and monitor arrangements for the proper control of Treasury Management activities, within the constraints of the Annual Treasury Management and Investment Strategy approved by Members, categorised into the 12 "practices", or subject areas, defined by the Code:-

1 Risk Management

Credit & Counter-party risk – The security of sums invested
Liquidity Risk Management – working capital requirements
Interest Rate Risk – exposure to fluctuations in interest rates (costs or revenues)
Exchange rate risk – fluctuations in exchange rates
Re-financing risk – terms of renewal

Legal and Regulatory risk – compliance
Fraud, error, corruption – suitable systems and procedures
Market Risk – protection of principal sums invested

2 Performance Measurement

Consideration of alternative methods of delivery and performance indicators

3 Decision Making & Analysis

Maintenance of records of decisions

4 Approved Instruments, Methods & Techniques

Subject to those approved in the Annual Strategy, or by specific resolution of committee

5 Organisation, Clarity and Segregation of Responsibilities and dealing Arrangements

Responsibilities and procedures for transactions and staff handling of financial transactions

6 Reporting Arrangements

Standing Orders Section K above sets out the respective Member and Officer responsibilities

7 Budgeting, Accounting and Audit Arrangements

The cost of, and income arising from, Treasury Management activities will be reported in the annual Outturn report and to the Budget Monitoring Group

8 Cashflow Management

Central control and aggregation of all cash flows to ensure liquidity

9 Money Laundering

Verifying and recording the identity of counterparties

10 Training and Qualifications

Experience and training in Treasury Management activities

11 Use of External Service Providers

Monitoring and procurement of external advice

12 Corporate Governance

Assessment of effectiveness of Treasury Management activities

Appendix 2 Annual Treasury Management and Investment Strategy

1. Borrowing

The Authority may borrow for two reasons:

(i) To fund its capital programme within the Prudential Code limits,

and

(ii) temporarily pending the receipt of revenue monies.

2. The main source of any new long term borrowing will be from the Public Works Loans Board (PWLB). No other form of borrowing will be used except for "operating leases" approved mainly for the provision of vehicles and plant, if considered to be cost effective.

3. Where the Authority is financing capital expenditure over a long term period (up to 25 years) the policy will be to seek fixed interest rate borrowing over the same time period in order to reduce overall interest rate risk in future budgets.

4. The Prudential Code requires the Authority to agree and monitor a number of prudential indicators with the objective of controlling and managing the Authority's overall debt exposure. These indicators are mandatory, but can be supplemented with local indicators if this aids interpretation; no local indicators are currently used; however as part of the decision making on investment proposals common accounting decision making tools such as net present value, profitability indices and Interest cover ratios are used, together with assessment of the "exit" value of any investment proposal; these tests are intended to reduce the risk of the debt being a future burden on the Authority's revenue budget. The mandatory prudential indicators cover affordability, prudence, capital expenditure and debt levels. The main benefit to the Authority is that there remains no external restriction on capital investment, subject to Government reserve powers to restrict borrowing for national economic reasons.

5. Overview

Members approved the Authority's Capital Strategy in December 2015 and a Capital Programme (Appendix 2 of that report) was approved listing potential capital projects. The Capital Strategy outlined a number of principles and working assumptions which set out the approach to capital expenditure, and how it should be financed, of which borrowing was one component.

Members have delegated to officers decisions to borrow for capital projects under £150,000, subject to the Authorised Limit and an annual analysis of these decisions in this report. There have been four approvals in this current financial year.

Minute	Date	Approval	Reason	Amount financed from internal funds	Debt from PWLB	Annual charge to budget	Ending
RMT 28/17	19/07/17	£114,000	Capital works arising from condition surveys – 4 properties	£114,000	£0	£9,500	2032/3
RMT	01/08/17	£145,000	Tenancy	£145,000	£0	£8,420	

32/17			refurbishment Warslow Estate				2042/3
RMT 01/17	04/10/17	Maximum £75,000	Pool car replacements – up to 5 vehicles	£75,000	£0	£4,070	2024/5
T.B.C	19/02/18	£9,800	Replacement windows Bakewell Visitor Centre	£9,800	£0	£660	2037/8

6. **Actual and Estimate of Total Capital Expenditure to be incurred** – these figures represent best estimates. As the title suggests, the figures include total expenditure on capital items, including assets financed from revenue, capital grants or use of capital receipts, as well as borrowing. The estimates for future capital expenditure tend to be aggregations of a number of capital projects already delegated to officers (e.g. refurbishment of tenanted properties, ICT expenditure etc) projects already approved by Members (e.g. Trails infrastructure of £600,000, and environmental improvements of £250,000), plus the estimated impact of other projects in the recently approved Capital Programme.

	Actual 2016/17 £	**Estimate 2017/18 £**	**Estimate 2018/19 £**	**Estimate 2019/20 £**	**Estimate 2020/21 £**
Total Capital Expenditure	**853,719**	**483,000**	**1,813,000**	**815,000**	**860,000**
Financed from Grants	(51,799)	(13,000)	(287,000)	(0)	(0)
Financed from revenue	(394,535)	(240,000)	(80,000)	(65,000)	(65,000)
Financed from capital receipts	(42,291)	(18,000)	(798,000)	(370,000)	(0)
Net Total (financed from borrowing)	**365,094**	**212,000**	**648,000**	**380,000**	**795,000**

Under current economic circumstances it is likely that a high proportion of the total to be financed from borrowing will be temporarily financed from cashflow as this is likely to be more cost effective in the short to medium term, as loan interest rates remain higher than interest received on cashflow surpluses.

7. **Actual and Estimate of Capital Financing Requirement (C.F.R) –** The underlying need to borrow for capital purposes, after all other sources of capital financing available in each year are taken into account (i.e. after direct support of capital expenditure from revenue, capital grants or use of capital receipts). The CFR rises from 2016/17 onwards reflecting actual and potential Capital Programme projects.

	Actual 2016/17 £	**Estimate 2017/18 £**	**Estimate 2018/19 £**	**Estimate 2019/20 £**	**Estimate 2020/21 £**
C.F.R	967,171	1,102,376	1,633,176	1,851,516	2,451,456

Affordability

8. **The ratio of financing costs to overall net revenue stream** – These indicators identify the proportion of financing costs measured against overall net revenue. Financing costs are the annual principal and interest payments on the estimated debt outstanding. Overall net revenue is the core National Park Grant.

	Actual 2016/17 £	**Estimate 2017/18 £**	**Estimate 2018/19 £**	**Estimate 2019/20 £**	**Estimate 2020/21 £**
Borrowing Costs	86,502	109,866	166,195	217,205	268,604
Net Revenue	6,364,744	6,474,218	6,585,575	6,698,847	6,698,847
Percentage	1.36%	1.70%	2.52%	3.24%	4.01%

The ratio increases in the later periods reflecting the possible increase in capital investments mentioned above. The amounts are still considered to be affordable as the borrowing costs will be met largely from additional income sources and not National Park Grant.

Prudence

9. **Net Borrowing and the Capital Financing Requirement** – This indicates the net long term debt outstanding for the Authority, after accounting for the availability of any temporary invested sums, in the previous, current and next three financial years.

	Actual 2016/17 £	**Estimate 2017/18 £**	**Estimate 2018/19 £**	**Estimate 2019/20 £**	**Estimate 2020/21 £**
Capital Financing Requirement	967,171	1,102,376	1,633,176	1,851,516	2,451,456
Temporary investments	(7,085,835)	(8,500,000)	(8,000,000)	(5,000,000)	(3,500,000)
Net External Borrowing	(6,118,664)	(7,397,624)	(6,366,824)	(3,148,484)	(1,048,544)

The excess of investments over capital borrowing mainly reflect the quarterly claims of National Park Grant drawn down in advance of expenditure, to meet working capital needs, plus recent capital receipts, reserve levels, and grant income received in advance of expenditure. The level of borrowing is considered to be prudent.

10. **The Authorised Limit** – This represents the limit beyond which borrowing is prohibited, and needs to be set and revised if necessary by members. It is recommended that the limit is set at the following levels to reflect the Capital Financing Requirement, plus a margin to allow some flexibility within the estimated levels of capital expenditure. The limits have not needed to be revised.

	2018/19 £m	2019/20 £m	2020/21 £m
Borrowing	2.0	2.5	3.0
Other Long Term Liabilities	NIL	NIL	NIL
Total	**2.0**	**2.5**	**3.0**

11. **The Operational Boundary** – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year.

	2018/19 £m	2019/20 £m	2020/21 £m
Borrowing	1.7	1.9	2.5
Other Long Term Liabilities	NIL	NIL	NIL
Total	**1.7**	**1.9**	**2.5**

Actual External Debt – This is actual borrowing plus actual other long-term liabilities at a certain point in time.

	Actual 2016/17 £	Actual 2017/18 £	Estimate 2018/19 £
External Debt	497,306	472,706	1,000,000

12. The Chief Finance Officer will monitor the application of these prudential indicators, as required by the Code, and will bring forward to the Authority any significant deviation. The CFO is required to bring a report specifically to the Authority if the Authorised Limit is likely to be breached, for the Authority to determine whether the limit should be raised, or whether alternative procedures to keep within the existing limit are appropriate.

13. **Fixed and Variable Rate Exposures, Maturity Structures, Longer Term Investments**

(i) **Interest Rate Exposures - Fixed Rate** – The Authority should set an upper limit on its fixed interest rate exposures for 2018/19, 2019/20 and 2020/21 of 100% of its net outstanding principal sums.

(ii) **Interest Rate Exposures – Variable Rates** – The Authority should set an upper limit on its variable rate interest rate exposures for 2018/19, 2019/20 and 2020/21 of 100% of its net outstanding principal sums.

(iii) **Maturity Structure of Borrowing – Upper and Lower Limits for Maturity Structure –** The Authority is likely to have most new debt at a maximum of 25 years, although in circumstances when the life of an asset is less the period may be shorter; to allow maximum flexibility there are no restrictions proposed on the maturity structure of debt.

(iv) **Total Principal Sum Invested for Period Longer than 364 Days**
Investment of sums for periods longer than 364 days is restricted to the limits set out in NYCC's Investment Strategy, the exposure of the Authority being a pro-rata share of any risk arising as a result.

Minimum Revenue Provision

14. The Minimum Revenue Provision is the amount Local Authorities are required to set aside each year from their revenue account, in order to ensure that provision is made annually for

the repayment of outstanding loan principal as well as interest charges. The broad aim of this is to ensure that debt is repaid over a period reasonably commensurate with the period over which the capital expenditure provides benefits.

15. The Peak District National Park Authority has adopted the Asset Life Method, which ensures that the Revenue Provision is calculated based on the estimated useful life of the underlying asset. This method should help to ensure that budgetary provision for debt repayments is linked to the life of assets purchased, ensuring that funds are available for replacement of assets when the end of their useful life is reached. The actual MRP calculation is based on the annuity option so the MRP increases over the life of the underlying asset supported by the debt (the interest charge correspondingly decreasing, leaving the debt repayment value constant).

16. Investing

This relates to the temporary loan of revenue funds/capital receipts pending their use. The timing of the main sources of the Authority's income are agreed with the Government with the aim of broadly matching expenditure, however, it is anticipated that the Authority will have surplus cash to lend.

17. Interest receipts are very sensitive to changes in interest rates and cash flows. Although cashflows are not expected to be affected significantly in 2018/19, base interest rates are currently 0.5% and the 2018/19 budget assumes base rates will remain at this level, although there is an expectation that the actual investment rate achieved will be slightly higher than this.

18. It is recommended that surplus funds are invested only North Yorkshire County Council who will pay interest at an appropriate money market rate on this cash. This policy meets the Authority's objectives of ensuring a return on its surplus funds while minimising risk, and is consistent with DCLG guidelines on investment strategy.

19. The Authority's funds available for investment represent an average of about £8m during the year, whereas the investment framework for North Yorkshire County Council's portfolio encompasses nearly £700m of investment, supported by their in-house professional team and professional investment advice. The Authority's investments with North Yorkshire County Council are managed by way of a three year Service Level Agreement, subject to a six month notice period. This contract was renewed in April 2017 for a further three years – up to 6th April 2020.

20. In order to ensure that investments made by NYCC on behalf of the Authority adhere to our own Investment Strategy, the Authority is required to adopt/adhere to the NYCC Investment Strategy and the approved 2018 NYCC Investment Strategy is appended, for adoption by this Authority, in Appendix 3. If Members wish to see the full NYCC Treasury Management report, a copy is available from the Head of Finance; the report contains economic data and forecasts which may be of interest.

21. The Treasury Management Services to be provided by NYCC include, but is not limited, to the following:

(i) A daily sweep of the Authority's bank accounts will be made to transfer the credit/debit balance on the accounts to/from NYCC

(ii) Funds transferred through the daily sweep facility will be invested together with funds of NYCC and those of other organisations for whom it provides a Treasury Management Service

(iii) Investment of sums in accordance with the agreed Treasury Management Strategy including the adherence to any procedures specified in the statement

(iv) The calculation of interest due to the Authority at a daily rate

(v) The transfer of interest earned to the Authority on a quarterly basis

(vi) Provision of quarterly details of interest earned to the Authority

(vii) Support and information on investment reporting as required

22. The Authority's funds are pooled with those of other bodies, and the arrangement therefore requires a joint sharing in the rates of return, but also a shared risk. The precise arrangements are as follows:-

(i) NYCC collects all available balances from the Authority and other organisations using the NYCC Treasury Management service and pools with NYCC funds. These aggregated balances are then invested in accordance with the agreed Investment Strategy.

(ii) For practical purposes therefore every investment contains an element of each organisation's balances and no individual loan is earmarked as solely the funds of one particular organisation.

(iii) In the event of a default of an individual loan, each organisation using the NYCC Treasury Management service shall bear a consequential loss. The extent of that loss for the Authority and other organisations will be calculated based on the balances of the Authority and other organisations on the day of default. For example:

£1m defaulted loan

	Daily Balance £k	*%*	*Share of Loss £k*
NYCC	175,000	86.5	865
PDNPA	5,000	2.5	25
Authority A	9,000	4.5	45
Authority B	3,000	1.5	15
Authority C	3,000	1.5	15
Authority D	7,000	3.5	35
Total	202,000	100.0	1,000

In addition, NYCC agrees that the Default Loan procedure will *not* apply if the actions of NYCC in the money market are clearly proven to have been contributory to any loss(es) of the Authority's funds managed under the terms of the Agreement.

23. NYCC calculates an average rate of interest earned on the total pooled investment on a monthly basis.

24. Interest Rate Strategy

Short term interest rates will impact on the interest earned by the Authority on its deposits with the County Council. The Authority has reduced the risk considerably in its revised approved 2018/19 Budget, with a low assumption of 0.6% for the year ahead.

Longer term interest rates are more relevant for the funding of the capital programme.

Any new longer term borrowing will be determined according to its availability and interest rate levels, within the authorised limits approved.

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APPENDIX 3

N.B Items not relevant to the Peak District National Park Authority have been removed although the paragraph numbers remain in place to mark where text has been deleted.

Sections 8 and 10 have been retained as the arguments, although applied here to NYCC, apply equally to the PDNPA, and the PDNPA is following the same approach.

NORTH YORKSHIRE COUNTY COUNCIL

ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2018/19

1.0 INTRODUCTION

1.1 Treasury Management is defined as

“The management of the County Council’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”.

1.2 The Local Government Act 2003, and supporting regulations, require the County Council to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential Indicators for the next three years to ensure that the County Council’s capital investment plans are affordable, prudent and sustainable.

1.3 The Act also requires the County Council to set out its **Annual Treasury Management Strategy** for borrowing and to prepare an **Annual Investment Strategy** (as required by Investment Guidance issued subsequent to the Act) which sets out the County Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments. For practical purposes these two strategies are combined in this document.

1.4 This Strategy document for 2018/19 therefore covers the following

- treasury limits in force which will limit the treasury risk and activities of the County Council (**Section 2**)
- Prudential indicators (**Section 3**)
- current treasury position (**Section 4**)
- borrowing requirement and borrowing limits (**Section 5**)
- borrowing policy (**Section 6**)
- prospects for interest rates (**Section 7**)

- borrowing strategy (**Section 8**)
- capping of capital financing costs (**Section 9**)
- review of long term debt and debt rescheduling (**Section 10**)
- minimum revenue provision policy (**Section 11**)
- annual investment strategy (**Section 12**)
- other treasury management issues (**Section 13**)
- arrangements for monitoring/reporting to Members (**Section 14**)
- specified investments (**Schedule A**)
- non-specified investments (**Schedule B**)
- approved lending list (**Schedule C**)
- approved countries for investments (**Schedule D**)

1.5
1.6

1.7 The Annual Treasury Management and Investment Strategy was approved by the County Council on 21 February 2018.

2.0 TREASURY LIMITS FOR 2018/19 TO 2020/21

2.1
2.2
2.3

3.0 PRUDENTIAL INDICATORS FOR 2018/19 TO 2020/21

3.1
3.2
3.3
3.4

4.0 CURRENT TREASURY POSITION

4.1

5.0 BORROWING REQUIREMENT AND BORROWING LIMITS

5.1
5.2
5.4

5.5
5.6

6.0 BORROWING POLICY

6.1
6.2
6.3
6.4
6.5
6.6
6.7

Policy on borrowing in advance of need

6.8
6.9
6.10

7.0 PROSPECTS FOR INTEREST RATES

7.1 Whilst recognising the continuing volatility and turbulence in the financial markets, the following paragraphs present a pragmatic 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 is as follows:

(a) The UK Economy

- After the UK surprised with strong economic growth in 2016, growth in 2017 has been disappointingly weak. The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power. However, more recently there have been encouraging statistics from the manufacturing sector, which is seeing strong growth, particularly as a result of increased demand for exports.

