Public Document Pack

eak District National Park Authority
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Aldern House, Baslow Road, Bakewell, Derbyshire. DE45 1AE

Our Ref: A.1142/2397

Date: 5 March 2020

NOTICE OF MEETING

Meeting: **National Park Authority**

Date: **Friday 13 March 2020**

Time: **10.00 am**

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

SARAH FOWLER
CHIEF EXECUTIVE

AGENDA

1. Apologies for Absence

2. Minutes of previous meeting *(Pages 5 - 12)*

3. Urgent Business

4. 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.

5. 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.

FOR INFORMATION

6. Authority Chair's Update 5 mins

7. Chief Executive's Report (SLF) *(Pages 13 - 14)* 5 mins

FOR DECISION

8.	**Treasury Management Policy Statement and Annual Treasury Management and Investment Strategy (A1327/PN)** *(Pages 15 - 46)* Appendix 1 Appendix 2 Appendix 3	10 mins
9.	**Internal Audit Report Block 2 2019/20 (A1362/7/PN)** *(Pages 47 - 76)* Appendix 1 Appendix 2 Appendix 3 Appendix 4	20 mins
10.	**Amendment to Standing Orders - Part 7 Delegation to the Chief Executive** *(Pages 77 - 80)*	10 mins

FOR DISCUSSION

11.	**Peak District National Park: National Parks Supporting Health and Wellbeing for All (SW)** *(Pages 81 - 102)* Appendix 1 Appendix 2	45 mins

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 14 February 2020 at 10.00 am
Venue:	The Board Room, Aldern House, Baslow Road, Bakewell
Chair:	Cllr A McCloy
Present:	Cllr W Armitage, Mr J W Berresford, Cllr P Brady, Cllr M Chaplin, Cllr C Furness, Prof J Haddock-Fraser, Mr Z Hamid, Cllr Mrs G Heath, Mr R Helliwell, Cllr B Lewis, Cllr C McLaren, Cllr V Priestley, Miss L Slack, Mr K Smith, Cllr P Tapping, Cllr R Walker, Mrs C Waller, Cllr G D Wharmby, Ms Y Witter and Cllr B Woods
Apologies for absence:	Cllr D Chapman, Mr P Ancell, Cllr J Atkin, Cllr D Birkinshaw, Cllr C Farrell, Cllr A Gregory, Cllr A Hart, Cllr I Huddlestone and Cllr Mrs K Potter.

1/20 MINUTES OF PREVIOUS MEETINGS HELD ON 1 NOVEMBER AND 6 DECEMBER 2019

The minutes of the Authority meetings on 1 November and 6 December 2019 were approved as a correct record.

2/20 URGENT BUSINESS

There was no urgent business.

3/20 PUBLIC PARTICIPATION

There were no members of the public present to speak.

4/20 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interest from the Members.

5/20 AUTHORITY CHAIR UPDATE

The Chair confirmed that the Authority was still awaiting news from Defra on the Grant for 2020/21 and that National Parks England were pressing officials for an update.

The Chair had attended the National Parks England Board meeting on 29 January and had been appointed chair of a new Climate Change Group which would work on a

collective approach across all 10 English National Parks. The Chair had also met with the Leader of Derbyshire Dales District Council to discuss Climate Change.

The Chair had attended the National Park Management Plan Advisory Group and was meeting Robert Largan MP for High Peak with the Chief Executive on Friday 21 February.

The Chair reminded Members that there was a Members Forum meeting following the Authority meeting at which Officers would provide an update on the Landscape Strategy with a focus on Tree Planting as previously requested by Members.

6/20 CHIEF EXECUTIVE'S REPORT

The Chief Executive had provided a written update on some key items since the previous Authority Meeting.

RESOLVED:

That the report be noted.

7/20 BUDGET 2020/21 (PN)

The report was introduced by the Head of Finance.

The Authority was asked to approve the 2020/21 Budget. It was noted that details of the Defra Grant had not yet been confirmed and that the planning assumption made in the report was that the national park grant would be inflation protected, at 2% for 2020/21, which is the equivalent of a roll over of the situation for the previous 4 years. The report identifies a range of savings options, of up to £218k, should the national park grant be frozen to the same level at 2019/20. Appendix 1 of the report had taken this into account and noted a possible shortfall in the budget.

The Head of Finance highlighted the increased difficulty that a flat rate budget will present, especially if it continued past the next financial year and advised that large budget cuts would be required.

The meeting was informed that the Permanent Secretary had confirmed that European Grants would be underwritten following the UK's departure from the EU if there were any issues with European Funding.

Members raised questions on :

- Planning advertising fees – currently it is a legal requirement for planning authorities to advertise in newspapers, there have been requests to government to change the rules to allow for online advertising only which would reduce costs. However, for now this is not possible and so some work to use lower cost publications have produced savings.
- VAT Recovery – Work was continuing to look at those activities not exempt including tax on rent of Authority owned property
- Fundraising – work continued to look at best ways to use the limited resources and Officers were working to ensure outcomes and targets would be met.
- ParkLife - Members asked if there were opportunities to reduce the cost of producing the Parklife magazine by changing the type of paper it was printed on. Officers confirmed that work was ongoing to reduce costs including changes to the distribution of the magazine.

The Head of Finance confirmed that the savings identified would remain in the current budget if the cuts were not needed and that the decision on the proposed savings would be delegated to the Chief Executive as per the recommendations of the report.

The recommendation as set out in the report was moved, seconded, voted on and carried.

Officers confirmed that any information received regarding the future grant would be shared as soon as possible.

RESOLVED:

1. **The base budget for the 2020/21 financial year shown in Appendix 1 and 2 of the report was approved.**

2. **That the savings proposed in Appendix 5 of the report was approved and delegated to the Chief Executive to balance the budget should the National Park Grant be different from the assumptions contained within Appendix 1 of the report, with an updated report to be prepared for the Authority immediately following any settlement announcement.**

3. **That the medium term financial position of the Authority in the period up to March 2024 be noted as explained in paragraph 8 of the report.**

8/20 CORPORATE PROPERTY ASSET MANAGEMENT PLAN (CPAMP) (CBM)

The report was introduced by the Corporate Property Officer.

The report included a summary of the up to date portfolio of the Authority's property including a full condition survey. Due to a number of suggested minor changes from Members to the documents attached to the report an additional recommendation had been proposed by the Head of Law to allow the final published version of the report to be delegated to the Chief Executive in consultation with the Corporate Property Officer , Head of Law and the Chair of the Authority.

The Chair thanked the Corporate Property Officer and the team for their work preparing the report and emphasised that the Authority had the largest and most diverse asset portfolio of any English National Park. It was acknowledged that the outcomes from the Micro Scrutiny of Minor Property Panel approved by Programme and Resources Committee would have input into the final document.

Members asked if there was scope for a carbon offset scheme within the National Park. Officers confirmed that this was being considered as part of work by Moors for the Future, however current trading schemes support carbon works in developing countries only and any scheme here would need to take account of who the landowner was, as the Authority owns only a small proportion of land

Members discussed the tool kit for disposal and if earlier consultation with stakeholders would be required. This would be looked at as part of the Micro Scrutiny Panel.

Cllr Barry Lewis left the room at 10.45 and returned at 10.50.

Members requested clarification on the position of Defra on property ownership by the National Park Authority when considering its national park grant. The Head of Finance confirmed that Defra do not consider the ownership of property by the National Park Authority in making its grant.

The Chair welcomed the support offered in the plan to help move the property portfolio to net zero carbon by 2050, and recognised this will be challenging for some of the properties within the portfolio.

The recommendations including the amendments proposed by the Head of Law, were moved, seconded, put to the vote and carried.

RESOLVED:

1. **To approve the Corporate Property Asset Management Plan and associated appendices**

2. **To delegate the final wording of the plan and the associated appendices following the conclusion of the Micro Scrutiny on minor properties to the Chief Executive in consultation with the Corporate Property Officer, Head of Law and Chair of the Authority.**

The meeting adjourned for a short break at 11.00 and reconvened at 11.10.

Mr Robert Helliwell and Mrs Caroline Waller left the meeting.

9/20 2019/20 QUARTER 3 CORPORATE PERFORMANCE REPORT (A91941/HW)

The Senior Strategy Officer – Research, introduced the report that provided Members with monitoring information for the end of Quarter 3 2019/20 (October to December 2019) to review progress against the first year of 2019-24 Corporate Strategy and confirmed that the performance against KPIs would be included in quarter 4.

An additional issue included in the report for information – the suspension of pre application planning advice for six months. Also included was a summary of commentaries.

It was noted that a change to the wording on page 91 of the report was needed to Corporate Risk status at the end of quarter 3 (not 2 as stated in the report).

Carbon offsetting was covered in KPI13 with a focus on peat, grassland and trees. Also includes a focus on reducing flood risk. The Authority is using a carbon calculator, which had recently been demonstrated to representatives from Defra, to engage with farmers to enable the inclusion of more grassland and woodland for carbon reduction. Members requested that they were kept informed of this work. The Director of Conservation and Planning confirmed that a report would go to the Performance & Resources Committee later in the year on the ELMS scheme and the pilot in the White Peak to keep members informed.

Members requested that clarification is given on the tools used to measure against KPIs, particularly KPI8. The Director of Commercial Development & Engagement confirmed that an Audience Plan which cuts across a number of the KPI's would be presented to the Performance & Resources Committee during Qtr. 2 to ensure clarification and assurance.

Further discussion would be arranged with James Beresford, Director of Commercial Development & Outreach, Chief Executive and Authority Chair outside the meeting on ensuring clarity.

Members sought clarification regarding the up-coming 6-month suspension of Pre Application Planning Advice. The Director of Conservation and Planning explained that there was currently a resourcing challenge in the Development Management Team and it was important this team were able to meet the statutory planning application targets measured by Government. It was hoped that the suspension would not be for the full six months and some advice would be available for major planning applications and grade 1 and 2* listed buildings. Agents and parishes would be notified of the change. Following concerns raised by Members the Chief Executive acknowledge the points raised and confirmed that other options had been investigated.

The Senior Strategy Officer confirmed that the wording of Risk 3 & 5 on page 135 of Appendix 1b of the report had been amended to bring them in line with government's 25-year environment plan.

The recommendation subject to the agreed amendments was moved, seconded, voted on and carried.

RESOLVED:

1. **That the Quarter 3 performance report, given in Appendix 1b of the report, was reviewed and any actions to address issues agreed.**

2. **That the Quarter 3 risk register given in Appendix 2 of the report is reviewed and status of risks accepted.**

3. **That the status of complaints, Freedom of Information and Environmental Information Regulations requests, given in Appendix 3 of the report, was noted.**

4. **That the temporary suspension for up to 6 months of the pre-application advice service was noted.**

Mr Zahid Hamid left the meeting at 12.00 and returned at 12.05

10/20 ANNUAL REPORT ON MEMBER LEARNING AND DEVELOPMENT

The Democratic Services Manager introduced the report which set out the Member learning and development framework, which was tabled, and the proposals for the next annual programme of Member learning and development events (January to December 2020).