- The Bank of England Monetary Policy Committee (MPC) in September 2017 switched to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon following revised inflation forecasts. The focus of the Bank of England was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that the amount of spare capacity in the economy was significantly diminishing towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation.

- At Its 2 November meeting, the MPC delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020.

- However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. If this scenario was to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

- One key area of risk to the economy is that consumers may have become used to cheap rates since 2008 for borrowing, especially for mortgages. It is a major concern that some consumers may have over extended their borrowing and have become complacent about interest rates going up. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate in the coming years. However, consumer borrowing is a particularly vulnerable area in terms of the Monetary Policy Committee getting the pace and strength of Bank Rate increases right - without causing a sudden shock to consumer demand, confidence and thereby to the pace of economic growth.

- Moreover, while there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is difficult to predict with any certainty how the economy will perform over the next two to three years.

(b) Global Economy

- **Global Outlook**. World growth looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment - inflation prospects are also generally muted. This has led to speculation that there appears to have been a fundamental shift in the correlation between levels of unemployment and inflation, which could be a result of a combination of a shift towards flexible working, self-employment, a reduction in union power and increasing globalisation. In addition, technology is probably also exerting downward pressure on wage rates and this is likely to grow with an accelerating movement towards automation.

  - **Central Bank Policy.** Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures Central Banks used in reaction to the 2008 financial crash were a combination of lowering central interest rates and Quantitative Easing (QE). The key issue now is that the period of stimulating economic recovery and warding off the threat of deflation is coming to an end and will now shift to reversing those measures i.e. by raising central rates and reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of an on-going reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks do not cause shocks to market expectations that could destabilise financial markets. The potential for central banks to get this timing and strength of action wrong are now key risks. There is also a potential key question over whether economic growth has become too dependent on strong central bank stimulus and whether it will maintain its momentum against a backdrop of rising interest rates and the reversal of QE.

- **European Union (EU).** Economic growth in the eurozone had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a significant programme of QE. However, growth picked up in 2016 and has now gathered strength and momentum. However, despite providing monetary stimulus, inflation has not reached the 2% target and is unlikely to start rising until possibly 2019. The ECB has, however, announced that it will slow down its monthly QE purchases of debt from January 2018 and continue to at least September 2018.

- **USA**. Growth in the American economy was notably erratic and volatile in 2015 and 2016 and 2017 has followed that path. Unemployment in the US has fallen to the lowest level for many years, reaching 4.1%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual increase in interest rates throughout 2016 and 2017, with further increases in 2018 expected. At its September meeting, the Fed said it would start in October to gradually unwind Quantitative Easing (QE) position.

- **Asia.** Economic growth in China has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, as well as to address the level of non-performing loans in the banking and credit systems. Japan has been struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

(c) Link Asset Services Forward View

- Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments

- The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected that at some point, there would be a start to a switch back from bonds to equities after a historic long term trend over about the last twenty five years of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial quantitative easing purchases of bonds, added further impetus to this downward trend in bond yields and rising prices of bonds. Quantitative Easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election in November 2016 has called into question whether the previous trend may go into reverse, especially now the Fed. has taken the lead in reversing monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature.

- Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established.

- From time to time, gilt yields – and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and emerging market developments. Such volatility could occur at any time during the forecast period.

- The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

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

  → Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate;
  → Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows;
  → A resurgence of the Eurozone sovereign debt crisis;
  → Weak capitalisation of some European banks;
  → Rising global protectionism;
  → A slowdown in progress on EU integration and centralisation of EU policy. This, in turn, impact the Euro, EU financial policy and financial markets; and
  → A sharp Chinese downturn and its impact on emerging market countries.

- The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

  → The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy;
  → UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields; and
  → The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing.

7.3 The County Council has appointed Link Asset Services – Treasury Solutions 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:-

	Bank Rate	PWLB Borrowing Rates				Short Term Investment Rates	
		5 year	10 year	25 year	50 year	3 Months	1 Year
	%	%	%	%	%	%	%
Mar 2018	0.50	1.60	2.20	2.90	2.60	0.40	0.80
June 2018	0.50	1.60	2.30	3.00	2.70	0.40	0.80
Sept 2018	0.50	1.70	2.40	3.00	2.80	0.40	0.90
Dec 2018	0.75	1.80	2.40	3.10	2.90	0.60	1.00
Mar 2019	0.75	1.80	2.50	3.10	2.90	0.60	1.00
June 2019	0.75	1.90	2.60	3.20	3.00	0.60	1.10
Sept 2019	0.75	1.90	2.60	3.20	3.00	0.70	1.10
Dec 2019	1.00	2.00	2.70	3.30	3.10	0.90	1.30
Mar 2020	1.00	2.10	2.70	3.40	3.20	0.90	1.30
June 2020	1.00	2.10	2.80	3.50	3.30	1.00	1.40
Sept 2020	1.25	2.20	2.90	3.50	3.30	1.20	1.50
Dec 2020	1.25	2.30	2.90	3.60	3.40	1.20	1.50
Mar 2021	1.25	2.30	3.00	3.60	3.40	1.20	1.60

7.4 The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Investment returns are likely to remain relatively low during 2018/19 but to be on a gently rising trend over the next few years;

- Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. Since then, borrowing rates have eased back again somewhat. Otherwise, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;

- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue costloss – the difference between borrowing costs and investment returns.

8.0 BORROWING STRATEGY 2018/19

8.1 Based on the interest rate forecast outlined in **Section 7** above, there is a range of potential options available for the Borrowing Strategy for 2018/19. Consideration will therefore be given to the following:

(a) the County Council is currently maintaining an under borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is currently prudent as investment returns are low and counterparty risk remains relatively high;

(b) based on analysis, the cheapest borrowing will be internal borrowing achieved by continuing to run down cash balances and foregoing interest earned at historically low rates . However in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if the opportunity is missed for taking market loans at long term rates which will be higher in future years;

(c) long term fixed market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintain an appropriate balance between PWLB and market debt in the debt portfolio. The current market availability of such loans is, however, very limited and is not expected to change in the immediate future;

(d) PWLB borrowing for periods under 10 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which would spread debt maturities away from a concentration in longer dated debt. 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;

(e) consideration will be given to PWLB borrowing by annuity and Equal Instalments of Principal (EIP) in addition to maturity loans, which have been preferred in recent years;

(f) PWLB rates are expected to gradually increase throughout the financial year so it would therefore be advantageous to time any new borrowing earlier in the year;

(g) borrowing rates continue to be relatively attractive and may remain relatively low for some time, as a result, the timing of any borrowing will need to be monitored carefully. There will also remain a 'cost of borrowing' with any borrowing undertaken that results in an increase in investments incurring a revenue loss between borrowing costs and investment returns.

8.2 Based on the PWLB forecasts, suitable trigger rates for considering new fixed rate PWLB or equivalent money market borrowing will be set. The aim, however, would be to secure loans at rates below these levels if available.

8.3 The forecast rates and trigger points for new borrowing will be continually reviewed in the light of movements in the slope of the yield curve, the spread between PWLB new borrowing and early repayment rates, and any other changes that the PWLB may introduce to their lending policy and operations.

External -v- internal borrowing

8.4 The County Council's net borrowing figures (external borrowing net of investments) are significantly below the authority's capital borrowing need (Capital Financing Requirement – CFR) because of two main reasons

(a) a significant level of investments (cash balances – core cash plus cash flow generated)

(b) internally funded capital expenditure.

8.5 Such internal borrowing stood at £13.0m at 31 March 2017, principally as a result of funding company loans from internal, rather than external borrowing, and not taking up any new debt for the 2011/12, 2012/13, 2013/14, 2014/15, 2015/16 and 2016/17 borrowing requirements. The level of this internal capital borrowing depends on a range of factors including:

(a) premature repayment of external debt;

(b) the timing of any debt rescheduling exercises;

(c) the timing of taking out annual borrowing requirements;

(d) policy considerations on the relative impact of financing capital expenditure from cash balances compared with taking new external debt with the balance of external and internal borrowing being generally driven by market conditions.

8.6 The County Council continues to examine the potential for undertaking further early repayment of some external debt in order to reduce the difference between the gross and net debt position. However the introduction by the PWLB of significantly lower repayment rates than new borrowing rates in November 2007 compounded by a considerable further widening of the difference between new borrowing and repayment rates in October 2010, has meant that large premiums would be incurred by such actions which could not be justified on value for money grounds. This situation will be monitored closely in case the differential is narrowed by the PWLB at some future dates.

8.7 This internal capital borrowing option is possible because of the County Council's cash balance with the daily average being £320.7m in 2016/17. This consisted of cash flow generated (creditors etc), core cash (reserves, balances and provisions etc) and cash managed on behalf of other organisations. Consideration does therefore need to be given to the potential merits of internal borrowing.

8.8 As 2018/19 is expected to continue as a year of low bank interest rates, this extends the current opportunity for the County Council to continue with the current internal borrowing strategy.

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

8.10 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.

8.11 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 long external borrowing in 2018/19 must be weighed against the loss of longer term interest rate stability. There is the potential, however, 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 significantly higher.

8.12 Borrowing interest rates are on a rising trend. The policy of avoiding new borrowing by running down cash balances has served the County Council well in recent years. However this needs to be carefully reviewed and monitored to avoid incurring even higher borrowing costs which are now looming even closer for authorities who will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt in the near future.

8.13 **The general strategy for this "Internal Capital Financing" option will therefore be to continue to actively consider and pursue this approach on an ongoing basis in order to reduce the difference between the gross and net debts levels together with achieving short term savings and mitigating the credit risk incurred by holding investments in the market. However this policy will be carefully reviewed and monitored on an on-going basis.**

Overall Approach to Borrowing in 2018/19

8.14 Given the market conditions, economic background and interest rate forecasts, caution will be paramount within the County Council's 2018/19 Treasury Management operations. The Corporate Director – Strategic Resources will monitor the interest rates closely and adopt a pragmatic approach to changing circumstances – any key strategic decision that deviates from the Borrowing Strategy outlined above will be reported to the Executive at the next available opportunity.

Sensitivity of the Strategy

8.15 The main sensitivities of the Strategy are likely to be the two scenarios below. The Corporate Director – Strategic Resources will, in conjunction with the County Council's Treasury Management Advisor, continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a significant change of market view:

(a) *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 a marked increase of risks around the relapse into recession or of risks of deflation), then long term borrowing will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered;

(b) *if it were felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast* (perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks), then the portfolio position will be re-appraised with the likely action that fixed rate funding will be taken whilst interest rates are still lower than they will be in the next few years.

9.0 CAPPING OF CAPITAL FINANCING COSTS

9.1

10.0 REVIEW OF LONG TERM DEBT AND DEBT RESCHEDULING

10.1 the long term debt of the County Council is under continuous review.

10.2 The rescheduling of debt involves the early repayment of existing debt and its replacement with new borrowing. This can result in one-off costs or benefits called, respectively, premiums and discounts. These occur where the rate of the loan repaid varies from comparative current rates. Where the interest rate of the loan to be repaid is higher than the current rates, a premium is charged by the PWLB for repayment. Where the interest rate of the loan to be repaid is lower than the current rate, a discount on repayment is paid by the PWLB.

10.3 Discussions with the County Council's Treasury Management Advisor about the long term financing strategy are ongoing and any debt rescheduling opportunity will be fully explored.

10.4 The introduction by the PWLB in 2007 of a spread between the rates applied to new borrowing and repayment of debt, which was compounded in October 2010 by a considerable further widening of the difference between new borrowing and repayment rates, has meant that PWLB to PWLB debt restructuring is now much less attractive than it was before both of these events. In particular, consideration has to be given to the large premiums which would be incurred by prematurely repaying existing PWLB loans and it is very unlikely that these could be justified on value for money grounds if using replacement PWLB refinancing.

10.5 As short term borrowing rates are expected to be considerably cheaper than longer term rates throughout 2018/19, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred), their short term nature and the likely costs of refinancing those short term loans once they mature, compared to the current rates of longer term debt in the existing debt portfolio.

10.6 Consideration will also be given to identify if there is any residual potential left for making savings by running down investment balances by repaying debt prematurely as short term rates on investments are likely to be lower than rates paid on currently held debt. However, this will need careful consideration in light of the debt repayment premiums.

10.7 The reasons for undertaking any rescheduling will include:

(a) the generation of cash savings at minimum risk;

(b) in order to help fulfil the Borrowing Strategy, and;

(c) in order to enhance the balance of the long term portfolio (ie amend the maturity profile and/or the balance of volatility).

11.0 MINIMUM REVENUE PROVISION (MRP) POLICY 2018/19

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12.0 ANNUAL INVESTMENT STRATEGY

Background

12.1 Under the Local Government Act 2003 the County Council is required to have regard to Government Guidance in respect of the investment of its cash funds. This Guidance was revised with effect from 1 April 2010. 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 County Council before the start of the financial year.

12.2 This Annual Investment Strategy must define the investments the County Council has approved for prudent management of its cash balances during the financial year under the headings of **specified investments** and **non specified investments**.

12.3 This Annual Investment Strategy therefore sets out

- revisions to the Annual Investment Strategy;
- the Investment Policy;
- the policy regarding loans to companies in which the County Council has an interest;
- specified and non specified investments;
- Creditworthiness Policy - security of capital and the use of credit ratings;
- the Investment Strategy to be followed for 2018/19;
- investment reports to members;
- investment of money borrowed in advance of need;
- investment (and Treasury Management) training;

Revisions to the Annual Investment Strategy

12.4 In addition to this updated **Investment Strategy,** which requires approval before the start of the financial year, a revised Strategy will be submitted to County Council for consideration and approval under the following circumstances:

(a) significant changes in the risk assessment of a significant proportion of the County Council's investments;

(b) any other significant development(s) that might impact on the County Council's investments and the existing strategy for managing those investments during 2018/19.

Investment Policy

12.5 The parameters of the Policy are as follows:

(a) the County Council will have regard to the Government's Guidance on Local Government Investments as revised with effect from 1 April 2010, and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes;

(b) the County Council's investment policy has two fundamental objectives;

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

- the liquidity of its investments (keeping the money readily available for expenditure when needed)

(c) the County Council 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 County Council is low in order to give priority to the security of its investments;

(d) the borrowing of monies purely to invest or lend and make a return is unlawful and the County Council will not engage in such activity;

(e) investment instruments for use in the financial year listed under **specified** and **non-specified investment** categories; and

(f) counterparty limits will be set through the County Council's Treasury Management Practices Schedules.

Specified and non-specified Investments

12.6 Based on Government Guidance as updated from 1 April 2010.

(a) investment Instruments identified for use in the forthcoming financial year are listed in the Schedules attached to this Strategy under the **specified** and **non-specified** Investment categories;

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

(c) **Non-specified** investments (see **Schedule B**) attract a greater potential of risk. As a result, a maximum local limit of 20% of "core cash" funds available for investment has been set which can be held in aggregate in such investments;

(d) for both **specified** and **non-specified** investments, the attached Schedules indicate for each type of investment:-

- the investment category
- minimum credit criteria
- circumstances of use
- why use the investment and associated risks
- maximum % age of total investments
- maximum maturity period

(Non-Specified only)

(e) there are other instruments available as Specified and Non-Specified investments that are not currently included. Examples of such investments are:-

Specified Investments	- Commercial Paper - Gilt funds and other Bond Funds - Treasury Bills
Non-Specified Investments	- Sovereign Bond issues - Corporate Bonds - Floating Rate notes - Equities - Open Ended Investment Companies - Derivatives

A proposal to use any of these instruments would require detailed assessment and be subject to approval by Members as part of this Strategy. Under existing scrutiny arrangements, the County Council's Audit Committee will also look at any proposals to use the instruments referred to above.

Creditworthiness Policy – Security of Capital and the use of credit ratings

12.7 The financial markets have experienced a period of considerable turmoil since 2008 and as a result attention has been focused on credit standings of counterparties with whom the County Council can invest funds.

It is paramount that the County Council's money is managed in a way that balances risk with return, but with the overriding consideration being given to the security of the invested capital sum followed by the liquidity of the investment. The Approved Lending

List will therefore reflect a prudent attitude towards organisations with whom funds may be deposited.

The rationale and purpose of distinguishing specified and non-specified investments is detailed above. Part of the definition for a Specified investment is that it is an investment made with a body which has been awarded a high credit rating with maturities of no longer than 365 days.

It is, therefore, necessary to define what the County Council considers to be a "high" credit rating in order to maintain the security of the invested capital sum.