Members thanked Officers for the report and asked if the annual planning training is required or if a refresher course could be introduced instead. The Head of Law explained that due to the importance of the decisions made by the Authority on Planning matters the annual training was required. The Director of Conservation and Planning confirmed that the training was due to be shortened to a half a day a year with effect from 2020.

The Member Representative for Member Learning & Development and the Chair of the Authority would go through the New Member Induction Programme to assess if changes were required and would report back to Members.

The Chair of the Authority encouraged Members to take advantage of the development plans and the training options offered. The Chair welcomed suggestions of additional training for Members and asked for these to be passed to the Democratic & Legal Support Team.

The recommendation as set out in the report was moved, seconded, voted on and carried.

RESOLVED:

1. **Agreed the Member learning and development framework (Appendix 1 of the report) and the events programme for January to December 2020 (Appendix 2 of the report).**

2. **To continue to record Member learning and development activities in terms of hours and include personal learning and development by Members outside of events organised by the Authority, with the target of 20 hours per member in every 12 months.**

3. **To bring future annual Member learning and development reports to the Authority meetings held in September of each year.**

12.10 Cllr Gill Heath, Cllr B Woods & Cllr Chris Furness left the meeting

11/20 EXTERNAL AUDIT - 2019/20 AUDIT STRATEGY (A1362/DH)

The report was introduced by the External Audit Manager from Mazars, Mr John Pressley, and Members were asked to consider the 2019/20 External Audit Strategy Memorandum.

The Chair of the Authority thanked Mr Pressley for the report and welcomed the proposed change to the Value for Money conclusion which was to be more detailed.

The recommendation as set out in the report was moved, seconded, voted on and carried.

RESOLVED:

1. **That the 2019/20 External Audit Strategy Memorandum was considered and acknowledged.**

12/20 CORPORATE STRATEGY (2019-24) - STRATEGIC INTERVENTIONS 2020/21 (A91941/HW)

The Senior Strategy Officer – Research introduced the report which identified the proposed strategic interventions that would be undertaken during the second year (2020/21) of the Authority's five year Corporate Strategy (2019-2024).

Members requested a change to KPI8 on Page 201 of Appendix 1 of the report to change the wording to remove 'Scheduled' and replace with 'Buildings and Monuments'.

The recommendation, subject to the agreed amendments, as set out in the report was moved, seconded, voted on and carried.

RESOLVED:

1. **Members noted the strategic interventions for 2020/21 in Appendix 1 of the report.**

13/20 OUTSIDE BODY FEEDBACK REPORT - NATIONAL PARKS ENGLAND

RESOLVED:

That the report was noted.

The meeting ended at 12.30 pm

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7. CHIEF EXECUTIVE'S REPORT (SLF)

1. Purpose of the report

To up-date members of key items since the previous Authority meeting

2. Recommendations(s)

1. For members to note the report

3. Key Items

Long service awards: since the February Authority meeting I have presented long service awards to four staff with 10 to 20 years' service to the Authority.

National Park Grant settlement 2020/21: I have received confirmation of the funding allocated to us from Government, in the form of our National Park Grant from the Department for Environment Food and Rural Affairs, for 2020/21. Our settlement is £6,698,847, which is the same level of funding received in 2019/20 and so does not take into account inflationary pressures on our budget. This is not what we had hoped for, however we have prepared for it. We will now draw on £152k of baseline budget reductions from the list of proposed savings presented to members at the February 2020 Authority to achieve a balanced budget for 2020/21. The Chairs of the English National Park Authorities have written to the Secretary of State to highlight the exciting opportunity they have to invest in a new deal for National Parks for the benefit of the whole nation. The current settlement only allows us to make a start on this important task, we are highlighting the opportunity for the government to act now and support enhanced delivery with sustained additional financial resource.

Working nationally:

- **Defra visit** - on 4th March we hosted a visit by the Defra Future Landscapes Team on our work to be a national park for everyone. We shared our audience insight data and our engagement plans to be a national park loved and supported by diverse audiences. The Defra team had the opportunity to meet the Fit for Work team and Peak District Mosaic, and the Peak District Educators Group to learn how we work with others to achieve this outcome.

- **South Pennines Regional Park:** The Chairman and I met with Pennine Prospects to learn about their work to develop a South Pennines Park. We offered our support for the concept and are already working well with the South Pennines through the Moors for the Future Partnership. We will look for opportunities to continue to connect our work across the northern protected landscapes.

- **Great North Bog:** we're having early and fruitful discussions nationally and locally on this proposal covering 92% of all upland peat in England. It is an ambitious, grand-scale peatland restoration initiative developed by the North Pennines AONB Partnership, the Yorkshire Peat Partnership and the Moors for the Future Partnership. It is a landscape approach to restoration across nearly 7000 square kilometres of upland peat in the protected landscapes of northern England, which currently store 400 million tonnes of carbon. Damaged peat in the Great North Bog releases 3.7 million tonnes of carbon annually. The programme aims to develop a partnership to deliver a 20-year funding, restoration and conservation plan to make a significant contribution to the UK's climate and carbon sequestration targets.

National Park Management Plan delivery:

- ***#PeakDistrictProud:*** is launched in March to re-engage visitors to the Peak District National Park with the Countryside Code; promoting a sense of responsibility and ownership in order to make positive behavioural change. We have worked with partners to create a unique, engaging identity to present this information. It is deliberate that neither an existing logo has been used, nor a new logo developed; the focus will be on a set of values and messages. Respect, protect, enjoy. We have broken down the messages of the original code to three areas of focus: **Respect your environment, Enjoy your access, Protect the invisible.** This makes the code easy to understand and use, and retains positivity in each message. **#PeakDistrictProud** is to be used by official stakeholders when pushing the refreshed code and will be digital first campaign to target people who will visit the park when and before they arrive, this will encourage behavioural change.

- ***Thriving and sustainable communities:*** The Peak Park Parishes Forum have shared a statement with us on what a "thriving and sustainable" community means. This alongside our work with Parishes on individual parish statements will aid the development of a collective understanding of thriving and sustainable communities with the drafting of our first State of Communities Report. We will continue to involve the parishes and Peak Park Parishes Forum in this unfolding piece of work.

- ***Delivery of affordable local needs housing:*** In December 2019 officers brought an Annual Monitoring Report to members of the Planning Committee. This showed 40 new homes completed during 2018/19 and a further 213 in the pipeline. This includes 50 affordable homes in delivery addressing local needs across Derbyshire Dales (main sites in Bakewell, Bradwell, Taddington, and Winster), with a further 163 homes comprising open market and ancillary units on brownfield and enhancement sites and other justified by agricultural need.

Peak District Birds of Prey Initiative: The Peak District Bird of Prey Initiative 2019 report has been published. It brings together data on key birds of prey or 'raptors' nesting within the Dark Peak. Results from the 2019 season include the fledging of goshawks from all eight nests monitored within the study area, along with the return of hen harriers once again to a nest in the Peak District. This news was tempered by the death of one of the two young hen harriers a few days after fledging, from what are thought to be natural causes. The second youngster and both adults were also not seen again from about the same time. Of particular note was that two of the eight successful goshawk nests monitored saw the first confirmed fledging following around two decades of failed attempts in the same locations, with co-operation on the ground between raptor groups and gamekeepers supporting the successful results. For the 2020 season, the Initiative focus will include measures to deter peregrine egg and young theft alongside the police, encouraging earlier sightings and reporting and increasing joint site visits between gamekeepers and raptor monitoring workers.

Our values – thank you to members, staff and volunteers for feedback on our draft values. We have collated the results and, working with the Investors in People Delivery Group, have identified our three values: Care, Enjoy, Pioneer. These and supporting statements will be rolled out across staff, volunteers and members from April.

4. Appendices

None

Report Author, Job Title and Publication Date

Sarah Fowler, Chief Executive, 05 March 2020

8. TREASURY MANAGEMENT POLICY STATEMENT AND ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY (A1327/PN)

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 19th February 2020 – and which Members are asked to adopt. There have been no changes in the County Council's investment and risk management approach.

   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. North Yorkshire County Council have confirmed they are willing to renew the contract and we await a draft contract for the next 3 year period up to March 2023. 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, now that the Asset Management Plan has been approved.

There are two minor changes from previous years: firstly, the implementation of a new accounting standard may have an impact on the authorised limit for technical reasons; and secondly, the Investment Strategy has been amended to allow the Authority to help the Peak District National Park Foundation charity achieve the same investment returns as the Authority through provision of an investment account with the Foundation. These are covered in more detail in Appendix 2.

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. <u>Borrowing</u>

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 the Authority looks 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. Local Authority Members will be mindful of a newly published National Audit

Office report (February 2020) which recommends revisions to the Prudential Code with a specific focus on borrowing for commercial purposes, the context being that there are concerns that some Local Authorities have over extended themselves using borrowing powers to finance commercial activities leading to disproportionate risk.

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 2020 the Authority's C.F.R was £1,143,308 (£1,074,651 at March 31st 2018) of which £446,937 was a Public Works Loan and the remainder, £696,371, 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. <u>Investing</u>

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 2020/21 budget has assumed that a rate of return of approximately 0.9-1.0% p.a. will be achieved – the estimated interest receipts being £77,000 p.a. (2019-20 £50,000).

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

Appendix 1 PDNPA Treasury Management Policy Statement
Appendix 2 PDNPA Annual Treasury Management and Investment Strategy
Appendix 3 North Yorkshire County Council Investment Strategy (for adoption)

Report Author, Job Title and Publication Date

Philip Naylor, Chief Finance Officer, 5 March 2020

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 Programmes and Resources 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). Where leases are taken out the lease provider will provide finance, if considered to be cost effective. In addition, the Authority will borrow funds from the Peak District National Park Foundation, in return for the same investment rate earned by the Authority through its investment Strategy with North Yorkshire County Council. This will be subject to the Trustees agreeing this approach, and the reason for asking for this is to allow the Finance service of the Authority to help provide its financial service to the charity so that the charity is able to secure an efficient and reasonable return on surplus funds until they are deployed for charitable purposes. A Service Level Agreement similar to the one the Authority procures with North Yorkshire County Council, will cover this arrangement.

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 no approvals in this current financial year.

Minute	Date	Approval	Reason	Amount financed from internal funds	Debt from PWLB	Annual charge to budget	Ending
-	-	-	--	-	-	-	-

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, Millers Dale station £657,000), plus the estimated impact of other projects in the approved Capital Programme. The figures include some estimation for items which might form the next Capital Programme, which has not yet been approved, but these will be better known when the Capital Strategy is approved and for now are only indicative forecasts with no commitments attached.