The methodology and its application in practice will, therefore, be as follows:-

(a) the County Council will rely on credit ratings published by the three credit rating agencies (Fitch, Moody's and Standard & Poor's) to establish the credit quality (ability to meet financial commitments) of counterparties (to whom the County Council lends) and investment schemes. Each agency has its own credit rating components to complete their rating assessments. These are as follows:

Fitch Ratings

Long Term	-	generally cover maturities of over five years and acts as a measure of the capacity to service and repay debt obligations punctually. Ratings range from AAA (highest credit quality) to D (indicating an entity has defaulted on all of its financial obligations)
Short Term	-	cover obligations which have an original maturity not exceeding one year and place greater emphasis on the liquidity necessary to meet financial commitments. The ratings range from F1+ (the highest credit quality) to D (indicating an entity has defaulted on all of its financial obligations)

Moody's Ratings

Long Term	-	an opinion of the relative credit risk of obligations with an original maturity of one year or more. They reflect both the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. Ratings range from Aaa (highest quality, with minimal credit risk) to C (typically in default, with little prospect for recovery of principal or interest)
Short Term	-	an opinion of the likelihood of a default on contractually promised payments with an original maturity of 13 months or less. Ratings range from P-1 (a superior ability to repay short-term debt obligations) to P-3 (an acceptable ability to repay short-term obligations)

Standard & Poor's Ratings

Long Term	-	considers the likelihood of payment. Ratings range from AAA (best quality borrowers, reliable and stable) to D (has defaulted on obligations)
Short Term	-	generally assigned to those obligations considered short-term in the relevant market. Ratings range from A-1 (capacity to meet financial commitment is strong) to D (used upon the filing of a bankruptcy petition).

In addition, all three credit rating agencies produce a Sovereign Rating to select counterparties from only the most creditworthy countries. The ratings are the same as those used to measure long term credit.

(b) the County Council will review the “ratings watch” and “outlook” notices issued by all three credit rating agencies referred to above. An agency will issue a “watch”, (notification of likely change), or “outlook”, (notification of a possible longer term change), when it anticipates that a change to a credit rating may occur in the forthcoming 6 to 24 months. The “watch” or “outlook” could reflect either a positive (increase in credit rating), negative (decrease in credit rating) or developing (uncertain whether a rating may go up or down) outcome;

(c) no combination of ratings can be viewed as entirely fail safe and all credit ratings, watches and outlooks are monitored on a daily basis. This is achieved through the use of Link Asset Services creditworthiness service. This employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies. The credit ratings of counterparties are then supplemented with the following overlays;

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the County Council to determine the duration for investments. The County Council will therefore use counterparties within the following durational bands:-

Colour	**Maximum Investment Duration**
Yellow	5 Years
Purple	2 Years
Orange	1 Year
Blue	1 Year (UK nationalised / semi nationalised banks only)
Red	6 Months

Green	100 Days
No Colour	No investment to be made

(d) given that a number of central banks/government have supported or are still supporting their banking industries in some way, the importance of the credit strength of the sovereign has become more important. The County Council will therefore also take into account the Sovereign Rating for the country in which an organisation is domiciled, for countries other than the UK (use of UK banks will not be limited). As a result, only an institution which is domiciled in a country with a minimum Sovereign Rating of AA- from Fitch or equivalent would be considered for inclusion on the County Council's Approved Lending List (subject to them meeting the criteria above). Organisations which are domiciled in a Country whose Sovereign Rating has fallen below the minimum criteria will be suspended, regardless of their own individual score/colour. The list of countries that currently qualify using this credit criteria are shown in **Schedule D**. This list will be amended should ratings change, in accordance with this policy;

(e) in order to reflect current market sentiment regarding the credit worthiness of an institution the County Council will also take into account current trends within the Credit Default Swap (CDS) Market. Since they are a traded instrument they reflect the market's current perception of an institution's credit quality, unlike credit ratings, which often focus on a longer term view. These trends will be monitored through the use of Link Asset Services creditworthiness service which compares the CDS Market position for each institution to the benchmark CDS Index. Should the deviation be great, then market sentiment suggests that there is a fear that an institution's credit quality will fall. Organisations with such deviations will be monitored and their standing reduced by one colour band as a precaution. Where the deviation is great, the organisation will be awarded 'no colour' until market sentiment improves. Where entities do not have an actively traded CDS spread, credit ratings are used in isolation;

(f) fully and part nationalised banks within the UK currently have credit ratings which are not as high as other institutions. This is the result of the banks having to have to accept external support from the UK Government However, due to this Central Government involvement, these institutions now effectively take on the credit worthiness of the Government itself (i.e. deposits made with them are effectively being made to the Government). This position is expected to take a number of years to unwind and would certainly not be done so without a considerable notice period. As a result, institutions which are significantly or fully owned by the UK Government will be assessed to have a high level of credit worthiness;

(g) all of the above will be monitored on a weekly basis through Link Asset Services creditworthiness service with additional information being received and monitored on a daily basis should credit ratings change and/or watch/outlook notices be issued. Sole reliance will not be placed on the information provided by Link Asset Services however. In addition the County Council will also use market data and information available from other sources such as the financial press and other agencies and organisations;

(h) in addition, the County Council will set maximum investment limits for each organisation which also reflect that institution's credit worthiness – the higher the credit quality, the greater the investment limit. These limits also reflect UK Government involvement (i.e. Government ownership or being part of the UK Government guarantee of liquidity). These limits are as follows:-

Maximum Investment Limit	**Criteria**
£75m	UK "Nationalised / Part Nationalised" banks / UK banks with UK Central Government involvement
£20m to £60m	UK "Clearing Banks" and selected UK based Banks and Building Societies
£20m or £40m	High quality foreign banks

(i) should a score/colour awarded to a counterparty or investment scheme be amended during the year due to rating changes, market sentiment etc., the County Council will take the following action:-

- reduce or increase the maximum investment term for an organisation dependent on the revised score / colour awarded

- temporarily suspend the organisation from the Approved Lending List should their score fall outside boundary limits and not be awarded a colour

- seek to withdraw an investment as soon as possible, within the terms and conditions of the investment made, should an organisation be suspended from the Approved Lending List

- ensure all investments remain as liquid as possible, i.e. on instant access until sentiment improves.

(j) if a counterparty / investment scheme, not currently included on the Approved Lending List is subsequently upgraded, (resulting in a score which would fulfil the County Council's minimum criteria), the Corporate Director – Strategic Resources has the delegated authority to include it on the County Council's Approved Lending List with immediate effect;

(k) a copy of the current Approved Lending List, showing maximum investment and time limits is attached at **Schedule C**. The Approved Lending List will be monitored on an ongoing daily basis and changes made as appropriate. Given current market conditions, there continues to be a very limited number of organisations which fulfil the criteria for non specified investments. This situation will be monitored on an ongoing basis with additional organisations added as appropriate with the approval of the Corporate Director – Strategic Resources.

The Investment Strategy to be followed for 2018/19

12.8 Recognising the categories of investment available and the rating criteria detailed above

(a) the County Council currently manages all its cash balances internally;

(b) ongoing discussions are held with the County Council's Treasury Management Advisor on whether to consider the appointment of an external fund manager(s) or continue investing in-house – any decision to appoint an external fund manager will be subject to Member approval;

(c) the County Council's cash balances consist of two basic elements. The first element is **cash flow derived** (debtors/creditors/timing of income compared to expenditure profile). The second, **core element**, relates to specific funds (reserves, provisions, balances, capital receipts, funds held on behalf of other organisations etc.);

(d) having given due consideration to the County Council's estimated level of funds and balances over the next three financial years, the need for liquidity and day to day cash flow requirements it is forecast that a maximum of £40m of the overall balances can be prudently committed to longer term investments (e.g. between 1 and 5 years);

(e) investments will accordingly be made with reference to this core element and the County Council's ongoing cash flow requirements (which may change over time) and the outlook for short term interest rates (i.e. rates for investments up to 12 months);

(f) the County Council currently two one non-specified investment over 365 days;

(g) bank rate increased to 0.50% in November and underpins investment returns. Investment returns are expected to rise gently over the next 3 years;

The County Council will, therefore, avoid locking into long term deals while investment rates continue to be at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within a 'low risk' parameter. No trigger rates will be set for longer term deposits (two or three years) but this position will be kept under constant review and discussed with the Treasury Management Advisor on a regular basis.

(h) for its cash flow generated balances the County Council will seek to utilise 'business reserve accounts' (deposits with certain banks and building societies), 15, 30 and 100 day accounts and short dated deposits (overnight to three months) in order to benefit from the compounding of interest.

Investment Reports to Members

12.9 Reporting to Members on investment matters will be as follows:

(a) in-year investment reports will be submitted to the Executive as part of the Quarterly Performance and Budget Monitoring reports;

(b) at the end of the financial year a comprehensive report on the County Council's investment activity will be submitted to the Executive as part of the Annual Treasury Management Outturn report;

(c) periodic meetings between the Corporate Director – Strategic Resources, the Corporate Affairs portfolio holder and the Chairman of the Audit Committee provide an opportunity to consider and discuss issues arising from the day to day management of Treasury Management activities.

Investment of Money Borrowed in Advance of Need

12.10 The Borrowing Policy covers the County Council's policy on Borrowing in Advance of Spending Needs.

Although the County Council has not borrowed in advance of need to date and has no current plans to do so in the immediate future, any such future borrowing would impact on investment levels for the period between borrowing and capital spending.

Any such investments would, therefore, be made within the constraints of the County Council's current Annual Investment Strategy, together with a maximum investment period related to when expenditure was expected to be incurred.

Treasury Management Training

12.11 The training needs of the County Council's staff involved in investment management are monitored, reviewed and addressed on an on-going basis and are discussed as part of the staff appraisal process. In practice most training needs are addressed through attendance at courses and seminars provided by CIPFA, the LGA and others on a regular ongoing basis.

The CIPFA Code also requires that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny (i.e. the Audit Committee). Training for Members and officers will be provided as required. The training arrangements for officers will also be available to Members.

13.0 OTHER TREASURY MANAGEMENT ISSUES

Policy on the use of External Treasury Management Service Providers

13.1 The County Council uses Link Asset Services – Treasury Solutions as its external treasury management adviser. Link provide a source of contemporary information, advice and assistance over a wide range of Treasury Management areas but particularly in relation to investments and debt administration.

13.2 Whilst the County Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources, it fully accepts that responsibility for Treasury Management decisions remains with the authority at all times and will ensure that undue reliance is not placed upon advice of the external service provider.

13.3 Following a quotation exercise, Link Asset Services were appointed in September 2015 as a single provider of Treasury Management consultancy services for both the County Council and Selby District Council. The appointment is for three years, with the option for a further two year extension. The value and quality of services being provided are monitored and reviewed on an ongoing basis.

The scheme of delegation and role of the section 151 officer in relation to Treasury Management

13.4 The Government's Investment Guidance requires that a local authority includes details of the Treasury Management schemes of delegation and the role of the Section 151 officer in the Annual Treasury Management/Investment Strategy.

13.5 The key elements of delegation in relation to Treasury Management are set out in the following Financial Procedure Rules (FPR):-

(a) **14.1** The Council adopts CIPFA's "Treasury Management in the Public Services Code of Practice 2011" (as amended) as described in Section 5 of the Code, and will have regard to the associated guidance notes;

(b) **14.2** The County Council will create and maintain as the cornerstone for effective Treasury Mar

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

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

(c) **14.3** The Executive and the full Council will receive reports on its Treasury Management policies, practices and activities including, as a minimum an Annual Treasury Management and Investment Strategy and associated report on Prudential Indicators in advance of the financial year;

(d) **14.4** The County Council delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to the Executive, and for the execution and administration of Treasury Management decisions to the Corporate Director – Strategic Resources (CD-SR), who will act in accordance with the Council's TMPs, as well as CIPFA's Standard of Professional Practice on Treasury Management;

(e) **14.5** The Executive will receive from the CD-SR a quarterly report on Treasury Management as part of the Quarterly Performance Monitoring report and an annual report on both Treasury Management and Prudential Indicators setting out full details of activities and performance during the preceding financial year;

(f) **14.6** The CD-SR will meet periodically with the portfolio holder for financial services, including assets, IT and procurement and such other Member of the Executive as the Executive shall decide to consider issues arising from the day to day Treasury Management activities;

(g) **14.7** The Audit Committee shall be responsible for ensuring effective scrutiny of the Treasury Management process;

(h) **14.8** The CD-SR shall periodically review the Treasury Management Policy Statement and associated documentation and report to the Executive on any necessary changes, and the Executive shall make recommendations accordingly to the County Council;

(i) **14.9** All money in the possession of the Council shall be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972 (i.e. the Corporate Director - Strategic Resources).

13.6 In terms of the Treasury Management role of the Section 151 officer (the Corporate Director – Strategic Resources), the key areas of delegated responsibility are as follows

- recommending clauses, treasury management policies and practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports to Members
- submitting budgets and budget variations to Members
- receiving and reviewing management information 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

Other Issues

13.7 The County Council continues to monitor potential PFI opportunities and assess other innovative methods of funding and the Corporate Director – Strategic Resources will report any developments to Executive at the first opportunity.

14.0 ARRANGEMENTS FOR MONITORING / REPORTING TO MEMBERS

14.1 Taking into account the matters referred to in this Strategy, the monitoring and reporting arrangements in place relating to Treasury Management activities are now as follows:

(a) an annual report to Executive and County Council as part of the Budget process that sets out the County Council's **Treasury Management Strategy and Policy** for the forthcoming financial year;

(b) an annual report to Executive and County Council as part of the Budget process that sets the various **Prudential Indicators**, together with a mid year update of these indicators as part of the Q1 Performance Monitoring report submitted to the Executive;

(c) **annual outturn reports** to the Executive for both Treasury Management and Prudential Indicators setting out full details of activities and performance during the preceding financial year.

(d) a quarterly report on Treasury Matters to Executive as part of the **Quarterly Performance and Budget Monitoring** report;

(e) **periodic meetings** between the Corporate Director – Strategic Resources, the Corporate Affairs portfolio holder and the Chairman of the Audit Committee to discuss issues arising from the day to day management of Treasury Management activities;

(f) copies of the reports mentioned in (a) to (d) above are provided to the **Audit Committee** who are also consulted on any proposed changes to the County Council's Treasury Management activities.

GARY FIELDING
Corporate Director – Strategic Resources
30 January 2018

SCHEDULE A

NORTH YORKSHIRE COUNTY COUNCIL ANNUAL INVESTMENT STRATEGY 2018/19 – SPECIFIED INVESTMENTS

Investment	Security / Minimum Credit Rating	Circumstances of Use
Term Deposits with the UK Government or with UK Local Authorities (as per Local Government Act 2003) with maturities up to 1 year	High security as backed by UK Government	In-house
Term Deposits with credit rated deposit takers (Banks and Building Societies), including callable deposits with maturities less than 1 year	Organisations assessed as having "high credit quality" plus a minimum Sovereign rating of AA- for the country in which the organisation is domiciled	In-house
Certificate of Deposits issued by credit rated deposit takers (Banks and Building Societies) up to 1 year		Fund Manager or In-house "buy and hold" after consultation with Treasury Management Advisor
Forward deals with credit rated Banks and Building Societies less than 1 year (i.e. negotiated deal plus period of deposit)		In-house
Money Market Funds i.e. collective investment scheme as defined in SI2004 No 534 (*These funds have no maturity date*)	Funds must be AAA rated	In-house After consultation with Treasury Management Advisor Limited to £20m
Gilts (with maturities of up to 1 year)	Government Backed	Fund Manager or In-house buy and hold after consultation with Treasury Management Advisor
Bonds issued by a financial institution that is guaranteed by the UK Government (as defined in SI 2004 No 534) with maturities under 12 months (*Custodial arrangements required prior to purchase*)	Government Backed	After consultation with Treasury Management Advisor