	Actual 2018/19 £	**Estimate 2019/20 £**	**Estimate 2020/21 £**	**Estimate 2021/22 £**	**Estimate 2022/23 £**
Total Capital Expenditure	**1,148,417**	**903,000**	**1,368,000**	**1,015,000**	**1,465,000**
Financed from Grants	(698,212)	(348,000)	(72,000)	(0)	(0)
Financed from revenue	(180,463)	(190,000)	(255,000)	(265,000)	(65,000)
Financed from capital receipts	(69,435)	(260,000)	(668,000)	(350,000)	(600,000)
Net Total (financed from borrowing)	**200,307**	**105,000**	**373,000**	**400,000**	**800,000**

Under current economic circumstances 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 2017/18 onwards reflecting actual and potential Capital Programme projects.

	Actual 2018/19 £	**Estimate 2019/20 £**	**Estimate 2020/21 £**	**Estimate 2021/22 £**	**Estimate 2022/23 £**
C.F.R	1,143,308	1,162,538	1,401,768	1,631,498	2,224,728

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	**Estimate**	**Estimate**	**Estimate**	**Estimate**

	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Borrowing Costs	109,162	120,646	175,823	219,215	273,512
Net Revenue	6,585,575	6,698,847	6,698,847	6,698,847	6,698,847
Percentage	1.66%	1.80%	2.62%	3.27%	4.08%

The ratio increases in the later periods reflecting the possible increase in capital investments mentioned above, and also because the 2020/21 settlement has been used for the following years' estimates. 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 2018/19 £	Estimate 2019/20 £	Estimate 2020/21 £	Estimate 2021/22 £	Estimate 2022/23 £
Capital Financing Requirement	1,143,308	1,162,538	1,401,768	1,631,498	2,224,728
Temporary investments	(4,985,977)	(5,000,000)	(4,600,000)	(4,500,000)	(4,500,000)
Net External Borrowing	(3,842,669)	(3,837,462)	(3,198,232)	(2,868,502)	(2,275,272)

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 limit proposed for 2020-21 has also been revised upwards by £500,000 to allow some ceiling for the implications of the new Accounting Standard IFRS 16, which requires leases to go onto the Balance Sheet, which may have the knock on effect of requiring a higher Authorised Limit. At this stage it is not clear what the precise impact may be, but this margin should be sufficient until more is known.

	2020/21 £m	2021/22 £m	2022/23 £m
Borrowing	2.5	2.5	3.0
Other Long Term Liabilities	NIL	NIL	NIL
Total	**2.5**	**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.

	2020/21 £m	2021/22 £m	2022/23 £m
Borrowing	2.0	2.0	2.5
Other Long Term Liabilities	NIL	NIL	NIL
Total	**2.0**	**2.0**	**2.5**

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

	Actual 2018/19 £	Actual 2019/20 £	Estimate 2020/21 £
External Debt	446,937	419,942	391,664

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 2020/21, 2021/22 and 2022/23 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 2020/21, 2021/22 and 2022/23 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. Base interest rates are currently 0.75% and the 2020/21 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, in the region of 0.9-1%.

18. It is recommended that surplus funds are invested only with 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 £6m during the year, whereas the investment framework for North Yorkshire County Council's portfolio encompasses nearly £460m 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 ends on the 6th April 2020 and a further contract is expected to be agreed for the next three years.

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 2019 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 maintained the risk at an acceptable level in its approved 2020/21 Budget, combining reasonable asumptions about expected surplus cash balances during the year, assumed investment rates, and an eye on actual performance in recent years.

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.

APPENDIX 3

N.B. Items specific only to NYCC matters have been removed

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

4 February 2020

TREASURY MANAGEMENT

ANNUAL INVESTMENT STRATEGY

1.0 Investment policy – management of risk

1.1 -

1.2 The County Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance");
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code"); and
- CIPFA Treasury Management Guidance Notes 2018.

The County Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

1.3 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. The County Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

a) minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings;

b) other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration, the County Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings;

c) other information sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties;

d) the County Council has defined the list of types of investment instruments that the treasury management team are authorised to use:-

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.

e) **Non-specified investments limit.** The County Council has determined that it will limit the maximum total exposure to non-specified investments as being 20% of the total investment portfolio, (£40m);

f) **Lending limits**, (amounts and maturity), for each counterparty will be set;

g) the County Council will set a limit for the amount of its investments which are invested for **longer than 365 days**;

h) investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**;

i) the County Council has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of the County Council in the context of the expected level of cash balances and need for liquidity throughout the year;

j) all investments will be denominated in **sterling**; and

k) as a result of the change in accounting standards for 2019/20 under IFRS 9, the County Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

1.4 However, the County Council will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

2.0 Changes in risk management policy from last year

2.1 The above criteria are unchanged from last year.

3.0 Creditworthiness policy

3.1 The County Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies;
- CDS spreads that may 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, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this 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 suggested duration for investments.

3.2 The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

3.3 Typically, the minimum credit ratings criteria the County Council use will be a short term rating (Fitch or equivalents) of F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

3.4 All credit ratings will be monitored daily. The County Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service

3.5 If a downgrade results in the counterparty / investment scheme no longer meeting the County Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

3.6 In addition to the use of credit ratings the County Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the County Council's lending list.

3.7 Sole reliance will not be placed on the use of this external service. In addition, the County Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.

4.0 UK banks – ring fencing

4.1 The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are

exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

4.2 Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

4.3 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The County Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

5.0 Country limits

5.1 Due care will be taken to consider the exposure of the County Council's total investment portfolio to non-specified investments, countries, groups and sectors.

5.2 **Non-specified investment limit.** The County Council has determined that it will limit the maximum total exposure to non-specified investments as being 20% of the total investment portfolio.

5.3 **Country limit.** The County Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of *AA-* from Fitch. The list of countries that qualify using these credit criteria as at the date of this report are shown in **Schedule 6**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

6.0 Investment strategy

6.1 **In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage daily cash flow requirements, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed: -

- if it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable;

- conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

6.2 **Investment returns expectations.** On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by March 2023. Bank Rate forecasts for financial year ends are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Year	Budget %
2019/20	0.90
2020/21	0.95
2021/22	1.15
2022/23	1.35
2023/24	1.40
2024/25	1.40

6.3 The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture. The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside. In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

7.0 Investment performance / risk benchmarking

7.1 The County Council will use an investment benchmark to assess the investment performance of its investment portfolio of Bank of England Base Rate.

8.0 End of year investment report

8.1 At the end of the financial year, the County Council will report on its investment activity as part of its Annual Treasury Report.

SCHEDULES

1. Treasury Management Policy Statement
2. Prudential Indicators Update for 2020/21 to 2022/23
3. Economic background
4. Specified and Non Specified Investments
5. Approved Lending List
6. Approved countries for investments

SCHEDULE 1

NORTH YORKSHIRE COUNTY COUNCIL

TREASURY MANAGEMENT POLICY STATEMENT

1.0 BACKGROUND

1.1 The County Council has adopted the **CIPFA Code of Practice on Treasury Management in the Public Services** as updated in 2017. This Code sets out a framework of operating procedures to reduce treasury risk and improve understanding and accountability regarding the Treasury position of the County Council.

1.2 The CIPFA Code of Practice on Treasury Management requires the County Council to adopt the following four clauses of intent:

a) the County Council will create and maintain as the cornerstone for effective Treasury Management

i. a strategic **Treasury Management Policy Statement** (TMPS) stating the policies, objectives and approach to risk management of the County Council to 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;

b) 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 who will act in accordance with the Council's TMPS, TMPs, as well as CIPFA's Standard of Professional Practice on Treasury Management;

c) the County Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategies and Policies; and

d) the County Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategies and Policies.

1.3 The **CIPFA Prudential Code for Capital Finance in Local Authorities** (updated in 2017) and the terms of the **Local Government Act 2003**, together with 'statutory' Government Guidance, establish further requirements in relation to treasury management matters, namely

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

b) approval, on an annual basis, of an **Annual Treasury Management Strategy**, an **Annual Investment Strategy**, an annual **Minimum Revenue Provision (MRP)**

policy statement and a **Capital Strategy** with an associated requirement that each is monitored on a regular basis with a provision to report as necessary both in-year and at the financial year end.

1.4 This current Treasury Management Policy Statement (TMPS) was approved by County Council on 19 February 2020.

2.0 TREASURY MANAGEMENT POLICY STATEMENT (TMPS)

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

2.2 The County Council defines the policies and objectives of the treasury management activities of the County Council as follows: -

a) 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;

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

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

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

3.0 TREASURY MANAGEMENT PRACTICES (TMPs)

3.1 –

4.0 PRUDENTIAL INDICATORS

4.1 –

5.0 ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY

5.1 A further implication of the Local Government Act 2003 is the requirement for the County Council to set out its Treasury Management Strategy for borrowing and to approve an Annual Investment Strategy (which sets out the County Council's policies for managing its investments and for giving priority to the security and liquidity of those investments).

5.2 The Government's guidance on the Annual Investment Strategy, updated in February 2018, states that authorities can combine the Treasury Management Strategy Statement and Annual Investment Strategy into one report. The County Council has adopted this combined approach.

5.3 Further statutory Government guidance, last updated with effect from February 2018, is in relation to an authority's charge to its Revenue Budget each year for debt repayment. A Minimum Revenue Provision (MRP) policy statement must be prepared each year and submitted to the full Council for approval before the start of the financial year.

5.4 The County Council will approve this combined Annual Strategy alongside the annual Revenue Budget/Medium Term Financial Strategy at its February meeting each year.

6.0 REVIEW OF THIS POLICY STATEMENT

6.1 Under Financial Procedure Rule 14, the Corporate Director – Strategic Resources is required to periodically review this Policy Statement and all associated documentation. A review of this Statement, together with the associated annual strategies, will therefore be undertaken annually as part of the Revenue Budget process, together with a mid year review as part of the Quarterly Treasury Management reporting process and at such other times during the financial year as considered necessary by the Corporate Director – Strategic Resources.

Approved by County Council
19 February 2020

SCHEDULE 3

ECONOMIC BACKGROUND

1.0 **The UK.**

1.1 2019 has been a year of political change as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the general election on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

1.2 As a result of the uncertainties of where the UK will be after the general election, the Bank made a change in their Brexit assumptions to now include a deal being eventually passed. There were increased concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up.

1.3 The Bank revised its inflation forecasts down to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021.

1.4 The MPC meeting of 19 December repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' The two members who voted for a cut were concerned that the labour market was faltering.

1.5 If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing

primarily in infrastructure. This is likely to be announced in the next Budget, probably in February 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

1.6 The Consumer Price Index (CPI) has been hovering around the Bank of England's target of 2% during 2019, but fell again in October to 1.5%. It is likely to remain close to or under 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

The Global Ecomony

2.0 **USA**

2.1 President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption Growth in 2019 has been falling after a strong start in quarter 1 and is expected to fall further. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy is cooling, while inflationary pressures are also weakening;

2.2 The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%. At its September meeting it also said it was going to start buying Treasuries again, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market.