NORTH YORKSHIRE COUNTY COUNCIL ANNUAL INVESTMENT STRATEGY 2018/19 – NON-SPECIFIED INVESTMENTS

investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
Term Deposit with credit rated deposit takers (Banks & Building Societies), UK Government and other Local Authorities with maturities greater than 1 year	A) Certainty of return over period invested which could be useful for budget purposes B) Not Liquid, cannot be traded or repaid prior to maturity Return will be lower if interest rates rise after making deposit Credit risk as potential for greater deterioration of credit quality over a longer period	Organisations assessed as having "high credit quality" Plus Where non UK domiciled - A minimum Sovereign rating of AA- for the country in which an organisation is domiciled	In-house	100% of agreed maximum proportion (20%) of core cash funds that can be invested for more than 1 year (estimated £20m)	£5m	2 years subject to potential future review with a maximum of no longer than 5 years
Certificate of Deposit with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year *Custodial arrangements prior to purchase*	A) Attractive rates of return over period invested and in theory tradable B) Interest rate risk; the yield is subject to movement during life of CD which could negatively impact on its price	Organisations assessed as having "high credit quality" Plus Where non UK domiciled - A minimum Sovereign rating of AA- for the country in which an organisation is domiciled	Fund Manager or In-house "buy & hold" after consultation with Treasury Management Advisor	25% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	£3m	2 years subject to potential future review with a maximum of no longer than 5 years

investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
Callable Deposits with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year	A) Enhanced Income – potentially higher return than using a term deposit with a similar maturity B) Not liquid – only borrower has the right to pay back the deposit; the lender does not have a similar call Period over which the investment will actually be held is not known at outset Interest rate risk; borrower will not pay back deposit if interest rates rise after the deposit is made	Organisations assessed as having "high credit quality" Plus Where non UK domiciled - A minimum Sovereign rating of AA- for the country in which an organisation is domiciled	To be used in-house after consultation with Treasury Management Advisor	50% of agreed proportion (20%) of core cash balance that can be invested for more than 1 year (£12.5m)	£5m	2 years subject to potential future review with a maximum of no longer than 5 years
Forward Deposits with a credit rated Bank or Building Society > 1 year (i.e. negotiated deal period plus period of deposit)	A) Known rate of return over the period the monies are invested – aids forward planning B) Credit risk is over the whole period, not just when monies are invested Cannot renege on making the investment if credit quality falls or interest rates rise in the interim period	Organisations assessed as having "high credit quality" Plus A minimum Sovereign rating of AA- for the country in which an organisation is domiciled	To be used in-house after consultation with the Treasury Management Advisor	25% of greed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	£3m	2 years subject to potential future review with a maximum of no longer than 5 years

investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
Bonds issued by a financial institution that is guaranteed by the UK Government (as defined in SI2004 No534) with maturities in excess of 1 year Custodial arrangements required prior to purchase	A) Excellent credit quality Relatively Liquid If held to maturity, yield is known in advance Enhanced rate in comparisons to gilts B) Interest rate risk; yield subject to movement during life off bond which could impact on price	AA or Government backed	In-house on a “buy and hold” basis after consultation with Treasury Management Advisor or use by Fund Managers	25% of greed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	n/a	2 years subject to potential future review with a maximum of no longer than 5 years
Bonds issued by Multilateral development banks (as defined in SI2004 No534) with maturities in excess of 1 year Custodial arrangements required prior to purchase	A) Excellent credit quality Relatively Liquid If held to maturity, yield is known in advance Enhanced rate in comparison to gilts B) Interest rate risk; yield subject to movement during life off bond which could negatively impact on price				£3m	

investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
UK Government Gilts with maturities in excess of 1 year Custodial arrangements required prior to purchase	A) Excellent credit quality Liquid - If held to maturity, yield is known in advance Liquid - If traded, potential for capital appreciation B) Interest rate risk; yield subject to movement during life if the bond which could impact on price	Government backed	Fund Manager	25% of greed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	n/a	2 years subject to potential future review with a maximum of no longer than 5 years
Collateralised Deposit	A) Excellent credit quality B) Not liquid, cannot be traded or repaid prior to maturity Credit risk as potential for greater deterioration of credit quality over a longer period	Backed by collateral of AAA rated Local Authority LOBO's	In-house via money market broker or direct	100% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£20m)	£5m	
Property Funds	A) Attractive rates of return over period invested and in theory very liquid B) Period over which the investment will actually be held is not known at outset Credit risk as potential for greater deterioration of credit quality over a longer period	Organisations assessed as having "high credit quality"	To be used in-house after consultation with the Treasury Management Advisor	100% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£20m)	£5m	5 years subject to potential future review with a maximum of 10 years

SCHEUDLE C

APPROVED LENDING LIST 2018/19

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 £20m 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	GBR	75.0	364 days	-	-
Natwest Bank	GBR				
UK "Clearing Banks", other UK based banks and Building Societies					
Santander UK plc (includes Cater Allen)	GBR	40.0	6 months	-	-
Barclays Bank	GBR	75.0	6 months	-	-
Bank of Scotland	GBR	75.0	6 months	-	-
Lloyds	GBR				
HSBC	GBR	30.0	364 days		
Goldman Sachs International Bank	GBR	40.0	6 months		
Standard Chartered Bank	GBR	40.0	6 months	-	-
Nationwide Building Society	GBR	40.0	6 months	-	-
Leeds Building Society	GBR	20.0	6 months	-	-
High quality Foreign Banks					
National Australia Bank	AUS	20.0	364 days	-	-
Commonwealth Bank of Australia	AUS	20.0	364 days		
Canadian Imperial Bank of Commerce	CAN	20.0	364 days	-	-
Deutsche Bank	DEU	20.0	Temporarily suspended	-	-
Credit Industriel et Commercial	FRA	20.0	6 months	-	-
BNP Paribas Fortis	FRA	20.0	6 months	-	-
Nordea Bank AB	SWE	20.0	364 days	-	-
Svenska Handelsbanken	SWE	40.0	364 days	-	-
Local Authorities					
County / Unitary / Metropolitan / District Councils		20.0	364 days	5.0	2 years
Police / Fire Authorities		20.0	364 days	5.0	2 years
National Park Authorities		20.0	364 days	5.0	2 years
Other Deposit Takers					
Money Market Funds		20.0	364 days	5.0	2 years
UK Debt Management Account		100.0	364 days	5.0	2 years

* Based on data as 31 December 2017

SCHEDULE D

APPROVED COUNTRIES FOR INVESTMENTS

Based on the lowest available rating

Sovereign Rating	Country
AAA	Australia Canada Denmark Germany Luxemburg Netherlands Norway Singapore Sweden Switzerland
AA+	Finland Hong Kong USA
AA	Abu Dhabi (UAE) France UK
AA-	Belgium Qatar

8. TRANS PENNINE UPGRADE PROGRAMME STATUTORY PUBLIC CONSULTATION AND TRANSPORT FOR THE NORTH STRATEGIC TRANSPORT PLAN PUBLIC CONSULTATION (TN/BJT)

1. Purpose of the report

This report provides an update to Members on the progress of major transport proposals with the potential to negatively affect the Peak District National Park. The report focuses on two current public consultations and the draft responses to these consultations.

The first of these consultations is in regard to Highway's England's short term proposal for two link roads to ease congestion in the Mottram Moor and Woolley Bridge areas, west of the National Park boundary. The draft response is contained within Appendix 1 to this report.

The second consultation is in relation to Transport for the North's longer term proposals to improve both road and rail connectivity across the whole of the North. However, the focus of our response is in relation to those proposals within the South Pennines area and across the National Park. The draft response is contained within Appendix 2 to this report.

Key Issues

- The Highways England scheme comprises two link roads just outside of, but in close proximity to, the National Park boundary.
- Both link roads proposed by Highways England are expected to increase traffic flows in the order of more than 1,000 vehicles per day across both the A628 and A57 Snake Pass roads within the National Park.
- The Transport for the North proposals includes major road building within the National Park along the A628 corridor with a partial tunnel.
- The Transport for the North proposals include significant upgrades to the Hope Valley Line or the building of a new railway line should the upgrades prove unfeasible.

2. Recommendations(s)

1. **That the Authority notes the report and the likely continuation of pressure for major improvements to Trans Pennine road and rail routes across the National Park.**
2. **That the Authority agrees the response to the Trans Pennine Upgrade Statutory Public Consultation.**
3. **That the Authority agrees the response to the Transport for the North's Strategic Transport Plan Public Consultation.**

How does this contribute to our policies and legal obligations?

3. The responses brought before Authority at Appendix 1 and 2 set out the role of the Authority and others with regard to National Park purposes as set out in Sections 61 and 62 on the Environment Act (1995).

4. Core Strategy GSP1: Securing national park purposes and sustainable development. Part A states that '*all policies must be read in combination*'. Part B states that '*all*

development shall be consistent with the National Park's legal purposes and duty'. Part E states that '*in securing national park purposes major development should not take place within the Peak District National Park other than in exceptional circumstances. Major development will only be permitted following rigorous consideration of the criteria in national policy*'. Part F states that '*where a proposal for major development can demonstrate a significant net benefit to the National Park, every effort to mitigate potential localised harm and compensate for any residual harm to the area's valued characteristics would be expected to be secured*'.

5. Core Strategy L1: Landscape character and valued characteristics; Part B states '*Other than in exceptional circumstances, proposals for development in the Natural Zone will not be permitted*'.

6. Core Strategy Policy T1: Reducing the need to travel and encouraging sustainable travel; Part B states that '*Cross-Park traffic will be deterred*', whilst Part E states that '*Impacts of traffic within environmentally sensitive locations will be minimised*'.

7. Core Strategy Policy T2: Reducing and directing traffic; Part B states '*In exceptional circumstances, transport developments (including expansion of capacity, widening or a new route) that increase the amount of cross-Park traffic may be accepted where: there is a demonstrable long term net environmental benefit within the National Park*'. Part C states '*No new road schemes will be permitted unless they provide access to new businesses or housing development or there are exceptional circumstances. Those road schemes (including improvements) that fall outside of the Planning Authority's direct jurisdiction will be strongly resisted except in exceptional circumstances*'.

8. Core Strategy Policy T3: Design of transport infrastructure; Part C states that '*Mitigation measures will be provided where transport infrastructure severs wildlife routes*'.

9. Core Strategy Policy T5: Managing the demand for rail, and reuse of former railway routes; Part A states that '*Land, tunnels and bridges will be safeguarded for future rail use (including heavy rail, light rail and guided bus) for the following schemes……I) Enhancement of the Hope Valley line*'.

10. Core Strategy Policy T6: Routes for walking, cycling and horse riding, and waterways; Part B states '*The Manifold, Tissington and High Peak Trails, and other long distance routes, will be protected from development that conflicts with their purpose. The continuity of the Trans Pennine Trail and the Monsal Trail will be retained, irrespective of any future rail use, by realignment if required*'.

11. Local Plan Policy LT3: Cross-Park traffic: road and rail; Part A states that '*Cross-Park transport infrastructure projects will be opposed unless there is a net environmental benefit to the National Park and wherever practicable they also provide economic benefits and meet local transport needs*'. Part B states that '*Land required for the following schemes will be safeguarded…..iii) an additional loop to enhance track capacity on the Hope Valley line*'.

12. Local Plan Policy LT19: Mitigation of wildlife severance effects; states '*Proposals for 'wild bridges' and cut and cover tunnels in Special Protection Areas, Special Areas of Conservation and where major footpaths and bridleways cross roads and railways will be encouraged and supported*'.

13. Local Plan Policy LT20: Public rights of way; states '*Where a development proposal affects a public right of way, either the definitive line of the public right of way should be retained, or, in exceptional circumstances, where retention of the definitive line is not possible, the developer will be required to provide an alternative route*'. The policy goes on to set criteria that an alternative route would be required to meet.

Background Information

Highways England Trans Pennine Upgrade Programme

14. There has been a long history of plans to provide a bypass of the villages of Mottram, Hollingworth and Tintwistle, which culminated in the Highways Agency proposed A57/A628/A616 Mottram, Hollingworth and Tintwistle Bypass and Route Restraint Measures scheme of 2007. This proposal included the local A57(T) to A57 Link Road (then known as the Glossop Spur).

15. The National Park Authority formally objected to the proposed scheme on the basis of the extremely high levels of predicted traffic growth resulting from the scheme, and the impact of road building with the National Park.

16. The Public Inquiry into the scheme commenced in June 2007, but was adjourned following the discovery of an error in the Highways Agency's traffic modelling figures. Delays in addressing the issue and increased costs as a result led to the Highways Agency withdrawing from the Public Inquiry in March 2009.

17. Tameside Metropolitan Borough Counsel then devised a strategy to deliver a bypass of Mottram and the Glossop Spur; this was known as the Longdendale Integrated Transport Strategy (LITS).

18. Measures to deliver the elements of LITS as part of a Trans-Pennine Upgrade Programme were announced in December 2014, and these proposals form part of the RIS1 Programme for delivery during the period from 2015-2020.

19. The main elements of the scheme were a relief road for Mottram Moor (Mottram Moor Link Road) and one for the Woolley Bridge junction on the A57 (A57(T) to A57 Link Road). The proposal also included two climbing lanes on the A628, safety and technology measures; plus junction improvements on the A61 east of the Park boundary

20. Highways England conducted a non-statutory public consultation into the Trans Pennine Upgrade Programme in March of 2017. At the time, the proposals included the delivery of two climbing lanes on the A628 within the National Park. The Authority endorsed an objection to this element of the proposals at its meeting on 7th April 2017.

21. The climbing lanes element of the scheme has been put on hold and is not subject to the Statutory Public Consultation. Similarly, the proposals for the A61 and Technology and Safety measures, whilst part of the public consultation process now fall outside of the Development Consent Order Process.

22. The information provided within the public consultation includes a Preliminary Environmental Impact Report. This details the potential environmental impacts relating to the scheme. However, at the present time, there is no traffic modelling information provided. Whilst ongoing dialogue with Highways England and their agents have provided some idea of traffic flows (as referred to within the response); it is understood that the modelling has progressed considerably.

23. Without having detailed traffic flow projections, it is difficult to ascribe the potential impacts that may arise as a result of the scheme. However, the Preliminary Environmental Impact Report does suggest an impact on the South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI). The potential impacts relate to air quality, noise, and severance.

24. In addition there are potential impacts on Tintwistle and Langsett Conservation areas due to the increase in traffic along the A628(T) and A616(T) through or adjacent to the National Park. These would again be in relation to air quality, noise, and severance. It is likely that users of National Trails within the Longdendale Valley and on Snake Summit would be similarly impacted on but with addition of visual effects from increased traffic flows.

25. The draft response recognises the benefits of the scheme to the residents of Mottram and Woolley Bridge, but raises concerns about the potential impacts on residents of Tintwistle and Langsett, and on the South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI).

26. The response also raises concerns about the lack of available information to be able to properly judge the impacts of the proposed scheme at this stage; the final statutory opportunity to influence it.

27. It should be noted that the response does not object to the proposed Trans Pennine Upgrade scheme.

Transport for the North's Strategic Transport Plan

28. Transport for the North (TfN) was created as a Pan-Northern Partnership board of civic and business leaders from across the North. Transport for the North will become England's first Sub-National Transport Body on the first of April 2018. Transport for the North has worked with a number of bodies including Highways England, Network Rail, High Speed 2 (HS2) Ltd and the Department for Transport to produce a draft Strategic Transport Plan for the North.

29. The area bounded by the Plan is from Scotland in the North to the East Midlands, crossing the National Park boundary accordingly. However, the membership of some East Midlands districts within Sheffield City Region has led to the area of Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire to be shown as an annex to the TfN boundary.

30. The Plan is based around seven Strategic Development Corridors; of these, the Southern Pennines and North West to Sheffield City Region are likely to directly impact on the Peak District National Park. Of the others, three overlap the National Park and its constituent or neighbouring authorities.

31. The Southern Pennine corridor is linked to the TfN plans for the major road network and strategic road studies. Members will be aware of one of these studies; the Trans Pennine Tunnel Study which was announced as part of the Roads Investment Strategy 1 Investment Plan in 2014. The premise behind the study was for the delivery of a dual carriageway strategic road link between South Yorkshire and Greater Manchester. The main environmental constraint was that the route be delivered within a tunnel inside the Peak District National Park boundary. The Peak District National Park Authority offered cautious support to this proposal, believing that on balance the benefits outweighed any impacts to the National Park.

32. The report into the study found that whilst technically possible, the delivery of a tunnel beneath the National Park would not be viable financially, whilst the time taken to deliver the scheme would compromise the early realisation of benefits to offset the costs. A further study was undertaken to assess the wider connectivity benefits of an enhanced strategic route linking the Liverpool and Humber ports.

33. The TfN Strategic Transport Plan puts forward an alternative approach to the full tunnel, which is a partial tunnel under the highest part of the route, roughly following the line of

the current A628(T) corridor. The inference is that the remaining two thirds of the route (within the National Park) would comprise a motorway standard dual carriageway under the management of Highways England. Such an approach would, once the tunnel was built, significantly enhance the South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI), due to the removal of traffic from the highest section of the existing route. However, the significant upgrade to the remaining corridor would constitute major road building within the National Park. It should be noted that since 1976, there has been a general National presumption against major road development within National Parks.

34. It has been indicated that any such route would be delivered as an 'exemplar scheme involving environmental enhancements to benefit the Peak District National Park'. However, at the current time, the evidence to demonstrate such benefits as part of the overall justification of exceptional circumstances has not been clearly demonstrated within the Strategic Transport Plan. As such it cannot yet be shown to be in the wider public interest. Similarly, the strategic nature of the Plan means that there is no detail available to properly assess any impacts or benefits to the National Park and its two statutory purposes that may arise from the scheme. Given our existing Core Strategy Policies and the longstanding National presumption against road building in National Parks, it would be extremely difficult to be supportive of such a proposal.

35. The North West to Sheffield City Region corridor relates principally to rail connectivity between Cumbria and South Yorkshire via the Hope Valley Line or a suitable alternative. There is some potential overlap with the Southern Pennines corridor dependent on any options that may be delivered. This corridor is also linked to TfN's plans for Northern Powerhouse Rail.

36. The Peak District National Park Local Plan (2001) and Core Strategy (2011) safeguard land in the Hope Valley associated with the delivery of a passing loop for the Hope Valley Line. Network Rail brought forward a revised scheme for this loop, which went to a Public Inquiry in May 2016. By the time of the Inquiry, Network Rail had addressed some concerns raised by the Authority, and we had withdrawn a previous objection to the scheme. The result of the Inquiry was announced in February 2018, with the scheme to be delivered in the near future.

37. The TfN Strategic Transport Plan puts forward a proposal for significant upgrades along the corridor of the existing Hope Valley Line. The nature of such upgrades is not specified, but is thought to be of a level that would again constitute major development within the Peak District National Park. The reason for this presumption is a later section, which suggests that if transformational outputs (journey times) cannot be achieved within the existing Hope Valley Line corridor, then TfN will consider further assessment for a new line between Manchester and Sheffield.

38. The statement raises concerns in relation to the scale and impact of any significant upgrades to the Hope Valley Line to deliver transformational journey times. As with any potential road scheme, there is a long standing presumption against major transport development in National Parks. The suggestion of a new route is also of concern, as the presumption must be that a new line, delivering high speed connectivity between Sheffield and Manchester, would in all likelihood pass through the National Park.

39. As with the alternative to the Trans Pennine Tunnel scheme, the strategic nature of the Plan means that there is no detail available to properly assess any impacts or benefits to the National Park that may arise from the scheme(s) described above. Again given our existing Core Strategy Policies and the longstanding National presumption against major transport development within National Parks, it would be extremely difficult to be supportive of such a proposal.

40. There is a reason why for forty years, there has been the very strong presumption against major transport development in National Parks. The onus is on Transport for the North to demonstrate conclusively and robustly the reasons why this approach should not continue within the Peak District for the next forty years. This is particularly important because Transport for the North's plans extend beyond its boundary and into the Midlands. Therefore any benefits to justify a scheme within this National Park have to be at the National level and unachievable by any other means.

41. Given the lack of detail and evidence supporting the proposals, the draft response to the TfN Strategic Transport Plan objects to the proposed part-tunnel road link along the A628 corridor, the significant upgrade to the Hope Valley Line and the delivery of an alternative rail link between Sheffield and Manchester through the National Park. It should be noted that should any further details be brought forward to justify such proposals, there would be opportunity then to judge each on its merits.

42. The National Park Authority would wish to have sight of any appraisal and analysis at an early stage where any scheme is being promoted within the Peak District National Park.

Are there any corporate implications members should be concerned about?

Financial:

43. Any formal opposition to a proposed scheme will bring resource issues for the Authority if the scheme goes to a Public Inquiry. These would include staff time and the financial implications of appointing a barrister if necessary.

Risk Management:

44. There is a reputational risk associated with opposing the improvement of traffic conditions along the A628, and particularly within Mottram, Hollingworth and Tintwistle.

Sustainability:

45. The support of major roads schemes is contrary to the sustainability agenda of the Authority.

Equality:

46. N/a

47. Background papers (not previously published)

N/a

48. Appendices

Appendix 1 - Trans Pennine Upgrade Public Consultation – Authority Response

Appendix 2 - Transport for the North Strategic Transport Plan Public Consultation – Authority Response

Report Author, Job Title and Publication Date

Tim Nicholson, Transport Policy Planner, 08 March 2018
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Trans Pennine Upgrade Public Consultation – Authority Response

Trans Pennine Upgrade Public Consultation (February 2018)

Response on behalf of the Peak District National Park Authority

The Peak District National Park Authority welcomes the opportunity to provide comment on the Trans Pennine Upgrade Public Consultation. This document comprises a response on behalf of the Authority to that consultation. The response includes comments in relation to the following consultation documents: -

1. Trans Pennine Upgrade Public Consultation – Share Your Views
2. Preliminary Environmental Information Report

The response also includes some background information about the National Park and its role, which will add some context to the comments provided.

Within the overall response there is a variable degree of detail provided within the comments, dependent upon the size and the complexity of the document being commented upon.

The Peak District National Park Authority recognises the severe impacts of traffic on the residents of Mottram Moor and Glossopdale and the wish to address these issues. However, whilst not objecting to the principle of addressing these issues, we do have some concerns regarding their wider impacts within the National Park.

Our main focus is on the Preliminary Environmental Information Report. We have some concerns about the lack of information provided within this report; for example there is no clear traffic flow information. As the wider impacts of the scheme beyond the red line boundary relate to traffic flows and how they affect air quality, noise and vibration etc, it is difficult to make an objective assessment of the effects of the scheme.

We understand the reasoning behind the scheme; to improve conditions for residents within the Mottram Moor and Woolley Bridge areas. Unfortunately, the lack of information makes it difficult for the National Park Authority to support the proposed scheme in light of the potential impacts across the National Park and in particular within Tintwistle, and along the A628 and A57 corridors. The timely provision of such information, ahead of, or as part of the public consultation process, may have allayed such concerns.

Therefore, we look forward to the future provision of comprehensive and state-of-the-art traffic modelling, to provide the best available forecast for the traffic flows resulting from the delivery of the scheme. The roads of interest include, but are not exclusive to the A57 Snake Pass, the A628(T) Woodhead Road, the A624 Hayfield Road and the A6024 Holme Moss road. This modelling will be essential to enable understanding of the wider effects of the scheme on the National Park. As a measure to calibrate the modelling we would wish to see the inclusion of a means to assess real-time traffic flows both before and after completion of the scheme. This would require close cooperation with the highway authorities neighbouring the scheme; in this case Tameside, Derbyshire, Kirklees and Barnsley.

Background information on the Peak District National Park

The Peak District National Park was the first of the UK's National Parks to be designated, in 1951. The Peak District National Park Authority has two statutory purposes as set out in the National Parks and Access to the Countryside Act (1949) and restated within Section 61 of the Environment Act (1995). These purposes are: -

i) To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park, and

ii) To promote opportunities for the understanding and enjoyment of the special qualities of the National Park.

The two purposes have equal weight, except in cases where there is conflict between them. Should this occur, then the first purpose takes precedence. The Environment Act also places a statutory duty on National Park Authorities that in pursuance of their purposes, they should seek to foster the economic and social well-being of communities within the National Park.

In addition to the purposes and duty relating to National Park Authorities, Section 62 of the Environment Act (1995) places a statutory duty on bodies undertaking work affecting land within a National Park to have regard to National Park purposes. In the context of any work affecting land within the Peak District National Park, this duty applies to Highways England and any of its partners or agents.

Trans Pennine Upgrade Public Consultation – Share Your Views (February 2018)

The 'Trans Pennine Upgrade Public Consultation – Share Your Views' brochure is effectively the main document that will be viewed by members of the public, and as such offers a good summary of the proposals. In addition, the brochure provides details on some of the minor proposed amendments outside of the Development Consent Order process and invites public comment on them. The following response is based upon detailed comments and observations with regard to the 'Trans Pennine Upgrade Public Consultation – Share Your Views' brochure.

Page 4 – Why is the scheme needed?
The Peak District National Park Authority recognises the reasons for the proposed scheme, in particular in relation to the issues of air quality, noise and severance experienced by residents of Mottram Moor and Glossopdale. We also recognise that the scheme is being delivered outside the boundary of the National Park.

It is noted that under the Environment objective, there is a commitment to design the scheme "*to avoid the unacceptable impacts on the natural environment and landscape in the Peak District National Park*". This undertaking is welcomed; however it should be noted that due to the lack of available information with regard to traffic flows, it is difficult to assess the wider impacts of the scheme on the National Park.

Page 6 – Facilities for cyclists, pedestrians, equestrians and walkers
We are pleased to see the intention to provide improved facilities, for example a combined cycleway and footpath. It is suggested the aim should be to provide high quality sustainable travel facilities that encourage modal shift of travel behaviour, as an integral part of the upgrade. Where possible, the delivery of segregated facilities proves most effective in encouraging new walking and cycling trips.

The plan indicates the severance and diversion of the Trans-Pennine Trail. As this is a National Trail of some importance, we would hope that this is not the case. We would expect design considerations to be developed in conjunction with the appropriate Trail bodies, to provide high quality enhancement and the safe segregation of the Trail and its users from the new road network (including during construction). The upgrade and promotion of the local sections of the Pennine Bridleway and Trans-Pennine Trail would help to give the communities of Mottram, Hollingworth and Glossopdale a renewed sense of advantage from their close proximity and onward connection to the Peak District National Park.

Please note; it is quite an involved process to search out the details of suggested locations of these improvements from the webpage provided in the response form. A separate plan showing these facilities would be helpful.

Benefits and impacts of the link roads (Page 8)
The section on 'Cultural Heritage' states; "*Whilst there is potential for negative impact on the environmental setting of St. Michael and All Angels Church (Mottram) and Melandra Roman Fort, the reduction in traffic through the Mottram in Longendale Conservation Area will improve the appearance and appreciation of the village and its architectural quality.*" However, there is no acknowledgement of the impact on those areas / heritage assets where traffic flow will be increased across the wider Peak District and within the Tintwistle and Langsett Conservation Areas.

Page 9 – Safety and Technology improvements
Although these elements do not form part of the Development Consent Order process, we welcome the opportunity to consult on these additional proposals for Safety and Technology improvements along the A628.

The proposals are for a package of measures, including highly reflective road markings, skid resistant surfaces and automated snow gates. Their location would be within, or close to, the boundary of the Peak District National Park. The design and siting of the safety and technology improvements will be of critical importance, given their potential to impact upon the setting of the National Park and its special qualities.

The measures proposed by Highways England would be covered by the General Permitted Development Order; however for works within the boundary of the Peak District National Park, Highways England (and those acting on their behalf) is subject to a Statutory Duty under Section 62 of the Environment Act (1995) to have regard to National Park purposes as detailed above.

There is reference to the Dog and Partridge right turning scheme. There is potential for this proposed work to impact on a Grade II listed milepost (LEN 1151084), the setting of another listed building (LEN 1191620) and the wider open (historic) landscape. This would potentially lead to a negative impact on the historic environment.

Preliminary Environmental Information Report (February 2018)

Introduction

This document constitutes a response on behalf of the Peak District National Park Authority to the Trans Pennine Upgrade Programme's Preliminary Environmental Information Report. The response is comprised of two sections; the first is of general comments, whilst the second contains detailed comments on the report.

General Comments

The report builds on the approach detailed within the Environmental Impact Report Scoping Request of November 2017. The Peak District National Park Authority provided comment on this Scoping Request and is pleased to see that some of our comments have been used in the preparation of this Preliminary Environmental Information Report.

However, we are disappointed with the lack of detail provided at this stage of the process. Whilst the scheme itself falls outside the boundary of the National Park, the general acceptance is that it will lead to a quite significant increase in traffic flows along some National Park roads. These include, but are not exclusive to the A628(T), the A57 Snake Pass and the A6024 Holme Moss Road. Whilst we have been involved in discussions with Highways England and Arcadis in relation to traffic modelling, the lack of traffic model data within the Preliminary Environmental Information Report makes it difficult to fully assess both the benefits and impacts of the scheme. Given that the public consultation offers a last opportunity for the public, statutory bodies and others to respond to the proposed scheme, this lack of information is unacceptable.

Similarly, there appears to be a lack of understanding within the report as to the potential extent of the impact of traffic growth along the A628 corridor. For example, the scheme is likely to impact on traffic along the A6024, extending into Kirklees. However, it is unclear as to whether discussions regarding this impact have taken place with Kirklees Council. There also appears to be a lack of regard to the potential impacts on settlements such as Tintwistle and Langsett as a result of the scheme. Both of these villages either fall within or border the National Park, and both have issues in relation to air quality.

The impression given is that the tight timescales involved with meeting the RIS1 deadline of March 2020 have meant that the public consultation is being held before all of the relevant environmental assessment has been undertaken. Where the potential impacts extend within the National Park and affect communities already adversely impacted on by traffic, this appears to be a short-sighted approach if the support of these communities is being sought.

Detailed Comments

Chapter 2 – The Scheme

2.1 Background to the scheme

Paragraph 2.1.2 (Page 4) refers to the postponement of the 'A628 Climbing Lanes' scheme to allow further consideration of the benefits associated with them. It is worth noting that the Peak District National Park Authority formally objected to the 'A628 Climbing Lanes' scheme in April 2017. The basis of this objection centred upon the impacts of the scheme on the National Park, including particular sensitive landscape and habitat designations. The objection was also in reference to the apparent piecemeal approach to bringing forward proposals for the whole corridor rather than taking a holistic approach.

We would wish to emphasise that in bringing forward any further proposals for climbing lanes on the A628, thought should be given not only to their impact on the National Park, but their fit with the more strategic approach to the whole corridor being brought forward by Transport for the North.

2.2 Scheme objectives

Paragraph 2.2.1 (Page 5) suggests that "*the scheme is also being designed to avoid unacceptable impacts on the natural environment and landscape in the Peak District National Park*". We welcome this statement, and look forward to working with Highways England to address some of the concerns expressed within this document.

However, the nature of the proposed scheme is that it is likely to call for further improvements. We are aware that Highways England are currently looking at the next phase; a continuation of the scheme to provide a bypass of Hollingworth and Tintwistle. It is also clear from the report that some consideration is still being given to the 'A628 Climbing Lanes' scheme. Both projects would involve road building within the National Park, and in the case of the latter within land covered by British and European protective designations of the highest order. Any consideration of such works should be in adherence to the objective above. As such it is important to understand that avoiding an "unacceptable impact" in this context represents the highest bar in terms of design and should involve enhancement as well as mitigation as far as possible both in terms of landscape quality and the ability of the public to enjoy these areas.

2.8 Highways lighting

Paragraph 2.8.2 (Page 9) refers to the approach of minimising light pollution and taking account of landscape and ecological effects; this approach is supported. The neighbouring high ground of the National Park offers opportunities for the enjoyment of dark skies, albeit within the effects of the A628 Trunk Road and the light glare of Greater Manchester. Any efforts to reduce and mitigate further impact are welcomed.

2.16 Environmental design

Paragraph 2.16.2 (Page 12) refers to the use of earth mounding or acoustic fencing to provide screening from increased noise levels resulting from the scheme. Some thought will need to be given to ensuring natural looking landforms, in keeping with the existing setting. Where planting is proposed, this should utilise appropriate and locally sourced local species.

The scheme has the potential to have a visual impact from within the National Park. Where artificial earthworks or screening are proposed consideration of this visual impact should be considered in support of the Environment objective referred to within Paragraph 2.2.1.

Table 2-4 Biodiversity (Page 14) refers to the following Design Measure/Consideration: -

> "*Landscape planting would be designed to avoid providing food sources away from the edge of the road and, as a result, prevent traffic collisions*"

It is slightly unclear what is meant by this, but the assumption would be that food sources would be better away from the edge of the road than nearer to it?

Chapter 3 – Assessment of Alternatives

3.2 Reasonable alternatives studied

Paragraph 3.2.11 (Page 20), the third bullet point references the benefits to the residents of Mottram, with regard to air quality, noise and severance. However, the traffic modelling provided thus far suggests traffic increases along the A628 through Hollingworth and Tintwistle. This is not acknowledged within this part of the report. As this may include the worsening of air quality within an area likely to be covered by a future Air Quality Management Area, it might be pertinent to do so.

Chapter 4 – Environmental Assessment Methodology

Table 4-1 (Pages 26 and 27) refers to five Public Consultation Events from Saturday 18th March to Saturday 1st April; however, no year is given. It is assumed that these were the events from 2017, but it may be worth offering this information so that the table is consistent.

Chapter 5 – Air Quality

5.1 Existing environmental conditions

Paragraph 5.1.6 and Table 5-1 (Pages 30 to 32) provides the detail of the location of sensitive receptors to Air Quality. The table does not contain any sensitive receptors located within the Peak District village of Tintwistle. Whilst this report does not contain any traffic modelling figures, thus making it difficult to easily assess future impact, it is extremely likely that the scheme will increase traffic flows along the A628 through Tintwistle. The modelling data that has been provided so far in discussions with Highways England and Arcadis would suggest an increase in traffic flows along the A628 through Tintwistle in the order of 1,200 vehicles[1]. This model suggests that the proportion of HGV traffic will remain the same, effectively an increase in HGV numbers overall. Whilst there may be freer-flowing conditions through the village as a result of the scheme, it is our understanding that much of the air quality impacts within the village are as a result of low gear running of HGVs either climbing eastwards or braking during descent westwards.

It is important that the full impacts of the scheme both positive and negative for the wider area are fully understood. The inclusion of sensitive receptors within the village of Tintwistle along with appropriate assessment of air quality impacts would be welcomed.

Similarly, the A57 Snake Pass is expected to see a 27% increase in traffic, equating to an additional 1,200 vehicles per year. There are currently three sensitive receptors located within the National Park along this route (R52, R53 and R54). The inclusion of these receptors is acknowledged and welcomed. However we would suggest the inclusion of other roadside receptors would be appropriate, including the Snake Pass Inn and Ladybower Inn. Both of these premises are in close proximity to the road and have seating areas facing the road.

Paragraph 5.1.7 (Page 32); the inclusion of the ecological receptors; South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI) is welcomed. Traffic flows are predicted to increase by approximately

[1] I believe that this figure is based on an Annual Average Daily Total Fixed Demand flow

1,200 vehicles along those parts of the A628 and A57 covered by these designations. Therefore, it is important that consideration to air quality impacts on them covers the same area. This would constitute the A628 and A57 corridors through the National Park. Because the traffic modelling information that has been supplied thus far indicates a significant increase in percentage traffic flows on the A6024 Holme Moss road, this road should also be considered in relation to traffic related air quality assessment.

The predicted increase in traffic flows on the A6024, would suggest an origin / destination in West Yorkshire. Therefore, we would suggest that Kirklees Council should be consulted in relation to the proposed scheme.

Because of the predicted increase in flows along both the A628 and the A6024, egress from the junction of the two roads (already problematic), is likely to be worsened. This may result in queueing traffic at peak times. The constricted nature of the A6024 at this location could lead to pollutant build-up at this location.

Paragraph 5.1.8 (Page 32) makes the observation that the air quality impacts of the scheme on the ecological receptors will be fully assessed for the Environmental Statement. The problem with this approach is that currently, a number of statutory bodies including the Peak District National Park Authority are being asked to comment on the proposed scheme. In order to do so, we need a clear indication of potential impacts on the National Park, including air quality impacts on these sensitive receptors. The delay in providing this information until the final Environmental Statement is an impediment to the Authority in undertaking this work in a considered and timely manner. As this public consultation offers the final opportunity to comment on the proposals and their impacts, it means that the Authority and other bodies are trying to assess the impacts without having access to the necessary information. This may lead to negative impacts that are missed within our response to the proposed scheme.

5.3 Potential effects and mitigation measures

Paragraph 5.3.4 (Page 34); the hyperlinks to the Interim Advice Notes provided with the four bullet points do not appear to work.