2.3 Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This trade war is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

2.4 However, in early November, a phase one deal was agreed between the US and China to roll back some of the tariffs which gives some hope of resolving this dispute.

3.0 **EUROZONE**

3.1 Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. German GDP growth has been struggling to stay positive in 2019 and fell by -0.1% in quarter 2. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

3.2 The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%,), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels “at least through the end of 2019”.

4.0 CHINA

4.1 Economic growth 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, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

5.0 JAPAN

5.1 Japan has been struggling to stimulate consistent significant GDP 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.

6.0 WORLD GROWTH

6.1 Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support (i.e. subsidies) to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a reduction of western countries dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.

6.2 The trade war between the US and China is a major concern to financial markets. There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries.

7.0 INTEREST RATE FORECASTS

7.1 The interest rate forecasts provided by Link Asset Services are predicated on an assumption of an agreement being reached on Brexit between the UK and the EU**.** On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in subsequent years which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.

- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

8.0 The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.

- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

8.1 One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before

2008. Central banks could therefore either over or under do increases in central interest rates.

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

- Brexit – if it were to cause significant economic disruption and a major downturn in the rate of growth.

- Bank of England takes action too quickly, or too far, 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.

- A resurgence of the Eurozone sovereign debt crisis.

- Weak capitalisation of some European banks, particularly Italian banks.

- Minority EU governments in Germany, Austria, Sweden, Spain, Portugal, Netherlands and Belgium are dependent on coalitions which could prove fragile.

- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was potential for a rerun of the 2008 financial crisis, but his time centred on the huge debt binge accumulated by corporations during the decade of low interest rates.

- Geopolitical risks**,** for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

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

- Brexit – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

SCHEDULE 4

NORTH YORKSHIRE COUNTY COUNCIL ANNUAL INVESTMENT STRATEGY 2020/21 – 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"within the UK or from Countries with 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
Term Deposits with Housing Associations less than 1 year		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

SCHEDULE 4

NORTH YORKSHIRE COUNTY COUNCIL ANNUAL INVESTMENT STRATEGY 2020/21 – NON-SPECIFIED INVESTMENTS

Investment	Security / Minimum Credit Rating	Circumstances of Use	Max % of total investments	Maximum investment with any one counterparty	Max. maturity period
Term Deposit with credit rated deposit takers (Banks & Building Societies), UK Government and other Local Authorities with maturities greater than 1 year	Organisations assessed as having "high credit quality" under the Credit Worthiness Policy	In-house	100% of agreed maximum proportion of Core Cash funds (£40m)	£5m	5 years
Certificate of Deposit with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year Custodial arrangements prior to purchase	Organisations assessed as having "high credit quality" under the Credit Worthiness Policy	Fund Manager or In-house "buy & hold" after consultation with Treasury Management Advisor	100% of agreed maximum proportion of Core Cash funds (£40m)	£5m	5 years
Callable Deposits with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year	Organisations assessed as having "high credit quality" under the Credit Worthiness Policy	In-house	50% of agreed maximum proportion of Core Cash funds (£20m)	£5m	5 years
Term Deposits with Housing Associations with maturities greater than 1 year	Organisations assessed as having "high credit quality" under the Credit Worthiness Policy	In-house	25% of agreed maximum proportion of Core Cash funds (£10m)	£5m	5 years
Forward Deposits with a credit rated Bank or Building Society > 1 year (i.e. negotiated deal period plus period of deposit)	Organisations assessed as having "high credit quality" under the Credit Worthiness Policy	In-house	25% of agreed maximum proportion of Core Cash funds (£10m)	£5m	5 years

Investment	Security / Minimum Credit Rating	Circumstances of Use	Max % of total investments	Maximum investment with any one counterparty	Max. 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	AA or Government backed	Fund Manager or In-house "buy & hold" after consultation with Treasury Management Advisor	25% of agreed maximum proportion of Core Cash funds (£10m)	n/a	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	AA or Government backed	Fund Manager or In-house "buy & hold" after consultation with Treasury Management Advisor	25% of agreed maximum proportion of Core Cash funds (£10m)	£5m	5 years
UK Government Gilts with maturities in excess of 1 year Custodial arrangements required prior to purchase	Government backed	Fund Manager	25% of agreed maximum proportion of Core Cash funds (£10m)	n/a	5 years
Collateralised Deposit	UK Sovereign Rating	In-house	25% of agreed maximum proportion of Core Cash funds (£10m)	n/a	5 years
Property Funds	Organisations assessed as having "high credit quality"	In-house after consultation with Treasury Management Advisor	100% of agreed maximum proportion of Core Cash funds (£40m)	£5m	10 years

SCHEDULE 5

APPROVED LENDING LIST 2020/21

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

	Country	Specified Investments (up to 1 year)		Non-Specified Investments (> 1 year £40m limit)	
		Total Exposure £m	Time Limit *	Total Exposure £m	Time Limit *
UK "Nationalised" banks / UK banks with UK Central Government involvement					
Royal Bank of Scotland PLC (RFB)	GBR	75.0	365 days	-	-
National Westminster Bank PLC (RFB)	GBR				
UK "Clearing Banks", other UK based banks and Building Societies					
Santander UK PLC (includes Cater Allen)	GBR	60.0	6 months	-	-
Barclays Bank PLC (NRFB)	GBR	75.0	6 months	-	-
Barclays Bank UK PLC (RFB)	GBR				
Bank of Scotland PLC (RFB)	GBR	60.0	365 days	-	-
Lloyds Bank PLC (RFB)	GBR				
Lloyds Bank Corporate Markets PLC (NRFB)	GBR		6 months		
HSBC Bank PLC (NRFB)	GBR	30.0	365 days	-	-
HSBC UK Bank PLC (RFB	GBR				
Goldman Sachs International Bank	GBR	60.0	6 months		
Sumitomo Mitsui	GBR	30.0	6 months		
Standard Chartered Bank	GBR	60.0	6 months		
Handlesbanken	GBR	40.0	365 days		
Nationwide Building Society	GBR	40.0	6 months	-	-
Leeds Building Society	GBR	20.0	3 months	-	-
High Quality Foreign Banks					
National Australia Bank	AUS	30.0	365 days	-	-
Commonwealth Bank of Australia	AUS	30.0	365 days		
Toronto-Dominion Bank	CAN	30.0	365 days		
Credit Industriel et Commercial	FRA	30.0	6 months	-	-
Landesbank Hessen-Thueringen Girozentrale (Helaba)	GER	30.0	365 days		
DBS (Singapore)	SING	30.0	365 days		
Local Authorities					
County / Unitary / Metropolitan / District Councils		20.0	365 days	5.0	5 years
Police / Fire Authorities		20.0	365 days	5.0	5 years
National Park Authorities		20.0	365 days	5.0	5 years
Other Deposit Takers					
Money Market Funds		20.0	365 days	5.0	5 years
Property Funds		5.0	365 days	5.0	10 years
UK Debt Management Account		100.0	365 days	5.0	5 years

Based on data as 31 December 2019

SCHEDULE 6

APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets

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

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9. INTERNAL AUDIT REPORT BLOCK 2, 2019/20 (A1362/7/PN)

Purpose of the report and key issues

1. This report presents to Members the internal auditors' recommendations for the second block of the 2019/20 audit and the agreed actions for consideration. The Internal Auditors will be available at the meeting to answer any questions relating to the audit report or process as usual.

Key issues include:

1. The auditors give an opinion based on five grades of assurance (High / Substantial / Reasonable / Limited / No). The four areas audited, Main Accounting, Performance Management, Income Generation and Information Security Compliance have been given a High, High, Substantial and Substantial level of assurance respectively.
2. The priority of agreed actions is determined based on a scale of 1 – 3, with 1 representing a fundamental system weakness which needs urgent attention, 2 a significant weakness which needs attention, and 3 no significant weakness but merits attention. Managers have responded to 1 Priority 2 action and 3 Priority 3 actions.

2. **Recommendations**

1. That the internal audit reports for the four areas covered under Block 2 for 2019/20 be received (in Appendices 1 - 4) and the agreed actions considered.

How does this contribute to our policies and legal obligations?

3. As identified in the Annual Governance Statement, the Internal Audit process is regarded as an important part of the overall internal controls operated by the Authority and recommendations are addressed by the Authority's managers in the management response to the audit report.

Background

4. The Accounts and Audit Regulations 2015 require that the Authority maintains an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with proper practices in relation to internal control. The contract for the internal audit service is let to Veritau Ltd. The Internal Audit Plan for 2019/20 was approved by the Authority meeting in July 2019.

Proposals

5. Managers have carefully considered the internal auditors' recommendations and the agreed actions are set out in the audit reports in Appendices 1 - 4 for members' consideration.

Are there any corporate implications members should be concerned about?

Financial:

6. There are resource implications of implementing recommendations and this is why the priority rating of recommendations is important as this has to be managed within existing budgets and staffing levels, taking account of the level of risk agreed by

management. The cost of the Internal Audit Service Level Agreement is found from within the overall Finance budget.

Risk Management:

7. The Internal Audit process is regarded as an important part of the overall internal controls operated by the Authority.

Sustainability:

8. There are no implications to identify.

9. **Background papers** (not previously published) – None

Appendices -

Appendix 1: Main Accounting
Appendix 2: Performance Management
Appendix 3: Income Generation
Appendix 4 Information Security Compliance

Report Author, Job Title and Publication Date

Philip Naylor, Head of Finance, 5 March 2020

Appendix 1

Main Accounting

Peak District National Park Authority

Internal Audit Report 2019/20

Business Unit: Finance
Responsible Officer: Chief Finance Officer
Service Manager: Chief Finance Officer
Date Issued: 03 February 2020
Status: Final
Reference: 69125/004

	P1	P2	P3
Actions	**0**	**0**	**0**
Overall Audit Opinion	High Assurance		

Summary and Overall Conclusions

Introduction

The Peak District National Park Authority (PDNPA) use Exchequer as their main accounting system. Exchequer is a record of the general ledger and records all the financial activity of the PDNPA. It is used to prepare the annual accounts and various financial returns required by the Government.

Weekly bank reconciliations, accurate use of journals and appropriate use of suspense accounts are an important part of the financial internal control framework.

Details of fixed assets are maintained and accounted for, in accordance with established accountancy practice guidelines, to arrive at an accurate representation of the year-end position in the Authority's published accounts.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensured that:

- Bank reconciliations were performed on a regular basis and authorised appropriately
- Suspense accounts were maintained accurately and cleared on a regular basis
- Journals were accurately recorded and authorised correctly
- Accurate working papers were maintained and reviewed regularly to monitor capital expenditure

Key Findings

Bank reconciliations are carried out weekly by the Finance Assistant and signed off by the Senior Finance Officer. These appeared to be up to date, although the signature on the weekly reconciliations was not dated. It was agreed that a date will be added to signatures in the future. Monthly reconciliations are performed by the Authority as a secondary control to the weekly reconciliations. Monthly reconciliations from April to July 2019 had been authorised by the Head of Finance. August and September's reconciliations were awaiting authorisation by the Head of Finance at the time of our visit. It was explained that they were behind their target of authorising the monthly reconciliations for the month previous due to other work pressures, although this is not a major concern if weekly reconciliations are carried out promptly.