Paragraph 5.3.7 (Page 34) refers to the revision of traffic flow data. The caution with regard to the release of traffic flow data is understood. However, it is unreasonable to expect members of the public and statutory bodies to assess the possible benefits and impacts of a road scheme without the provision of the traffic flow data used to inform the development of the Preliminary Environmental Report. As indicated above, the Public Consultation phase offers the final opportunity to influence the design of the scheme and opportunities for mitigation. Doing so without having the appropriate information devalues the consultation process.

Figure 5.4 is referred to within this paragraph as showing the Affected Road Network in relation to Air Quality. There appears to be a significant gap, in that the A628 across the National Park is not included. As the modelled data, which the Authority has been privy to thus far indicates an increase in traffic of 1,200 vehicles AADT including an increase of 152 HGVs per day, this road should be included. The road passes through the South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI). An assessment of impact on these designated areas would be welcomed.

It should be noted that Table 7-1 (Chapter 7 Biodiversity) suggest a possible negative impact on the designated sites as a result of the deterioration in air quality and associated nitrate deposition. A full appraisal of this impact should be made. The provision of full information relating to this impact should have been made available as part of the public consultation, if meaningful comment is to be provided.

Similarly, it is anticipated that the increased cross-park flows will have an impact on traffic flows on the A616 Trunk Road. Langsett village which lies on the boundary of the National Park is already within an Air Quality Management Area. An assessment of air quality impacts resulting from the scheme at this location should form part of the Environmental Statement despite the distance of Langsett from Mottram, because it forms part of the same Southern Pennines Strategic Road Network route.

Paragraph 5.3.9 (Page 37), refers to the positive impacts of the scheme in regard to Receptors R24, R25 and R26. This benefit is acknowledged as being important to the residents / users of these Receptors. Presumably the measure of benefit is also subject to potential changes to the traffic model data, and may increase or decrease as a result?

Paragraph 5.3.13 (Page 37) refers to the predicted lack of exceedances of the AQS objective within the Do Something scenario thus far. Whilst this is positive, the lack of detailed information referred to above suggests that the impacts of the proposed scheme beyond the immediate study area is either not understood or not yet within the public domain. In either case it is difficult for consultees to properly judge or comment on the potential impacts and / or benefits of the scheme.

Chapter 6 – Cultural Heritage

Sections 6.1 to 6.3 and Figures, 6.1 to 6.4 inclusive (Pages 38 to 40) discuss Cultural Heritage constraints and mitigation. However, these sections refer primarily to the immediate area around the proposed scheme. There is little reference to areas that could potentially be impacted by an increase in traffic volume in the wider road network. The areas that could be affected include the following: -

Conservation Areas
The Tintwistle Conservation Area – designated 21st January 1977 and a character appraisal adopted 12th March 2010 and Langsett Conservation Area – designated 7th July 1995 and a character appraisal adopted on 7th July 1995. There is the potential for the expected increase in traffic to negatively impact both of these Conservation Areas and their setting, including views into and out of the Conservation Areas.

Listed Buildings:
a) Sunday School and boundary wall, Tintwistle (LEN 1203897);
b) The Old Workhouse, 7 Stocks, Tintwistle (LEN 1087997);
c) Former Ebenezer Chapel, Tintwistle (LEN 1203918);
d) Church of St. James (Crowden), Tintwistle (LEN 1203925);
e) Valve Station to west of Bleak House, (Crowden), Tintwistle (LEN 1087998);
f) Bleak House, including wall and railings at Bleak House, (Crowden), Tintwistle (LEN 1334810);
g) Milepost approximately 1000m east of junction with Windleden Lane, (LEN 1315029);
h) Milestone approximately 150m east of Dog and Partridge Public House (LEN 1151084);
i) Bordhill Lodge (Ellerslie Lodge), Woodhead Road (LEN 1191620); and
j) Langsett Barn (Barn at Langsett House) (LEN 1191611).

Wider context:
k) Crowden Bridge 200 yards north-west to Crowden Old Vicarage (LEN 1203942);
l) Milestone approximately 400m east of Lady Cross on Old Salt Road (LEN 1151102);
m) Lady Cross, approximately 1000m south-west of junction with Windleden Lane on Old Salt Road (LEN 1151101);
n) Milestone approximately 200m west of Flouch Inn, Woodhead Road (LEN 1151083);
o) Milestone approximately 300m north of Flouch Inn, Whams Road (LEN 1315028);
p) Langsett House (south part), Langsett (LEN 1315060); and
q) The Farm House, Langsett (House immediately east of Langsett House)(LEN 1151082).

There is also the potential for Heritage assets along the A57 Snake Pass to be affected by the forecast increase in traffic flows.

We would wish to see an acknowledgement of this potential impact and the consideration of mitigation of it within the final Environmental Statement

6.2 Other baseline information to be obtained / surveys to be undertaken

Paragraph 6.2.5 (Page 39), we welcome the commitment to consult with the Peak District National Park Authority as a key stakeholder.

6.3 Potential effects and mitigation measures

Table 6-1, (Page 42), refers to the assessment of Tintwistle Conservation Area (CA3). It is stated that it is considered that there would be no impact of the operation of the scheme on this asset. Whilst this statement is reassuring the obvious lack of data with regard to traffic flows, vehicle emissions and noise makes it difficult for this Authority to judge how accurate this statement may be. Because this public consultation offers a final opportunity to comment on the impacts of the scheme on the Tintwistle Conservation Area, the Authority's ability to assess impact is somewhat compromised.

Chapter 7 – Biodiversity

General

We are mindful that none of the actual physical works involved in the construction of the proposed highway will fall within the National Park boundary, there are, however, cumulative affects impacting on the National Park caused by the predicted increase in traffic along the A628, A57 (Snake Pass) and the A6024 (Holme Moss Road) within the National Park.

As identified in the previous response to the EIA Scoping Report, all three of these roads are within designated sites (Dark Peak SSSI, South Pennine Moors Special Area of Conservation and the Peak District Moors Special Protection Area). The nature of these effects, during construction and operation has been identified for these sites in the Preliminary Report, along with the duration of the effect and additional mitigation.

The impacts identified in Chapter 7 (Biodiversity) need cross-referencing with the Chapters on Air Quality (Chapter 5) and Noise and Vibration (Chapter 10). Similarly, the A57 and A6024 need highlighting in Figure 5.4 Air Quality Affected Road Network.

7.1 Existing environmental conditions

Paragraph 7.1.18 (Page 46); notes that whilst the scheme falls within the Impact Risk Zones (IRZs) for the Dark Peak SSSI, the IRZ does not list transport proposals (including roads) as a potential impact at this distance. We feel that this development still poses a risk due to the increased traffic as mentioned above, which is likely to lead to the following residual effects: -

- Impact on the South Pennine Moors Special Area of Conservation and Dark Peak SSSI through the increased deposition of atmospheric pollutants (principally Nitrogen). The principal sensitive features to this deposition are likely to be Blanket Bog; Upland Heath; and Upland Flushes/Mires

- Impact on Peak District Moors Special Protection Area, Dark Peak SSSI, in particular breeding / ground nesting moorland birds; and Species of Principal Importance for Conservation under S41 of the Natural Environment & Rural Communities Act 2006 (in particular Mountain Hare) through increased visual and noise disturbance and road kill.

Whilst the Dark Peak SSSI, South Pennine Moors Special Area of Conservation and the Peak District Moors Special Protection Area have been considered within this preliminary report, the effects on receptors relating to the designations have not. For clarification these are: -

- Blanket Bog,
- Upland Heath
- Upland flushes / mires
- Moorland birds, including SPA species (peregrine falcon, short eared owl, merlin, and golden plover). Other moorland species that should be considered are curlew, red grouse, waders, lapwing, dunlin, ring ouzel.
- Mountain Hare

7.3 Potential effects and mitigation measures

Table 7-1 (Pages 51 to 53) provides an assessment of the potential impacts of the scheme during construction and operation. The recognition that the scheme may have an impact is welcomed. However, as with other previous comments, the lack of detail available makes it difficult for the National Park Authority to properly judge the impacts of the scheme before providing comment upon it.

Given the importance of these designations, asking the Authority to comment on a scheme where the details of impacts are unknown, un-modelled or simply as yet unavailable is unreasonable. If the intention is to work with the Authority and others to address any impacts, the full detail should be available, so that we are able to make a considered judgement of impacts and benefits.

In addition, the mitigation section of Table 7-1 provides no clear commitment to completing the Habitats Regulations Assessment and associated mitigation. This needs to be provided in the final Environmental Statement to provide a clear steer for the mitigation required. Also, the potential effects on non-qualifying species associated within the SSSI (e.g. Section 41 species mountain hare) are identified during construction and operational phases, but there is no mitigation relating to these at either phase. This information needs to be provided in the Environmental Statement.

Chapter 8 – Landscape and Townscape

8.2 Other baseline information to be obtained / surveys to be undertaken

Paragraph 8.2.1 (Page 67) refers to consultation with statutory consultees to agree / select representative viewpoints for consideration. Because of the potential visual impacts of the scheme on views from within the National Park boundary, we would welcome the opportunity to participate in this approach.

8.3 Potential effects and mitigation measures

Table 8-3 (Pages 68 to 81)
Environmental design; the provision of mounding / fencing / planting may not be appropriate in relation to the landscape character of the area, both at National and local level. The Mitigation proposals need to look at surrounding landscapes and how proposed mitigation can tie into existing features. If planting is an option, it should be noted that the length of time of maturation of trees means that the mitigation affects are delayed. Therefore we would recommend that off-site planting commences prior to construction and that in some places, where appropriate that semi mature trees are planted.

At present, there are no viewpoints from the any of the national trails or the National Park. We would recommend their inclusion, particularly from viewpoints within the national Park towards the scheme and from viewpoints down onto crossings of the A57 Snake Pass and A628 (T) from the National Trails.

There is a possible impact on the setting of the National Park through the loss of trees associated with the scheme, and subsequent visual intrusion of the new roads and roundabouts, including light pollution. The forecast increase in traffic on the A57 Snake Pass, A628 (T), A624 and A6028 may also result in visual intrusion.

Chapter 9 – People and Communities

9.1 Existing environmental conditions

Paragraph 9.1.1 (Page 82) refers to Figure 9.1, which delineates the Study Area for Mottram in Longendale (including the Mottram Conservation Area), Hollingworth and other local communities. The Upgrade is being proposed due to current road traffic density having a wide and very significant negative effect on everyday life for these communities. We consider the high relevance of the People and Communities factors necessitates the study area to be taken wider than 500m.

Induced traffic flows from operation of the Scheme (with Highways England early estimates of an 8% increase for the A628 and 9% increase for the A57) could amplify the current adverse effects from traffic travelling through Glossop and Tintwistle, including the Tintwistle Conservation Area. The close proximity of Glossop and Tintwistle compels the need to include them in measures to mitigate the predicted transference of traffic and air quality issues to these communities.

Paragraph 9.1.3 (Page 82); the Community Facilities and Commercial Assets that are included on Figure 9.1 include Schools; Churches; Doctor's Surgeries; Health Centres; Mottram Agricultural Showground; commercial assets. It is suggested this should be expanded to include Post Offices; Parks/Playgrounds; food shops.

Paragraph 9.1.9 (Page 82); within the 'Share your views document', Highways England promotes the importance of gaining opportunities for improving connectivity and minimising potential conflicts for pedestrians, cyclists, equestrians and walkers, where necessary. However we suggest 'minimising potential conflicts' is a low benchmark. The bar should be set much higher, to grasp the opportunity for the enhancement of sustainable transport and connectivity – public transport, walking, cycling – in the scheme area.

Taking this further, whilst we recognise that this is a road scheme, we think the balance is weighted too heavily in favour of the motorist. The eventual scheme should strike a balance through the delivery of local modal shift opportunities, encouraging sustainable travel as part of its environmental impact mitigation measures.

Paragraphs 9.1.12 and 9.1.13 (Page 83) refer to severance of the Pennine Bridleway and Trans Pennine Trail routes by the proposed scheme. Given the National Status of these routes and the benefits that they offer, it is important that this impact is mitigated through the provision of crossing facilities of some type.

The scheme area is crossed by long distance trails which afford access to the Peak District National Park. The Pennine Bridleway National Trail (locally incorporating the Trans-Pennine Trail National Cycle Route 62), is available to horse riders, cyclists and walkers. The route currently includes a road crossing in close proximity to the proposed junction of the A57 Link Road and existing A57 at Woolley Moor. We would expect design considerations to be developed in conjunction with the appropriate Trail bodies, to provide the safe segregation of the Trail and its users from the new road network (including during construction). Highways England has the opportunity to deliver and showcase high quality landscape restoration and enhancement for the Pennine Bridleway National Trail with appropriate visual and noise screening and proposals for habitat enrichment.

It should be noted that the Pennine Way and Trans-Pennine Trail are National Trails that currently suffer from the severance effects of crossing the A57 and the A628. Highways England has indicated there will be an induced growth of traffic on these roads, leading to even greater severance. The A628 Pegasus Crossing at Tintwistle, which carries the Pennine Bridleway, is currently subject to an exceedance of the AQS with regard to Nitrous Oxides. Any increase in traffic through Tintwistle is likely to worsen this exceedance. Therefore, it is of primary importance that this reduction in air quality is acknowledged, fully understood and mitigation measures proposed within the final Environmental Statement.

The plans show proposals to sever and close or divert a number of rights of way. We would hope to see this balanced by the delivery of new high quality walking and cycle routes that really do improve connectivity and bring about a notable re-joining of the communities, along with opportunities for the enhancement of public transport.

Paragraph 9.1.24 (Pages 84 and 85) suggests that Tameside is located within the East Midlands; this is incorrect. The following sentence suggests that High Peak Borough is located within the North West, which is again incorrect. Given the context of the paragraph (comparing local and regional unemployment rates), it is unclear which part has been transposed incorrectly; the regional or local.

9.3 Potential effects and mitigation measures

Paragraph 9.3.2 (Page 85) refers to the fact that assessment of potential effects is ongoing, with further detailed assessment to be provided within the Environmental Statement. By the time of the publication of the Environmental Statement the public consultation will have ended. This means that responders to the consultation are being asked to comment on the scheme without being fully appraised of the implications of that scheme. This makes it difficult to provide meaningful comment.

Access Land

Both the A628(T) and A57 Snake Pass cross large areas of open moorland designated as Access Land under the Countryside and Rights of Way Act 2000.

Access Land provides the public with the wide range of public benefits of open air recreation on foot, fulfilling one of the founding principles of the Peak District National Park; namely to promote opportunities for the public's enjoyment of the special qualities of the area.

The extensive areas of access land and the associated public rights of way network encourage participation in a range of activities as well as simply 'getting away from it all'. They allow exploration of the spectacular scenery and opportunities to enjoy the tranquillity and to connect with nature and the cultural heritage of the landscape whilst helping to deliver wider social and economic benefits to rural and urban communities.

The Access Land of the Peak District National Park is freely and easily accessible and attracts people from all ages and walks of life to benefit from escape, adventure, enjoyment, inspiration and reflection in a high quality landscape and to make life-long connections.

Tranquillity and quiet enjoyment of the English countryside is recognised by the majority of people as one of its most important qualities and makes a significant contribution to the enjoyment of an area. It is important for our mental and physical well-being, and improves our quality of life. It is a key factor in maintaining the rural economy, being one of the main reasons why people head for the countryside. Protecting this quality is a key priority.

The proposal to increase traffic flows on the roads crossing these significant areas of Access Land will have a detrimental impact on the public's enjoyment of these special areas by increasing noise and visual intrusion to a wide area in an otherwise wild and tranquil location. Both roads are visible from a wide area and impact on the enjoyment of a large proportion of the most wild and remote parts of the Dark Peak area.

Rights Of Way

Both the A57 and A628 crossed by the Pennine Way, Britain's first and most famous National Trail. The Pennine Way follows the Pennine chain of hills along the rugged backbone of England and offers 268 miles of the finest upland walking in England. One of the key attractors for the Pennine Way is the opportunity to enjoy Britain's wild open spaces and to 'get away from it all'.

The road crossings of the A57 and A628 already provide significant barriers to progress along the trail and the enjoyment of it. By proposing to increase road traffic these impediments will increase and the enjoyment of the trail and its founding principles will be detrimentally affected. The existing Pennine Way crossing of the A628 would benefit significantly from visibility improvements and better warnings for traffic, this need will become imperative if the volume or frequency of traffic is to increase.

The A628 is also crossed by the Pennine Bridleway, a parallel route to the Pennine Way but promoted as a long-distance route for horse-riders and cyclists. The Trans-Pennine Trail runs the length of Longdendale en route from coast-to-coast and crosses the A628 in several places. Both of these important long-distance recreational trails will be impaired by the increased traffic volumes in the road proposals; not only from increased noise and visual intrusion, but by the increased hazards on the road crossings.

If the proposals go ahead, it will be important to consider traffic-flow at the road crossings for all these important and popular trails to ensure they can be used safely.

Crowden Car Park
Crowden Car Park is a free to use car park located adjacent to the A628 within the Longdendale Valley. The car park is owned by United Utilities and managed by the Peak District National Park Authority. The car park includes picnic facilities and a toilet block, with the access road also providing access to Crowden campsite. The car park provides access to the Pennine Way and Trans Pennine Trail as well as other footpaths. The site is well used at present by a variety of people, but has seen high levels of anti-social behaviour; this has led to the site being degraded in a variety of ways.