Suspense accounts are monitored by the Finance Officer. We saw Payroll and VAT accounts are reviewed and cleared on a monthly basis. The Finance Officer clears the BACS income, Credit Card Corporate, Creditors, Provision for Uncleared Cheques, and Creditors reissue accounts on an ad hoc basis when a payment is received. We saw evidence that the suspense accounts had been cleared as part of the year end closedown for 2018-19.

PEAK DISTRICT NATIONAL PARK

The journals reviewed as part of our sample for testing had been appropriately authorised. The Senior Finance Officer authorises journals entries input by the Finance Assistants. The Head of Finance, Senior Finance Officer and Finance Officer input and authorise their own journal entries onto Exchequer. 11 of the 20 journal entries sampled contained figures that had been authorised by the relevant department where the figures originated. In these instances, additional authorisation in Finance was not required.

A Capital Accounts Summary is prepared at year end as part of the preparation of the Authority's annual Statement of Accounts. Appropriate working papers were located for each of the items examined on the Capital Accounts Summary for 2018-19. There was an administrative error for the Woodland Sales entries where the working paper reference listed on the Capital Accounts Summary was different to the actual working paper reference. However, because of the relatively small number of working papers associated with the Capital Accounts Summary 2018-19, the correct working papers were identified and checked with a minor delay. Errors such as this may become an issue if the associated capital working papers increased in volume.

Overall Conclusions

It was found that the arrangements for managing risk were very good. An effective control environment appears to be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided High Assurance.

Annex 1

Audit Opinions and Priorities for Actions

Audit Opinions
Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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Appendix 2

Performance Management

Peak District National Park Authority

Internal Audit Report 2019/20

Business Unit: Corporate Strategy & Development
Responsible Officer: Director of Corporate Strategy & Development
Service Manager: Head of Strategy & Performance / Senior Strategy Officer
Date Issued: 19 February 2020
Status: Final
Reference: 69160/003

	P1	P2	P3
Actions	**0**	**0**	**1**
Overall Audit Opinion	High Assurance		

Summary and Overall Conclusions

Introduction

The National Park Management Plan (NPMP) provides the framework for all Peak District stakeholders to work together to achieve national park purposes and conserve and enhance its special qualities. The corporate strategy outlines the Peak District National Park Authority's (PDNPA) contribution to the NPMP.

The PDNPA monitors and measures performance to understand whether it's achieving the outcomes set out in the corporate strategy. Monitoring performance helps the authority demonstrate that it is making the best use of resources to accomplish the authority's outcomes.

A Key Performance Indicator (KPI) is the measure of performance of an activity that is critical to the success of the authority's outcomes. Successfully designed KPIs are specific, measurable, achievable, relevant and timely (SMART). KPIs are reviewed quarterly and formally recorded annually through the performance report document, shared at full authority meetings.

Each of the authorities 31 KPIs has a supporting data dictionary. The data dictionary includes an outline of the source of information used to record performance, the methodology for calculating performance and previous performance for each KPI.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensured:

- An appropriate performance management framework and reporting cycle is in place
- All KPIs have supporting data dictionaries that are accurate and complete
- KPI performance is reviewed appropriately on a regular basis

Key Findings

The authority has a performance management framework in place displaying the performance management tasks performed every 5 years, annually, bi-annually and quarterly. An update to the performance management framework has been developed to ensure Key Performance Indictors (KPIs) have targets for the duration of the Corporate Strategy (2019-2024). There is also a quarterly reporting cycle outlining the specific tasks to be performed. Each task includes a lead officer and a deadline for completion. This allows for accurate quarterly performance reports to be produced that are shared at Full Authority meetings. The quarterly reporting cycle also includes a review and update of delivery plans, as well as service and corporate risk registers.

A robust process is in place to create KPIs. KPIs are required to link directly to the key outcomes of Corporate Strategy and the National Park Management Plan. KPIs are reviewed by the Operational Leadership Team and members are consulted before they are formally implemented.

A data dictionary is in place for every KPI measured by the authority. The purpose of the data dictionary is to outline all the relevant information required to calculate and monitor its performance. Each KPI have an owner as well as a data owner and data admin. The methodology outlined in the data dictionary explains the source of KPI data and how the calculation has been made. All calculations of KPIs over the 5 year duration they are to be measured are also recorded in the data dictionary. This is to ensure the data used to calculate KPIs are maintained accurately and performance is managed as a result of measuring the KPI.

Most KPIs included a complete methodology for calculation in their data dictionary. From the sample of 11 KPI's tested 4 data dictionaries did not include methodologies including the sections outlining what the statistics show; how the data should be analysed; and, how the data should be interpreted. This may result in performance management and reporting being based on inaccurate or inconsistent information. Prior to the first formal calculation of the KPIs in quarter 4 during March 2020 all data dictionaries should be updated with clear and accurate methodologies containing all relevant sections. This will allow for KPIs to be calculated in a consistent and accurate manner for the duration the KPI is in place.

KPIs are due to be formally calculated and recorded on an annual basis as outlined in the performance management framework. KPIs are RAG rated against pre-determined targets or baseline figures. From the sample of 11 we reviewed 2 KPIs were calculated more frequently (1 KPI was recorded quarterly and 1 KPI was calculated bi-annually) as the data source was internal and therefore more easily accessible. More frequent calculation allows for more proactive and accurate performance management.

When KPIs are formally recorded KPI owners should ensure that the data source used is retained. There should also be a recorded calculation of the KPI retained in the data dictionary. A robust process should also be in place to ensure the calculation is reviewed prior to the KPI being formally published.

Each KPI also have strategic interventions outlining the action performed by the authority to contribute towards achieving their target. We saw that KPIs have appropriate strategic interventions that were updated and RAG rated on a quarterly basis. A commentary of the progress by the KPI owner for both the strategic interventions and the KPIs was included in quarterly performance reports.

Overall Conclusions

It was found that the arrangements for managing risk were very good. An effective control environment appears to be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided High Assurance.

1 Key Performance Indicators calculation methodologies

Issue/Control Weakness	Risk
Some KPIs did not have complete methodologies for their calculation stated in their data dictionary.	Performance management and reporting is based on inaccurate information.

Findings

A data dictionary is in place for every Key Performance Indicator (KPI) measured by the authority. The purpose of the data dictionary is to outline all the relevant information required to calculate and monitor its performance. Each data dictionary includes: a summary of the key features of the KPI; the methodology to calculate the KPI; the recorded data over a 5 year period for the KPI; comments from the data owner and data admin on the KPI performance.

From the sample of 11 data dictionaries we reviewed 4 did not have complete methodologies to outline how the KPI is calculated. The 4 data dictionaries did not include methodologies including the sections outlining what the statistics show; how the data should be analysed; and, how the data should be interpreted.

Prior to the first formal calculation of the KPIs in quarter 4 during March 2020 all data dictionaries should be updated with clear and accurate methodologies containing all relevant sections. This will allow for KPIs to be calculated in a consistent and accurate manner for the duration the KPI is in place.

Agreed Action 1.1

There will be complete data dictionary and methodologies for the 4 outstanding KPIs ahead of quarter 4 KPI recording performed in April 2020.

Priority	3
Responsible Officer	Director of Strategy and Development
Timescale	23 March 2020

PEAK DISTRICT NATIONAL PARK

Annex 1

Audit Opinions and Priorities for Actions

Audit Opinions
Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

PEAK DISTRICT NATIONAL PARK

Appendix 3

Income Generation

Peak District National Park Authority

Internal Audit Report 2019/20

Business Unit: Commercial Development & Outreach
Responsible Officer: Director of Commercial Development & Outreach / Director of Corporate Strategy & Development
Service Manager: Chief Finance Officer
Date Issued: 3 March 2020
Status: Final
Reference: 69120/003

	P1	P2	P3
Actions	**0**	**1**	**0**
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

Income generation is of increasing importance to allow the Peak District National Park Authority (PDNPA) to maintain the delivery of projects and services. The authority in real terms has approximately 60% of the annual budget compared to 2010.

In order to deliver key outcomes outlined in the Corporate Strategy, the Authority has identified a KPI focussed on generating sustainable income. By 2024 the authority aims to generate an extra £500,000 sustainable gross revenue income.

The Authority aims to develop plans to maximise income without compromising the special qualities of the National Park. This includes a combination of maximisation of existing income opportunities, such as car parks and visitor centres, and growing the authority's commercial enterprises.

In February 2019 the Peak District National Park Foundation was created. The Foundation is a registered charitable incorporated organisation (CIO) registered with Charity Commission. It is governed by seven Trustees, three are members of PDNPA, with two PDNPA part time staff helping to manage the charity and support the Trustees in delivering their fundraising ambitions to support PDNPA projects.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensured that:

- The Peak District National Park Foundation has appropriate governance arrangements in place. The Foundation helps to generate sustainable income for the Peak District National Park Authority.
- New commercial opportunities to generate sustainable income for the Peak District National Park Authority are being explored.

Key Findings

The Peak District National Park Foundation (The Foundation) was initially registered with the Charity Commission in February 2019. The key aim was to build on goodwill to raise funds in order to conserve and enhance the National Park. All fundraising is available to receive gift aid and therefore receives 20% more on donations compared to receiving donations directly to the Peak Distract National Park Authority (PDNPA). The Foundation is also able to have a more flexible approach to fundraising due to the wider range of projects it can support and the grants it is able to apply for. This will allow for an increase in sustainable income to be received by the PDNPA.

The Foundation has a signed constitution in place outlining how it will be governed. The Foundation is governed by a board of seven trustees. Three are appointed annually by the PDNPA. The remaining four are recruited based on their skills and experiences relating to the projects and fundraising campaigns. The day to day activities of the Foundation are managed by the PDNPA's Fundraising Manager and Fundraising

Development Officer, who are seconded from and funded by the PDNPA. This is based on a grant agreement in place between PDNPA and the Foundation for the provision of administration, communication, IT and Finance support. This enables the PDNPA to have significant impact while allowing the foundation to have sufficient independence to be registered with the Charity Commission. The Foundation is relatively new and is still developing its role and profile. However, once established the relationship between the costs of operating the foundation and the additional funds the foundation generates should be appropriately managed to ensure maximum value is generated from the fundraising of the foundation.