Whilst not appropriate for this use, the site is heavily used by HGV's travelling along the A628. This compromises inappropriate use, and can lead to damage to verges from the overrun required to manoeuvre in and out of the car park. The access to and from the car park can be difficult due to poor visibility splays and the speed and number of vehicles travelling on the A628. This is particularly the case for large and less manoeuvrable vehicles such as HGVs.

The predicted increase in traffic flows along the A628(T) as a result of the proposed scheme is likely to increase the use of the site, particularly the toilets. This could lead to further issues of quality and safety at the site.

Given the likely increase in traffic, there is a real potential to improve this site as part of the scheme possibly including a refreshment concession. With appropriate investment to include National Park interpretation and messaging, Crowden could provide a safe site for a comfort break on the Trans-Pennine route.

Chapter 10 – Noise and Vibration

10.1 Existing environmental conditions

Paragraph 10.1.4 (Page 91) refers to the classification of 'other sensitive receptors' including National Parks, SACs, SPAs and SSSIs. This reference is supported.

Paragraph 10.1.5 (Page 91) refers to the 'other sensitive receptors within the Study area, which are represented in Figure 10.1. Because of the expected increase in traffic beyond the immediate vicinity of the scheme, we would wish there to be wider consideration of the impacts of the scheme. The expected increases in traffic (1,200 vehicles AADT including an increase of 152 HGVs per day) along the A628, including through the village of Tintwistle would suggest that the scheme will result in a fairly significant increase in noise. Similarly, bearing in mind the reference within paragraph 10.1.4, we would expect to see some recognition of the potential noise impacts on the South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI). This is particularly pertinent bearing in mind some of the potential operational impacts referred to within Table 7.1 on these designated areas.

It has been suggested that traffic flows will also increase on the A57 Snake Pass (an increase of 1,200 vehicles) and the A6024, both of which pass through the South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI). It is not unreasonable to suppose that this will lead to an increase in traffic noise with the same potential effects described within Table 7-1.

As touched on earlier in relation to Air Quality, it is anticipated that the increased cross-park flows will have an impact on traffic flows on the A616 Trunk Road. Langsett village which lies on the boundary of the National Park already carries high levels of traffic with the associated impact of noise and vibration. The buildings here are set in close proximity to the carriageway. An assessment of noise impacts resulting from the scheme at this location should form part of the Environmental Statement despite the distance of Langsett from Mottram, because it forms part of the same Southern Pennines Strategic Road Network route.

Paragraph 10.1.10 (Page 92) refers to the noise monitoring locations shown on Figure 10.1. It is appreciated that these reflect the changes in close proximity to the scheme itself. However, as indicated above, the scheme is likely to have negative impacts on species within the South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI). Because of this it would be useful to undertake appropriate noise monitoring in close proximity to these sites at key points.

Similarly, the A628 and A57 are both crossed by National Trails within the National Park, including the Pennine Way, the Pennine Bridleway and the Trans Pennine Trail. An increase in vehicles will negatively affect users of these routes in terms of noise impact. Therefore, we would also welcome the inclusion of crossing points of these routes as monitoring locations.

The inclusion of a monitoring location at Langsett would also be recommended to fully understand the potential increase in noise at sensitive receptors within the village resulting from expected increase in traffic flows.

10.2 Other baseline information to be obtained / surveys undertaken

Paragraph 10.2.2 (Page 93) refers to the High Peak District Council; presumably this should be High Peak Borough Council.

Chapter 11 – Road Drainage and the Water Environment

General

We note the revised road junction layout where the proposed A57 link road meets the current A57 at Woolley Moor, with a signal controlled junction replacing the previously proposed roundabout. This approach reduces the potential for obstruction within the River Etherow flood zone.

Chapter 12 – Geology and Soils

12.1 Existing environmental conditions

Paragraphs 12.1.27 and 12.128; Table 12-2 (Page 108) refer to the existing recorded landfill sites within the Study Area. It is acknowledged that these sites could pose a threat to sensitive receptors. It is also possible that there are other unknown areas of contaminated land. Because of the distance from the National Park boundary, it is unlikely that these sites would impact on the National Park. However, under dry windy conditions it is possible that contaminated material from these sites could be carried westwards by the prevailing winds into the surrounding built up areas including Tintwistle. It is also possible for contaminated soil to be carried out of the area on the wheels or other parts of vehicles exiting the site. Therefore it is important that all measures are taken to ensure that any contaminated soils are contained within the compound and dealt with in-situ where possible. Where it is not possible to do so, the transport of the contaminated soils should not allow for any cross-contamination.

We would seek assurance against the possibility of such loads posing a risk to the National Park.

12.3 Potential effects and mitigation measures

Paragraph 12.3.2 (Page 109) refers to the opportunity offered by the cutting to become a learning resource for geology students during the lifetime of the scheme. This is a positive outcome, but would necessitate easy safe access to the site on foot, in order to maximise this potential.

Table 12-3 (Page 111) refers to the potential for maintenance workers to be exposed to contaminated materials during the operational phase of the scheme. Table 13-7 suggests that any contaminated soil exposed during the scheme would be "*identified, removed and kept separate from other CD&E wastes to avoid contaminating 'clean' materials*". If this is the case then there should not be any risk to roadside maintenance crews during the life of the scheme.

If however, there is a risk to maintenance crews from contaminated soils, then it shouldn't be assumed that this will not have wider impacts. Table 14-3 makes it clear that the uncertainty of climate change effects could mean that any near surface contaminated land could become exposed as a result of the combination of any of the following; drought, strong winds, heavy rainfall, severe frost and ground upheaval / settlement. The increase in temperatures may also make any stabilising vegetation more susceptible to pests and / or diseases. The presence of the geological faults referenced at paragraphs 12.1.7 and 12.1.8, must also be considered in this respect, as any earth movement may lead to slippage and subsequent exposure of sub-surface materials.

It is important that any contaminated land exposed as a result of the scheme is treated and made safe, rather than covered over in the hope that it will not become exposed again during the operation of the scheme.

Chapter 13 – Materials

General
We are pleased that Highways England, as part of the scheme's environmental objectives, has stated that the scheme is being designed to avoid unacceptable impacts on the natural environment and landscape in the Peak District National Park. One way in which this approach could be upheld is by ensuring the transportation of material resources or waste will avoid the use of roads through the National Park wherever possible. This could be achieved thorough tender and contract specifications.

13.1 Existing environmental conditions

Paragraph 13.1.1 (Page 114), there is the potential for construction materials to be sourced from within or adjacent to the Peak District National Park, including from locations such as Hope Cement Works. This could lead to increased HGV movements transporting materials to the site, with the obvious negative impacts on the National Park and its residents. Where feasible, we would wish to see materials arrive and leave by rail as far as possible, with only the last stage of the journey made by road, preferably by appropriate routes and around rather than across the National Park.

Paragraph 13.1.11 (Page 115) and Figure 13.1 refer to waste management sites in close proximity to the scheme. The closest landfill site is at Birch Vale, and whilst it is located outside of the National Park boundary, there is the potential negative impact of construction traffic accessing this site via the National Park.

13.3 Potential effects and mitigation measures

Table 13-7 (Page 119) refers to the diversion of vegetation waste away from landfill, provided that it is not of an invasive species; this approach is supported.

The table also refers to the treatment of hazardous waste (please see comments above in relation to Geology and Soils. In order to fully avoid further potential contamination, the treatment of contaminated soil on site would be preferable. Where it is to be transported off-site, it should be under strict control to avoid any cross contamination. This is particularly important for any vehicles crossing the National Park, due to the extremely sensitive nature of the moorland and water course environments.

There are specific permitted reserves of aggregates within the National Park; this raises the question as to whether these sites should be tested as an additional potential 'receptor'?

Table 13-7 (page 120) refers to the logistics in relation to the scheme. We support an approach of only allowing full loads of materials, in order to manage the impacts of construction traffic. This approach should also apply to any vehicles removing waste material from the construction site.

In addition to traffic movements on the highway network caused during the construction phase, there is a potential for diversion of materials & waste vehicles onto the National Park road network in the longer term. Should the wording of the last 'Receptor' (Page 120) be adapted to reflect this?

Chapter 14 – Climate

14.3 Potential effects and mitigation measures

Table 14-3 (Pages 124 and 125) refers to the potential loss of soil in relation to heavy rainfall events and / or increased wind speed. As referred to above in reference to Chapters 12 and 13, this may lead to the exposure of contaminated soils associated with the scheme, if they are not adequately treated during construction.

Table 14-3 (Pages 124 to 132) refers to the potential loss of vegetation as a result of climate change impacts. As referred to above in reference to Chapters 12 and 13, this may lead to the exposure of contaminated soils associated with the scheme, if they are not adequately treated during construction.

Table 14-3 (Page 127) under changes in humidity and increase in temperature, the two potential effects are the same, just worded slightly differently.

Table 14-3 (Page 129) under risk to construction design "*Increase in frequency and intensity of heavy rainfall events / flooding*". An additional risk is the mobilisation of contaminants as a result of heavy rainfall and flooding events. These may be subsurface in water courses and exposed due to flood induced erosion, or brought to the road surface following periods of drought. Where there are low flows of water this can lead to the concentration of waterborne contaminants where they are present in the watercourse.

Paragraph 14.3.5 (Page 133); there is no real identification of the assessment of Greenhouse Gas Emissions resulting from the scheme. The traffic modelling that we have been privy to would suggest an increase in traffic flows along the A628 through Tintwistle in the order of 1,200 vehicles, and an increase along the A57 Snake Pass of a similar amount. It is unclear whether this is new traffic or re-routed. If it is re-routed traffic, it is similarly unclear whether the rerouting is now using the most appropriate route or not.

We would wish to be assured that any modelling in relation to greenhouse gas emissions takes account of the potential for this wider induced traffic flow impact.

In short, the lack of detail provided makes it difficult to assess the net impacts or benefits of the scheme in relation to greenhouse gas emissions. In order to understand the benefits or impacts of the scheme an assessment of overall end-to-end journeys taking account of vehicle speeds, topography and congestion would be required.

Chapter 15 – Assessment of Cumulative Effects

15.1 Methodology

Paragraph 15.1.6 and Table 16-1 (Pages 135 and 136) refer to the Zone of Influence of the scheme on individual receptors. We welcome the suggestion that the Air Quality, Noise and Vibration and Climate Change Zones of Influence be related to the Traffic Model. An indication of the scope of this area would be useful in providing comments. However, we feel that it should include all roads where a significant increase in traffic is expected. These would include the A628(T), A57 Snake Pass, A6024 Holme Moss Road and the A616(T) through Langsett.

The Zone of Influence for Biodiversity should reflect the potential impacts of increased traffic flows including air quality, noise & vibration and severance on the South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI). For this reason it should mirror the Zone of influence for each of these topic areas.

Similarly, the increase in traffic will affect enjoyment of the National Trails including the Pennine Way, the Pennine bridleway and the Trans Pennine Trail. These iconic routes have crossing points along the A628 and A57 within the Peak District National Park. Any increase in traffic of the order suggested will adversely impact on users in regard to air quality, visual intrusion, noise and severance. This impact should be included within the People and Communities Zone of Influence, which should reflect the traffic model.

Similarly, the impact on the communities of Tintwistle and Langsett should be recognised and acknowledged within the assessment. In both cases, residents will be subjected to increased traffic flows with the associated visual, auditory, air quality and severance issues that might be expected from a 1,200 daily increase in vehicles (A628).

15.2 Assessment of intra-scheme effects

Paragraph 15.2.3 (Page 137) refers to the sensitive receptors for the purposes of the assessment. We would recommend the addition of the following; Humans (National Trail Users) and Ecological Features (SAC / SPA / SSSI). As referred to above, we would wish to see an assessment of impacts across all routes with significant traffic growth, including the A628(T), A57 Snake Pass, A6024 Holme Moss Road and the A616(T) through Langsett. The provision of a comprehensive up-to-date traffic model would enable this assessment to be made and allow a better understanding of the wider benefits and impacts.

Glossary

Page 153 – Stakeholder appears twice

Page 154 – Statutory Consultees appears twice

<u>Summary of response</u>

The Peak District National Park Authority recognises the severe impacts of traffic on the residents of Mottram Moor and Glossopdale and the wish to address these issues. However, whilst not objecting to the principle of addressing these issues, we do have some concerns regarding their wider impacts within the National Park.

In particular we are concerned about the impacts of increased traffic flows through the National Park villages of Tintwistle and Mottram. Both of these villages are already also blighted by the impacts of traffic including air quality, noise and severance.

We are also concerned about the impacts on the wider Peak District including on the South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI). However it is exceedingly difficult to quantify these concerns without the appropriate information. In this case the lack of traffic flow modelling has compromised our ability to properly respond to this consultation and has engendered a very cautious assessment of potential impacts.

Finally, we are concerned that the issues that will result from the delivery of the scheme will undoubtedly bring more pressure to bear to address the need for a further bypass around Hollingworth and Tintwistle, with the requirement for road building within the National Park

Transport for the North Strategic Transport Plan Public Consultation – Authority Response

Transport for the North

Strategic Transport Plan – Draft for Consultation (January 2018)

Introduction

The Peak District National Park Authority welcomes the opportunity to provide comment on the Transport for the North's Strategic Transport Plan – Draft for Publication (January 2018). This document constitutes a response on behalf of the Peak District National Park Authority to that Strategy. The response is comprised of three sections; the first contains some background information about the National Park, the second is of general comments about the Strategy, whilst the third contains detailed comments on the strategy.

Background information on the National Park

The Peak District National Park was the first of the UK's National Parks to be designated, in 1951. The Peak District National Park Authority has two statutory purposes as set out in the National Parks and Access to the Countryside Act (1949) and restated within Section 61 of the Environment Act (1995). These purposes are: -

i) To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park, and

ii) To promote opportunities for the understanding and enjoyment of the special qualities of the National Park.

The two purposes have equal weight, except in cases where there is conflict between them. Should this occur, then the first purpose takes precedence. The Environment Act also places a statutory duty on National Park Authorities that in pursuance of their purposes, they should seek to foster the economic and social well-being of communities within the National Park.

In addition to the purposes and duty relating to National Park Authorities, Section 62 of the Environment Act (1995) places a statutory duty on bodies undertaking work affecting land within a National Park to have regard to National Park purposes. In the context of any work affecting land within the Peak District National Park, this duty applies to Transport for the North and any of its partners or agents.

The Peak District National Park is located at the centre of England, spanning the North and the Midlands. Less than one quarter of the National Park lies within the area bounded by Transport for the North (23%). This area contains approximately 7% of the Park's population. The remaining 77% of the area of the National Park lies within the Midlands and is covered by the Midlands Connect. The respective areas and population by districts are provided below in Table 1.

Table 1 – The Peak District National Park divided by Council Area and population

Sub-National Transport Body	**City / Borough / District Council Area**	**Percentage area of the National Park**	**Population of the National Park (percentage)[1]**
Transport for the North	Sheffield	10	955 (2.5)
	Cheshire East	6	1,305 (3%)
	Kirklees	3	250 (0.7)
	Barnsley	2	99 (0.3)
	Oldham	2	97 (0.3)
Sub-total		**23**	**2,706 (7.1)**
Midlands Connect	Derbyshire Dales	32	24,894 (65.2)
	High Peak	29	6,542 (17.1)

[1] Source ONS Constitutional Boundaries Population Peak District National Park population estimates, mid-2010 by part Local Authority

	Staffordshire Moorlands	14	3,873 (10.1)
	North East Derbyshire	2	153 (0.4)
Sub-total		**77**	**35,462 (92.9)**

The Peak District National Park boundary overlaps all of the above council areas to a greater or lesser extent. It should be noted that the Peak District National Park Authority is the Planning Authority for all of the land within these council areas within the Park boundary, irrespective of other constituent Authority boundaries.

General Comments

The approach being taken by Transport for the North to plan ahead for transport demand for the long term future is supported. This approach will enable Transport for the North to take a proactive approach to planning for connectivity to new developments for business and housing. This will enable transport to better serve such development rather than react to it. With the expected growth in population and the need to address air quality and climate change impacts, a holistic approach to development planning, including for transport is sensible. In addition this approach enables better alignment of funding for development and transport, meaning that one can facilitate and add value to the other.

The document includes proposals for major transport schemes within the National Park, both road and rail. Since the publication of the Circular 04/76 Report of the National Park Policies Review Committee in 1976 there has been a presumption against major transport development in National Parks. This has continued to the present day with the English national parks and the broads: UK government vision and circular 2010; and the National Planning Policy Framework. The National Planning Policy Framework sets criteria that must be met in order to justify the exceptional circumstances that allow for development inside National Parks; these include the balance of the public interest against impacts of the proposals. Consideration is also given to the need for development and the ability to deliver it elsewhere.

This reflects the Statutory Protection afforded to National Parks, and sets extremely high tests that need to be met in order for major development to take place within National Parks. The Plan sets out strategic aspirations for transport schemes over the long-term and as such does not focus on detail. However, given the potential impacts of major development within the Peak District National Park, the National Park Authority cannot at this time be confident of the benefits of such schemes compared to their impacts. Therefore, the Authority is unable to be supportive of any of the proposed schemes being put forward within the National Park. Until there is a clear, well evidenced demonstration that a scheme is in the public interest, along with an understanding of the impacts and the ability to mitigate these impacts; and provide additional enhancement, the Authority must register its objections to those major road and rail schemes within the National Park.