A fundraising campaign named #70kfor70 is in progress. There are currently 12 projects that are being directly supported by the Foundation which contribute towards the aims and work of the PDNPA. The projects are not only PDNPA projects as this would contradict with charity status which stipulates that fundraising cannot be directly for a statutory organisation. The Foundation has currently raised approximately £30,000 since February 2019, with an overall target of £70,000 by April 2021. #70kfor70 is aimed to develop supporter engagement, credibility and insight to inform future plans.

There are a range of commercial opportunities that are being explored to generate sustainable income in addition to fundraising through the Peak District National Park Authority Foundation. This includes continuing to submit and be awarded grant applications; beginning to receive corporate sponsorship and fundraising through existing operations such as planning charges, visitor centres, car parks, cycle hire, other fees and charges. By 2024, the authority aims to generate an extra £500,000 sustainable gross revenue income. However, a net revenue income target will be more appropriate in relation to providing a contribution to the general activities of the Authority.

During testing we found there is no overarching commercial strategy to identify and outline the commercial opportunities that will create sustainable income for the PDNPA. There are controls in place where all relationships that have a financial value of £5000 or more are required to be reviewed by the authority's Due Diligence Panel. Having a Due Diligence Panel in place ensures there is a fair and consistent vetting of prospective sponsorship or giving proposals. Developing an overarching commercial strategy would allow for a holistic approach in selecting commercial opportunities. It would enable resources to be used effectively and increase the likelihood of the commercial opportunities successfully being entered into. It would also help the authority to achieve the overall targeted level of sustainable gross income.

Overall Conclusions

The arrangements for managing risk were good with few weaknesses identified. An effective control environment is in operation, but there is scope for further improvement in the areas identified. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

1 Commercial strategy

Issue/Control Weakness	Risk
There is not an authority wide commercial strategy in place.	The targeted level of sustainable gross income is not achieved.

Findings

Income generation is of increasing importance to allow the PDNPA to maintain the delivery of projects and services. The authority in real terms has approximately 60% of the annual budget compared to 2010. The Authority has identified a KPI focussed on generating sustainable income. By 2024, the authority aims to generate an extra £500,000 sustainable gross revenue income. Measuring and analysing the net revenue income will highlight the income the authority has generated that is profit.

A range of commercial opportunities are being explored to generate sustainable income. These include:

- Fundraising through the Peak District National Park Authority Foundation;
- Continuing to submit and be awarded grant applications;
- Beginning to receive corporate sponsorship;
- Fundraising through existing operations such as planning charges, visitor centres, car parks, cycle hire, other fees and charges.

There is no overarching commercial strategy to identify and outline the commercial opportunities that will be pursued to create sustainable income for the authority. All relationships that have a financial value of £5000 or more are required to be reviewed by the authority's Due Diligence Panel. The Due Diligence Panel ensures there is a fair and consistent vetting of prospective sponsorship or giving proposals. Due to commercial opportunities such as corporate sponsorship not being developed to the stage of being reviewed by the panel, there is no guarantee they will be accepted and deliver sustainable income.

Developing an overarching commercial strategy would allow for a holistic approach in selecting commercial opportunities. This would enable resources to be used effectively and increase the likelihood of the commercial opportunities successfully being entered into; therefore helping achieve the overall targeted level of sustainable gross income.

Agreed Action 1.1

A commercial strategy will developed between the Director of Commercial Development & Outreach and the Chief Finance Officer.

Priority	2
Responsible Officer	Director of Commercial Development & Outreach
Timescale	To be confirmed

PEAK DISTRICT NATIONAL PARK

Annex 1

Audit Opinions and Priorities for Actions

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No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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Information Security Compliance Check

Peak District National Park Authority

Internal Audit Report 2019/20

Business Unit: Corporate
Responsible Officer: Director of Corporate Strategy and Development
Service Manager: Head of Information Management
Date Issued: 27 February 2020
Status: Final
Reference: 69140/008

	P1	P2	P3
Actions	**0**	**0**	**2**
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

Information is one of the most valuable assets held by any organisation. Good information governance is accepted as a key element in delivering high quality services. A failure to secure personal and sensitive data and to manage key risk areas effectively can lead to data breaches under the General Data Protection Regulations (GDPR), which became the primary Data Protection legislation on 25 May 2018 superseding the Data Protection Act. These breaches can cause significant reputational damage as well as the potential for financial penalties up to £17m (an increase from the £500k under the previous Data Protection Act).

As part of the annual audit plan 2019/20, Internal Audit undertook an information security compliance check at Aldern House on Wednesday 15th January 2020.

Objectives and Scope of the Audit

The objective of the visit was to assess the extent to which data and assets were being held securely within Aldern House. This included hard copy personal and sensitive information as well as electronic items such as laptops and removable media. The audit was a review to ensure compliance with data security policies.

Key Findings

Data and assets were seen to be largely held securely within Aldern House. The internal and external door locking system was in operation and cards were required to access all external and some internal doors. We were challenged by two members of staff while performing the compliance check. Both asked who we were and what we were doing. It is important that members of staff continue to be vigilant around the workplace. A new key safe had been installed in the Finance office to ensure pool car keys can be stored securely.

We found limited sensitive information left out on desks. A printed email detailing an employee's return to work details was the only document left out in the offices that contained potentially sensitive information. There was some non-sensitive documents left on desks. Maintaining clear desks overnight may help ensure sensitive documentation cannot be accessed inappropriately.

We saw a number of pedestals were unlocked or keys were left in the pedestal lock. It was agreed prior to the compliance check being performed that we would not investigate the contents in officer's personal pedestals. There may be a risk to the Authority if any of the accessible pedestals contained sensitive information and could be accessed by unauthorised members of staff.

The authority has a policy in place outlining that assets such as laptops should be securely stored overnight, but some unsecured laptops were identified. Laptops are encrypted and therefore do not pose a data security risk. A car key was found in an unlocked storage cabinet drawer with the number plate attached on a key ring. Large quantities of work wear was also stored in a room which did not require an access card to be accessed.

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We found a confidential waste bin in one office that was not secure. The bin appeared to be defective, because we were able access documents whilst it was locked. This bin appeared to be different to others in use. This may result in unauthorised members of staff accessing confidential documents or documents containing sensitive information. Confidential waste bins should be locked securely and only accessible to people responsible for disposing of the waste. All other confidential waste bins that we checked were properly secured.

Overall Conclusions

The arrangements for managing risk were good with few weaknesses identified. An effective control environment is in operation, but there is scope for further improvement in the areas identified. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

1 Confidential Waste Bin

Issue/Control Weakness	Risk
A confidential waste bin did not have a securely locked lid.	Confidential documents or documents containing sensitive information can be accessed by unauthorised members of staff.

Findings

Confidential waste bins are used to securely store documentation with sensitive information prior to the documentation being destroyed. Confidential waste bins should only be accessible to the members of staff responsible for destroying and disposing of the waste.

The confidential waste bin in one office was not secure. The bin had a lock on it and this was locked. The key safe was also locked so the key could not be obtained. However, it was still possible to reach into the bin to retrieve documents although we did not examine the documents inside the bin. Other confidential waste bins that were checked were securely locked. This bin in this office is different to others used and appeared to either be defective or had not been closed correctly before being locked.

Confidential waste bins should not be accessible to unauthorised members of staff. They should be secure to ensure that the sensitive data contained cannot be accessed. This should help prevent a data breach from occurring that may cause monetary and reputational damage.

Agreed Action 1.1

The lock on this Confidential waste bin has been found to be broken, it will be repaired or replaced.

Priority	3
Responsible Officer	Director of Corporate Strategy and Development
Timescale	30 April 2020

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2 Risk of theft

Issue/Control Weakness	Risk
Some assets are not secured overnight.	The Authority may have assets stolen.

Findings

The authority has a policy in place outlining that assets such as laptops should be securely stored or taken home overnight. However, some unsecured laptops were identified. Laptops are encrypted and therefore the risk of information being stolen is low but there is a risk to the Authority that physical property is stolen.

A car key was found in an unlocked drawer. The number plate was on an attached key ring. There is a risk that the car could be identified and stolen.

There was also a room containing a large amount of work wear. The room did not require a card for entry. The authority could be at risk of stock not being accounted for if the store is accessed by unauthorised persons.

Agreed Action 2.1

The users whose devices were found will be reminded about the policy.
A more general reminder about locking cupboards etc. will also be sent to all staff.

The current storage location is temporary, however this room will be locked to reduce the risk of losing stock. The clothing is administered by CBST, and so the key for this location will be held by this team, until such time that a more permanent stock storage location is found.

Priority	3
Responsible Officer	Director of Corporate Strategy and Development
Timescale	Reminders – 31 March 2020 Lock fitted – 30 April 2020

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Annex 1

Audit Opinions and Priorities for Actions

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Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
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10. AMENDMENT TO STANDING ORDERS - PART 7 DELEGATION TO THE CHIEF EXECUTIVE

1. Purpose of the report

The Authority's Standing Orders are periodically reviewed to make sure they incorporate legislative changes, changes to the organisation and to reflect on their operation.

This report proposes additions to the Delegation to the Chief Executive in part 7 of Standing Orders following a recommendation from the Authority's Planning Committee.

Key Issues

- **The Authority's Standing Orders are made up of 7 parts. This report proposes changes to part 7.**
- **Part 7 sets out delegations to the Chief Executive under s101 of the Local Government Act 1972. Following a recommendation from Planning Committee, this report proposes officer delegation to determine whether an appropriate assessment is required under regulation 63 of the Conservation of Habitats and Species Regulations 2017 and where required carry out the assessment.**
- **The Chief Executive may delegate this authority to another Officer providing any such delegation is recorded in writing. These are published in Part 7B of Standing Orders.**

2. Recommendations(s)

1. **To amend the Scheme of Delegation to the Chief Executive set out in part 7 of Standing Orders to authorise the Chief Executive:-**

   a) **To determine whether an appropriate assessment is required under regulation 63 of the Conservation of Habitats and Species Regulations 2017 (as amended)**

   b) **To carry out appropriate assessments under regulations 63 and 64 of the Conservation of Habitats and Species Regulations 2017 (as amended) including, without limitation, to require further information, to carry out consultations (and for that purpose to determine whether the opinion of the general public should be taken) and to have regard to any representations received.**

How does this contribute to our policies and legal obligations?

3. The Authority has a duty to keep its constitutional documents up to date and agree appropriate delegations to Committees and Officers to make sure decisions are made efficiently and at the appropriate level. The Authority has not delegated its ability to update and amend Standing Orders.

Background Information

4. The UK is bound by the terms of the Habitats Directive (92/43/EEC). Under Article 6(3) of the Habitats Directive, an appropriate assessment is required where a plan or project is likely to have a significant effect upon a European Site, either individually or in combination with other projects in view of the European Site's conservation objectives.

The Directive is implemented in the UK by the Conservation of Habitats and Species Regulations 2017 (as amended) (the Habitats Regulations).

5. All planning applications which are not directly connected with, or necessary for, the conservation management of a habitat site, require consideration of whether the proposed development is likely to have significant effects on that site. This consideration – typically referred to as the 'Habitats Regulations Assessment screening' – should take into account the potential effects both of the development itself and in combination with other plans or projects. Where the potential for likely significant effects cannot be excluded, a competent authority, in this planning case the National Park Authority, must make an appropriate assessment of the implications of the development for that site, in view of the site's conservation objectives. The competent authority may agree to the plan or project only after having ruled out adverse effects on the integrity of the habitats site. Where an adverse effect on the site's integrity cannot be ruled out, and where there are no alternative solutions, the plan or project can only proceed if there are imperative reasons of over-riding public interest and if the necessary compensatory measures can be secured.

6. The Habitat Regulation Assessment (HRA) process involves several stages:

<u>Stage 1: Likely Significant Effect Test</u>

7. This is essentially a risk assessment utilising existing data, records and specialist knowledge. This stage identifies the likely impacts of a project upon a European site and considers whether the impacts are likely to be significant. The purpose of the test is to screen in or screen out whether a full Appropriate Assessment is required. Where likely significant effects cannot be excluded, assessing them in more detail through an Appropriate Assessment is required to reach a conclusion as to whether an adverse effect on the integrity of the European Site can be ruled out.

<u>Stage 2: Appropriate Assessment</u>

8. This is the Appropriate Assessment and this involves consideration of the impacts on the integrity of the European Site with regard to the conservation site's structure and function and its conservation objectives. Where there are adverse effects an assessment of mitigation options is carried out. If the mitigation cannot avoid any adverse effect or cannot mitigate it to the extent that it is no longer significant, then development consent can only be given if an Assessment of Alternative Solutions is successfully carried out or the Imperative Reasons of Overriding Public Interest (IROPI) test is satisfied.

<u>Stages 3 & 4: Assessment of Alternative Solutions and Imperative Reasons of Overriding Public Interest Test</u>

9. If a project will have a significant adverse effect and this cannot be either avoided or mitigated, the project cannot go ahead unless is passes the IROPI test. In order to pass the test, it must be objectively concluded that no alternative solutions exist. The project must be referred to the Secretary of State on the grounds that there are Imperative Reasons of Overriding Public Interest as to why the project must proceed. Potential compensatory measures needed to maintain the overall coherence of the European Site or integrity of the European Site network must also be considered.

Proposals

10. The Planning Committee recommends that delegated authority be given to the Chief Executive to screen out the requirement for Appropriate Assessment at Stage 1 to allow a development to proceed and where this is not possible carry out a Stage 2

Assessment.

11. Where the mitigation proposed cannot avoid or mitigate effects and Stage 3 and 4 are invoked then it is proposed that authority is not delegated and these matters would be brought to the Planning Committee for wider consideration of the imperative reasons of overriding public interest test.

Are there any corporate implications members should be concerned about?

Financial:

12. No significant financial implications.

Risk Management:

13. No significant risks.

Sustainability:

14. No significant issues.

Equality:

15. Equality and human rights issues have been considered and addressed in preparing this report.

16. Background papers (not previously published)

None

17. Appendices

None

Report Author, Job Title and Publication Date

Jason Spencer, Democratic Services Manager, 05 March 2020
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11. PEAK DISTRICT NATIONAL PARK: NATIONAL PARKS SUPPORTING HEALTH AND WELLBEING FOR ALL (SW)

1. **Purpose of the report**

To report back on the work of the National Park England's task and finish group (now called the Health and Wellbeing strategic steering group), and the supporting work of the National Parks Health Leads. To brief members on the work currently happening and planned in the PDNP

Key Issues

- To advise on how the Peak District National Park can support the implementation and delivery of the three themes of ; prevent, restore, excel
- To consider how the Peak District National Park can support this work in future

2. **Recommendations(s)**

1. **To confirm support for the universal offer and action plan around prevent, restore, excel and the PDNP following this template to focus health and wellbeing actions**
2. **To support further national advocacy through NPE including aligning with the NHS 10- year plan- map three-point offer against 10-year outcomes, and refreshing the accord with PHE;**
3. **To consider what the next steps for members might be to build and develop support for health and wellbeing work in the PDNP**

How does this contribute to our policies and legal obligations?

3. For the National context see section 2 in appendix 1 This includes links to Landscape Review, NHS 10 year Plan, and DEFRA 25 Year Environment Plan

The Landscapes review calls for renewed zeal for National Parks and puts health at the centre of its thinking on 'landscapes for everyone'. It states:
National Parks were created in part to provide a healing space, both mentally and physically, for the many who had given so much to protect our country during the Second World War. They were meant for everybody.
There is a specific proposal that refers to health and wellbeing:

Proposal 10: Landscapes that cater for and improve the nation's health and wellbeing
It calls for:

- A new role for our national landscapes in helping the health of our nation, working with the NHS.
- Leadership- for us to be at the heart of this developing field, locally and nationally
- National conversations and relationships to be established with the Department for Health and Social Care, Public Health England and NHS England
- Establish strong relationships with local public health teams, clinical commissioning groups and social care.
- Our offer to be embedded in relevant strategies, policies and guidelines.

The review also mentions health and wellbeing in suggested revisions of the National

Park purposes. Whilst these have not yet been responded to by Government, it is useful to note the reference to natural capital and prominence of connecting all parts of society to support health and wellbeing as an indication of the panel's thinking on the future role of protected landscapes.

4. This work helps us to meet our corporate objective outcome 'A National Park loved and supported by diverse audiences', especially KPI's 11, 13 and 15.

5. The work also supports the National Park Management Plan , area of Impact 4: A National Park for Everyone

Proposals

6. National Park England's Health and Wellbeing strategic steering group suggested the 3x3 action plan outlined below and this was approved by the NPE Board, NPO's and Chairs at the meeting in November 2019. The Health and Wellbeing strategic steering group and the National Parks lead officers group are now working on developing these ideas and the responsibilities of the groups to lead and support work nationally and in individual national parks. In the PDNP we are working to map our current work with this plan and consider future actions we can resource to take this further. The data we now have to support the Diverse Audience work for our corporate strategy will help inform our priorities for the plan.

Below are extracted details of the 3x3 plan supported by NPE Board so the frame work of current actions can be understood in this context.

Appendix 2 shows the work the PDNP is currently doing and plan to do that supports this plan. This work is forming part of the Audience plan that is being developed, based on data collated to support the Corporate objective outcome 'A National Park loved and supported by all'.

Drawing on our national and local experience we believe National Parks can provide profound inspirational experiences that can have a major impact on health and wellbeing. We have a good suite of projects and partnerships and can demonstrate influence nationally and locally especially through our partnership with PHE. However, we can build on our holistic offer for people, place and purpose to have greater impact. We now need to present this in a clear, compelling and legible way, so that we can scale our activity to meet the ambition of emerging policy. In our submission to the Landscapes Review we essentially identified the opportunity for a holistic offer around three themes:

1. **Prevent**- providing prevention of ill-health in practice where mental and physical health and wellbeing is supported and enhanced;
2. **Restore** - drawing on the restorative benefit of National Parks through social prescribing in partnership with the NHS; and
3. **Excel** - delivering and inspiring excellence in natural health solutions

For each of these three themes the Task and Finish Group is suggesting three actions to further our collective work on health and wellbeing. It is this '3x3' action plan that we propose forms the basis of our offer working together as a family of protected landscapes.

Our offer and action plan

1. Prevent
What we want:
Protected landscapes are recognised by the health sector as places to develop personal resilience and nurture good health and wellbeing.
How do we propose do it?

- Prevent 1- **Advocacy-** communicating our unique national offer to health professionals and third sector partners; develop an advocacy strategy
- Prevent 2- **Signposting activities and opportunities available in National Parks** e.g. developing and presenting an online resource of the opportunities available to users
- Prevent 3- **Supporting skills and driving standards and continuous learning**- developing a programme for staff in NPAs and with key partners e.g. PHE / Local Authority / Clinical Commissioning Groups (CCGs)

2.Restore
What we want:
Significant social prescribing activity taking place in and around protected landscapes.
How do we propose to do it?

- Restore 1- **Connect to link workers** in and around National Parks to ensure our offer is visible and taken up
- Restore 2- Work with our partners to **develop new and build on existing** socially prescribed opportunities
- Restore 3- **Evaluate our contribution to social prescribing** and scale up by making the case to the new National Academy for Social Prescribing for resources to realise potential.

3.Excel
What we want:
National Parks are recognised as delivering and inspiring excellence in natural health solutions
How do we propose to do it?

- Excel 1- Initiate **a new national partnership between the NHS and National Parks England** and refresh the existing accord with PHE.
- Excel 2- **Develop the regional partnership structure** to enable Protected Landscape / PHE clusters to share best practice and develop joint programmes.
- Excel 3- **Develop partnerships between National Parks and academic institutions** to foster research and innovation; seek a common approach to return on investment based on work from North York Moors NPA (see Annex III).

Are there any corporate implications members should be concerned about?

Financial:
7. Mapping work as part of the audience development plan will establish the resource available to support this area of work.

Risk Management:
8. None

Sustainability:
9. None

Equality:

10. None

11. **Background papers (not previously published)**

None

12. **Appendices**

Appendix 1: NATIONAL PARKS SUPPORTING HEALTH AND WELLBEING – Report from the task and finish group
Appendix 2: PDNP Current activity and Actions to support Health and Wellbeing 3x3 plan

Report Author, Job Title and Publication Date

Sarah Wilks, Head of Engagement, 5 March 2020

NPE Item 16

Wednesday 30th October 2019

Andrea Davies, Alison Barnes, Jim Mitchell, Paul Hamblin

NATIONAL PARKS SUPPORTING HEALTH AND WELLBEING – REPORT FROM THE TASK AND FINISH GROUP

Purpose: To report back on the work, and findings of the Task and Finish Group, and consider its suggested recommendations for next steps.

Recommendations:

Directors are invited to:

- To note policy context;
- To confirm support for the universal offer and action plan around prevent, restore, excel;
- To support further national advocacy through NPE including aligning with the NHS 10- year plan- map three-point offer against 10-year outcomes, and refreshing the accord with PHE;
- To advise on how a clear mandate from England's NPAs can be achieved;
- To advise on how the Task and Finish Group can support the implementation of delivery of the actions

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1. Introduction and summary of the task

1.1. The Group was asked to examine the offer on health and wellbeing that National Parks can provide and to give advice to the NPE Board.

1.2 Each Authority was asked to nominate NPA members to sit on the board.

Final membership of the Task and finish group -

Members	Andrea Davis (Member, Exmoor NPA and Chair of the group) Jean Davidson (Member, Northumberland NPA) Sarah Oswald (Member North York Moors NPA)
Officers	Alison Barnes (Chief Executive, New Forest NPA Lead NPO for Health) Paul Hamblin (NPE Executive Director) Jim Mitchell (Officer, New Forest NPA) Sarah Wilkes (Officer, Peak District NPA)

Health advisors Tim Chapman (Health and Wellbeing Lead, PHE)
Tina Henry (Consultant in Public Health)

1.3 The group met in London at the National Parks England Offices on 19 July and 22 October 2019. There was input from the National Park health leads group throughout and there was a sub-group meeting in Reading on 04 September and a meeting of the National Park Health leads on 24 September which discussed the approach in detail. This paper represents the collective views of the Task and Finish Group.