Detailed Comments

Map (Page 2) shows and names the Local Transport Authority Areas for the Transport for the North. The map includes an un-named pink area south of the Sheffield City Region Combined Authority, which constitutes parts of Derbyshire (Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire) and Nottinghamshire (Bassetlaw). This area forms part of the Sheffield City Region, but not within the Combined Authority Area. Whilst it is understood that there are still some outstanding political sensitivities about this part of the City Region, an un-named portion of the map has little purpose. It would be better to either label the area for what it is, or accept that it falls outside of the Transport for the North Area. At present it is just confusing, particularly as there is no reference to any of the aforementioned districts or their constituent counties anywhere within the document. This issue is further compounded by the use similar maps throughout the document.

Introduction

Map (Page 7); please see earlier comments relating to the inclusion of Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire on maps of the Transport for the North Area.

TfN's Vision and Pan-Northern Transport Objectives

Promote and support the built and natural environment (Page 15); this section offers an early opportunity to make reference to the five National Parks that wholly or partially lie within the Transport for the North Area. This is particularly important in relation to the additional designations ascribed to some or all of these Parks. These designations include World Heritage Site, Site of Special Scientific Interest, Special Area of Conservation and Special Protection Area.

As there is a general assumption within the National Policy Planning Framework (NPPF) against major development in National Parks, and there is a reference in this section to ensuring that transport developments are in accordance with the NPPF, it would help to establish an approach of protecting National Parks within the Strategic Framework at an early stage (please see the above reference to Transport for the North's Duty under Section 62 of the Environment Act (1995)).

We would also welcome clarification as to whether Transport for the North have undertaken an assessment of the overall public interest of their Strategic Plan against its potential impacts. For example, in the case of the Peak District National Park, proposals within the Strategic Plan are likely to have a negative impact on the special qualities of National Park. Such impacts are counter to the public interest in so far as they include the delivery of major transport infrastructure within a National Park. Whilst the Plan includes some dramatic predictions as to the value of the delivery of its schemes in total to the North, the evidence to support these predictions is not provided. Has there been an assessment made within the context of national and local policies as to the public interest of delivering major transport development within the National Park as opposed to the public benefit of not doing so?

The North Today

Infographic (Page 16) refers to the five National Parks within the Transport for the North area. This reference is appreciated, as it demonstrates the importance of the National Parks to the area. There is also a reference to there being 6 UNESCO World Heritage Sites within the North. It would appear that this includes the Derwent Valley Mills World Heritage Site which covers a 15 mile stretch of the Derwent Valley between Cromford (Derbyshire Dales) and Derby City. It should be noted that this site falls within the East Midlands area rather than that of Transport for the North.

The North's role in powering the UK economy

Prime capabilities (Page 18); there is a reference in each of the prime capabilities boxes to growth in GVA, which includes the following "*…..(£2011)*". It is unclear what is meant by this.

Distribution of the prime capabilities around the North (Page 19); please see earlier comments relating to the inclusion of Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire on maps of the Transport for the North Area.

Page 20, text states "*This is illustrated in the map on page 17*"; the map is actually provided on page 19 (see above).

Economic Infrastructure – Transport's role in the economy of the North (Page 23) states: -

> "*it is vital that the transport network does not restrict tourism. Opportunities to enhance the built and natural environment through a carefully designed and operated transport network should be seized*"

National Park Authorities have a duty to promote opportunities for the enjoyment and understanding of the Park's special qualities, so there is a link here. However it is important that those special qualities are not so far compromised by the desire for a transport network, that they cease to be either special or an attraction to visitors.

Transformational GVA Projections per person in the North in 2050 (Page 25); please see earlier comments relating to the inclusion of Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales and North East Derbyshire on maps of the Transport for the North Area.

Connecting People (Page 30) refers to the visitor economy in relation to National Parks. This is welcomed. Further down, the paragraph refers to Park's '*objectives*'. The following text refers to National Park '*purposes*'. We would suggest changing the wording from '*objectives*' to '*purposes*'.

The paragraph also refers to Transport for the North wishing to support the five National Parks in achieving these objectives. In reality, Transport for the North has a legal Duty to have regard to these purposes in undertaking any work within a National Park. We would welcome a rewording of the paragraph to stress this.

Cross-border connectivity with the North's economic neighbours (Page 31) refers to Transport for the North working with Midlands Connect and others. Given the confused nature of the maps referred to elsewhere within this document, a clear illustration of the respective boundaries might be useful; particularly in the case of the Sheffield City region area.

Supporting the international connectivity of the North (Page 33); the sentence *"……Independent International Connectivity Commission found that, of the **additional** 12 million **additional** passengers….*". We would suggest removing one of the "*additional*"s from the sentence.

Moving goods (Page 34); refers to investment and growth of the Mersey and Humber ports and connectivity between them. The importance of the ability to move freight between ports is recognised. However, the current and potential future impact of that movement, on people, and particularly on National Parks should also be acknowledged.

Current rail commitments in the North (Page 39); it is noted that in listing stations which need to be able to accommodate HS2 that Chesterfield is not included. Whilst it lies outside of the Transport for the North area, the borough area does feature on many of the maps within the report. Some level of consistency as to the area covered by the Strategy would be welcomed, particularly as the Map on Page 48 (The North's passenger rail network and stations) includes a number of the Midlands stations.

Northern Powerhouse Rail (Page 46) refers to 'Significant upgrades along the corridor of the existing Hope Valley rail line between Sheffield and Manchester. The Peak District National Park Authority has consistently safeguarded land along the line, within the National Park for the provision of a passing loop (Peak District National Park Local Plan 2001, Policy LT3)[2]. The recent announcement that this scheme would take place is supported by the Authority in respect of the benefits to National Park residents of additional local stopping trains within the Hope Valley. This approach of safeguarding land for future enhancement of the Hope Valley Line is continued within the Peak District National Park Core Strategy (2011); Policy T5[3].

Over the last forty years, there has been a general presumption against major development in National Parks. This was clarified within Circular 04/76 Report of the National Park Policies Review Committee, and restated as part of the English national parks and the broads: UK government vision and circular 2010[4]. This position is further emphasised within the National Policy Planning Framework (paragraphs 115 and 116)[5].

We believe that any 'significant upgrades' along the Hope Valley Line within the National Park, will be contrary to this presumption against major development within National Parks. As such we would need to be satisfied that any such scheme meets the tests stipulated within the National Policy Planning Framework (paragraph 116). We would also wish to be assured of net environmental benefits arising from the scheme. At present, the Strategic Transport Plan does not demonstrate this, and as such we are unable to support this element of the Plan.

This chapter also refers to shorter term improvements along the Hope Valley Line between Manchester and Sheffield. For any of these that are not part of the passing loop referred to above, the National Park

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[2] http://www.peakdistrict.gov.uk/publications/local-plan-2001/chapter11
[3] http://www.peakdistrict.gov.uk/__data/assets/pdf_file/0014/141215/LDF-CoreStrategyFinal.pdf
[4] https://www.gov.uk/government/publications/english-national-parks-and-the-broads-uk-government-vision-and-circular-2010
[5] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

Authority would reserve judgment until the detail of such proposals are brought forward. This should not be seen as being supportive of such measures. The potential impacts of such proposals on the National Park would need to be assessed against the benefits of enhanced rail connectivity to and from the National Park, and the removal of traffic from its roads.

Finally, this chapter also refers to the potential for "*a new line between Manchester and Sheffield*", should significant upgrades to the Hope Valley Line not look promising. Should this building of a new railway line involve the delivery of an above surface route anywhere within the National Park, this would constitute major development within the National Park. As detailed above there is an historic presumption against major development within National Parks. Therefore any such scheme would also need to meet the tests stipulated within the National Planning Policy Framework (paragraph 116). The Strategic Transport Plan does not demonstrate that this is the case, and as such we are unable to support this element of the Plan.

Major Road Network for the North and Strategic Road Studies (Page 56); refers to the work in exploring how Highway's England's Air Quality Strategy can be expanded to include the Major Roads Network through future investment. This is a positive approach and supported.

The chapter also refers to proposals for a Hollingworth and Tintwistle bypass. The A57 Trans Pennine Upgrade Programme RIS1 scheme (the Mottram Moor and A57(T) to A57 Link Roads) is expected to increase traffic flows in the order of 1,200 vehicles per day on the A628 through Hollingworth and Tintwistle. We recognise the impacts that this will have in terms air quality, noise and vibration and severance on the residents of these villages. However, it should be acknowledged that such a route would involve road building within the Peak District National Park.

As referred to above within the response to the Chapter on Northern Powerhouse Rail, there is a presumption against major development in National Parks. Any such proposal would need to demonstrate that it met the tests stipulated within the National Planning Policy Framework (paragraph 116). At present, the Strategic Transport Plan lacks any detail to suggest that this is the case and therefore, whilst we would wish to see an improvement to conditions within the Peak District village of Tintwistle, we are not able to offer our support for this proposal.

Strategic Road Studies (Page 57) refers to the Trans Pennine Tunnel Strategic Study. The Peak District National Park Authority was supportive of an approach which enabled the provision of a Highways England Expressway entirely beneath the National Park. This approach enabled the provision of a weather-proof strategic road link connecting South Yorkshire with Greater Manchester, with minimal impact on the National Park. This option would also remove large numbers of surface vehicles from the National Park enhancing the landscape and environment of the Longdendale Valley. It would have also greatly benefited the South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI). The Authority was disappointed to hear that this is no longer being considered as a viable option.

This section then goes on to suggest that the most promising alternative option is for a partially tunnelled route along the existing A628 route. It is our understanding that this would be likely to comprise a tunnelled section of dual carriageway between the Dog and Partridge Inn at Flouch and Pikenaze. This would bring significant enhancement to the South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI).

It should be recognised that this tunnel would only account for approximately one third of the length of the existing route across the National Park. If no further enhancement / limited enhancement to the remaining surface sections of the road to the east or west of the tunnel were planned, then this might offer an acceptable alternative to a full tunnel.

However, it is our understanding that the intention is for the remainder of the route to be dramatically upgraded to comprise a full dual carriageway route from the Flouch roundabout to the junction with the planned Hollingworth and Tintwistle bypass referred to above. We also understand that the tunnel will not be the first element to be delivered.

This approach is likely to further impact on the South Pennine Moors Special Area of Conservation (SAC); Peak District Moors Special Protection Area (SPA); and Dark Peak Site of Special Scientific Interest (SSSI) with significant increased traffic flows, as the surface sections of the route will in all likelihood be completed first. There is also the potential for the surface sections to be completed and the tunnel shelved; in which case this would lead for demands for the surface connection to be made with all the associated additional impacts on the National Park.

As any scheme of this nature is major development within the National Park, it would be required to meet the tests stipulated within the National Planning Policy Framework (paragraph 116). At present it is unclear from the Strategic Transport Plan what regard Transport for the North are giving to National Park purposes and the impacts of such a scheme on the National Park. The text refers to an "*exemplar scheme involving environmental benefits*". The tone of this suggests that a collaborative approach will be taken, and this is welcomed. Even so, there is still a lack of information detailing the benefits of the scheme and how these will outweigh the not inconsiderable impacts of the building of a surface level dual carriageway over two thirds of the existing A628 corridor within the National Park.

Because of the likely impacts of the scheme on the National Park, and the lack of detail at this stage to indicate how it would bring benefits that outweigh that harm, the Authority is unable to support the proposal. Indeed, given the scale of the scheme and its likely long-term impacts, the Authority has no choice other than to object to the proposal as it stands, until it can be proven to have met the tests within paragraph 16 of the National Planning Policy Framework.

We would, however wish to continue to work closely with Transport for the North and Highways England to fully understand the proposed scheme. We would also wish to help Transport for the North in achieving a scheme that delivers a strategic route without major impacts on the National Park.

Integrated and Smart Travel (Page 58); it is clear from the Strategic Transport Plan, that the Transport for the North area relies on cross-boundary travel into the Midlands, North Wales and Scotland. In delivering any smart travel solutions, it is important that they allow for easy cross-boundary travel. This is particularly important if the desire is to enable modal shift from the car to bus, rail and tram. For example, that part of Sheffield city region contained within the East Midlands looks to Sheffield for jobs and services. In addition Sheffield has particular air quality issues, largely related to transport. In order for smart travel to be able to aid in addressing this issue in relation to those journeys starting or ending in the East Midlands, the solution has to work across boundaries, without disadvantage to its users. This will require close working with Midlands Connect as a whole, and Derbyshire & Nottinghamshire County Councils in particular.

Delivering the programme (Page 58); the proposed delivery of integrated and smart travel is welcomed. However, it is important that passengers have a choice as to how they want to pay for their journeys. The old and vulnerable may be less comfortable with cashless payments and should not be disadvantaged in availability of service or financially because of this.

Strategic Development Corridors (page 60); according to the map, in addition to the Southern Pennines Corridor, there are four strategic development corridors that either cross or lie in close proximity to the Peak District National Park boundary. As such, the Authority would wish to be kept informed of any proposed developments in relation to the following corridors: -

1) Central Pennines
2) West and Wales
3) North West to Sheffield City Region
4) Yorkshire to Scotland

West and Wales (Page 65); this corridor includes Cheshire. As the Peak District National Park boundary includes part of the Cheshire East Council area, we would wish to be kept informed of any proposals in relation to this corridor.

Central Pennines (Page 67); this corridor overlaps Greater Manchester, Sheffield City Region and West Yorkshire. As the Peak District National Park boundary includes parts of Oldham, Kirklees, Barnsley and Sheffield council areas, we would wish to be kept informed of any proposals in relation to this corridor.

Southern Pennines (Page 69); the reference to the need to be sensitive to sustainability considerations including the Peak District National Park, whilst welcomed, does not go far enough. The Peak District National Park is a considerable asset to the North. It offers stunning landscapes, varied geology, a range of wildlife that in some cases is at the extremes of its northern and southern extent, and a cultural heritage spanning from pre-history through to the modern day. All of the above offer opportunities for visitors to both explore and learn about the National Park. In addition the Park offers a range of ecosystem services including carbon sequestration, rainfall retention / flood prevention, pollination of crops, and clean air & water.

It is important that Transport for the North recognises and acknowledges the wide local, regional and national benefits that the Park offers, and the fact that any proposals for major transport schemes within this corridor may impact on these benefits.

This section also includes reference to the A628 Climbing lanes proposal. It is our understanding that this is not being progressed at this time, as it does not form part of the current Highways England Trans Pennine Upgrade Public Consultation (February to March 2018). It should be noted that the Peak District National Park Authority formally objected to the A628 Climbing Lanes in April 2017 in response to the Highways England Non-Statutory Consultation of March 2017.

There is reference in this section to work on the Trans Pennine Tunnel Scheme and wider connectivity work. Please see our earlier comments in reference to this.

North West to Sheffield City Region (Page 71); as this corridor focuses on the Hope Valley Line, which crosses the Peak District National Park, it is somewhat disappointing that the Peak District National Park Authority has yet to be formally consulted in relation to this corridor.

As the corridor relates to the provision of rail improvements along the Hope Valley Line, please see our earlier comments under Northern Powerhouse Rail.

Yorkshire to Scotland (Page 75); this corridor overlaps Sheffield City Region and West Yorkshire. As the Peak District National Park boundary includes parts of Kirklees, Barnsley and Sheffield council areas, we would wish to be kept informed of any proposals in relation to this corridor.

Cross-border relationships (Page 81); it is important that there is close working across the boundaries with other national and sub-national transport bodies. As referred to in other places within the document, some clarification of the Sheffield City Region / East Midlands overlap would be useful, particularly in relation to the appropriate responsibilities and governance.

Appraisal and Analysis (Page 88); we appreciate that this document is a draft document, but at present, there is very little explanation as to how the benefits being quoted are achieved, or what evidence supports them.

In the case of the Peak District National Park the Plan has some very serious and long-reaching potential impacts, in relation to proposed schemes. Because of the high level of protection afforded to the National Park, and its value as an asset to the Nation, the North and the Midlands, the appraisal of these impacts cannot be undertaken lightly. There is a reason why for forty years, there has been the very strong presumption against major transport development in National Parks. The onus is on Transport for the North to demonstrate conclusively and robustly the reasons why this approach should not continue within the Peak District for the next forty years. This is particularly important because Transport for the North's plans extend beyond its boundary and into the Midlands. Therefore any benefits to justify a scheme within this National Park have to be at the National level and unachievable by any other means.

The National Park Authority would wish to have sight of any appraisal and analysis at an early stage where any scheme is being promoted within the Peak District National Park.

Summary of comments

The Peak District National Park Authority recognises the ambition of the Transport for the North Strategic Transport Plan. We also see this approach as being a positive way of ensuring that the transport network matches the growth aspirations of the North and its constituent authorities.

However, we do have serious concerns about the potential impacts of the major road and rail schemes being proposed within the National Park. The Peak District National Park is an asset to the area, offering a green area for its surrounding conurbations. The National Park is accessible by 16 million people within a one hour journey by car. Whilst the schemes being proposed may increase the Park's catchment, it will potentially be at the expense of the special qualities that attract visitors in the first place.

Therefore, whilst we support the overall approach of the Plan, we are unable to do so for those schemes within the National Park. Until it can be proven that these schemes are in the public interest, and that they will lead to an overall net environmental benefit, the Authority must object to those elements of the Plan. This includes any new major improvements along the A628 road corridor, the Hope Valley rail corridor and any as yet unknown new railway lines.