1.4 Task brief:

- Briefly review current activity by NPAs in promoting health and well-being and the strengths and weaknesses of this approach to date.
- Distil what the specific offer is that all NPAs may provide to society, with reference to the 10-year NHS Long Term Plan.
- Establish what the offer of partnership to the NHS would be.
- To consider evidence and advice from NHS England and Public Health England.
- To consider how delivery of a partnership might be resourced.
- To consider links to the charity sector.
- To develop conclusions on the basis of evidence wherever possible.
- Report on progress and make key recommendations to the NPE Board.

1.5. In between the Task and Finish Group being established and concluding its work, NPE also submitted the Roadmap to the Glover Review, and reinforced this through a Roundtable with Julian Glover. Health and well-being featured prominently amongst our five big costed ambitions, calling for '*A strong new partnership with the NHS to improve people's health wellbeing and recovery.'*

2. National context

2.1 Health policy – public sector

The main driver for health policy has been the development of the NHS Long Term Plan. Whilst the Plan is primarily seeking to ensure the NHS is sustainable as a public service, it also signals a shift in thinking with greater appreciation of the importance of preventing ill-health and disease. As the Secretary of State for Health and Social Care, Matt Hancock, remarked at the PHE Conference, "*we need to move from essentially a National Hospital Service to a genuinely National Health Service*". Various implementation plans are now in development. The Secretary of State has been a champion of encouraging more healthy lifestyles and launched a Prevention Green Paper in the summer. The paper sees the 2020s as being the "*decade of proactive, predictive and personalised prevention*". This will involve more targeted support, tailored lifestyle advice, personalised care and protection against future threats. The Green Paper covered both physical and mental

health. As well as the more conventional topics of smoking cessation, improved diet and increased physical activity – the Green Paper also gives a boost to the role of social prescribing, and acknowledges the health benefits of being outdoors. The Secretary of State has referred to childhood obesity and to mental health as his priorities. Consultation on this closed this month and it is expected that it will be followed by a Prevention White Paper.

2.2 Third sector partners- activity of health organisations

There are a wide range of third sector health and wellbeing partners at a national and local level, from charities to community groups. At a national level the Richmond group, consisting of major national health charities, collaborate and influence policy. The National Outdoors for All Working Group also brings together academics and charities on this agenda. Locally NPAs have projects and relationships with a range of charities and voluntary groups that support this agenda. As with all our work there is a clear role for NPAs in brokering collaborations around our objectives for health and wellbeing. We are not starting from scratch.

2.3 Environment policy- links to health and wellbeing

There have been a number of references and links made between health and wellbeing and protected landscapes, not least the legislation from 70 years ago and the second purpose of National Parks having provenance as 'breathing spaces' for the nation. More recently, following the Natural Environment White Paper (2011), the importance of connection of people to nature for health and wellbeing has again come to the fore in policy.

2.3.1 8-Point Plan for England's National Parks (2016-2020)

The plan, co-produced by National Parks England and Defra sets out eight areas for action – including health. It says, "National Park Authorities have already worked with Clinical Commissioning Groups to trial innovative schemes in mental health treatment. National Parks have a role to play in providing innovative solutions to these health challenges". The Plan then includes two ambitions:

- Promote innovative schemes for National Parks to serve public health
- Realise the immense potential for outdoor recreation in National Parks.

This has paved the way for partnerships around health and an accord between PHE and National Parks England.

2.3.2 PHE/NPE accord

The PHE/NPE Accord was launched in September 2017, with the support of Public Health Minister Steve Brine MP. It has provided a springboard for a number of more detailed conversations between NPAs and PHE staff, and an annual national workshop to track progress. The Accord seeks collaboration around policy; investment, and supporting linkage between NPA and public

health professionals. It also enables NPAs to draw on the evidence and data held by PHE to assist National Parks decision making at a local level.

2.3.3 25 Year Environment Plan

The 25 Year Environment Plan published in January 2018 has a section in it about improving people's health through connecting with nature, it says:

"*We will launch a three-year 'Natural Environment for Health and Wellbeing' programme, focused on supporting local authorities, health organisations, health professionals, teachers and planners in promoting the natural environment as a pathway to good health and wellbeing. Mental health problems and early interventions will be an initial area of interest, however the programme will be charged with considering other health issues, such as obesity, where children and adults would benefit from better access to nature. To make sure that it reaches as many people as possible, we would welcome the programme being replicated at local level. Ideally, we would like access to the natural environment put at the heart of all local Health and Wellbeing Board strategies*".

The Plan also talks about:

- supporting mental health therapies;
- sharing lessons on existing social prescribing and supporting the roll out of social prescribing across England.

2.3.4 Landscapes Review

The Landscapes review calls for renewed zeal for National Parks and puts health at the centre of its thinking on 'landscapes for everyone'. It states:

National Parks were created in part to provide a healing space, both mentally and physically, for the many who had given so much to protect our country during the Second World War. They were meant for everybody.

There is a specific proposal that refers to health and wellbeing:

Proposal 10: Landscapes that cater for and improve the nation's health and wellbeing

It calls for:

- a new role for our national landscapes in helping the health of our nation, working with the NHS.
- Leadership- for us to be at the heart of this developing field, locally and nationally
- national conversations and relationships to be established with the Department for Health and Social Care, Public Health England and NHS England

- establish strong relationships with local public health teams, clinical commissioning groups and social care.
- our offer to be embedded in relevant strategies, policies and guidelines.

The review also mentions health and wellbeing in suggested revisions of the National Park purposes. Whilst these have not yet been responded to by Government, it is useful to note the reference to natural capital and prominence of connecting all parts of society to support health and wellbeing as an indication of the panel's thinking on the future role of protected landscapes.

3. What does this mean for our unique National Park Offer?

A considerable amount of the Task and Finish Group's discussion has centred on answering the question: what is our unique national park offer; what our work for the inspiring landscapes and communities we serve can contribute alongside the offers of others? The excellent presentation from Dr William Bird at the recent 'New Horizons' National Parks UK Conference in the Yorkshire Dales described the importance of people, place and purpose in determining the likelihood of ill health (see Annex II). We represent exceptional places where there are huge opportunities for people to come together with a sense of purpose. In considering our unique offer it has become apparent that the way we work across people, place and purpose can be described as holistic, with many of our activities providing benefits to physical health, mental health and wellbeing, working across prevention and treatment.

In addition, a number of recurring themes have arisen in our discussions:

- Challenges of access – transport / physical / social
- Addressing areas of greatest need- e.g. urban communities and socially excluded
- How to realise the inspirational role of National Parks for the nation's health
- Working innovatively e.g. through digital and voluntary partnerships
- Working effectively with complex health sector governance
- Making the case for public money for public goods; demonstrating social and economic benefits.

Our unique national offer

National Parks are inspirational places that improve the nation's health and wellbeing. They are places where people can find spectacular views, breathing space and nature and culture to lift the soul. England's National Parks are living landscapes where the communities who live in and around them, and the organisations who care for them, work together to welcome all sections of society.

We have a unique and universal offer to the nation. Visiting a National Park is a holistic experience which benefits both mental and physical health. The National Park idea was born at the same time as the NHS, stating "There can be few national purposes which, at so modest a cost, offer so large a prospect of health-giving happiness for the people".

Our holistic offer provides three elements that people need for health and wellbeing:

People- National Parks are places of partnership- between communities, organisations and visitors, where people are encouraged to explore. Those who face challenges to visit are helped to overcome them by professional staff, enthusiastic volunteers and welcoming communities.

Place- These beautiful places provide wide-ranging opportunities for connection to nature and culture- a proven way to benefit people's mental and physical health. They provide the space for health giving activity, taken individually, with families and friends or in organised groups, from short strolls to hill walking, from tree planting to wild swimming and from birdwatching to photography.

Purpose- National Park Authorities have a mission to inspire people to care for these special places and for the wider environment. They provide the opportunity for people to be a part of this mission whilst simultaneously caring for themselves through connection with them.

4. Our current local offer

4.1 Each NP has responded to drivers such as 8-point plan and PHE accord to develop local partnerships and approaches which are given as a snapshot of current activity in annex 1. The officers group also identified three areas of focus:

- young people's mental health
- people living with dementia
- those who encounter barriers to visiting National Parks

The areas of current work are summarised in the box below.

Our current local offer

- **Promoting accessible opportunities** for walking, cycling, and other activities to residents and visitors including those living in nearby towns and cities.
- Delivering a **statutory planning system**, safeguarding and promoting community health through its spatial policy and development management functions.
- Supporting **local activity partnerships** such as Walking for Health initiatives that support gradual, achievable increases in levels of exertion and challenge.
- Providing and facilitating investment in **infrastructure and management** for 21,946km of quality public rights of way in National Parks.
- Providing dedicated **outreach programmes** to support those with particular needs to access our National Parks and have safe, fulfilling experiences in these life-affirming places.
- Encouraging and facilitating **economic development** that supports employment for people who are often living in deep rural areas where opportunities are few.
- Providing meaningful **volunteering** experiences – approximately 57,400 volunteer days in 2017/18, encouraging physical activity, social interaction, confidence and a sense of purpose.
- **Working with schools** to enable young people to benefit from a closer connection with nature and memorable outdoor activities from an early age.
- **Supporting our local communities,** for example through Farm Liaison Officers who visit farmers in and can pick up signs of loneliness or economic stress.
- Providing '**ecosystem services'** for society, including high-quality and sustainable healthy food production, pure drinking water and good air quality, and storing and fixing carbon.
- National Park Authorities provide **healthy workplaces** for NPA staff and volunteers

5. Developing our offer

5.1 Drawing on our national and local experience we believe National Parks can provide profound inspirational experiences that can have a major impact on health and wellbeing. We have a good suite of projects and partnerships and can demonstrate influence nationally and locally especially through our partnership with PHE. However, we can build on our holistic offer for people, place and purpose to have greater impact. We now need to present this in a clear, compelling and legible way, so that we can scale our activity to meet the ambition of emerging policy. In our submission to the Landscapes Review

we essentially identified the opportunity for a holistic offer around three themes:

1. **Prevent**- providing prevention of ill-health in practice where mental and physical health and wellbeing is supported and enhanced;
2. **Restore** - drawing on the restorative benefit of National Parks through social prescribing in partnership with the NHS; and
3. **Excel** - delivering and inspiring excellence in natural health solutions

5.2 For each of these three themes the Task and Finish Group is suggesting three actions to further our collective work on health and wellbeing. It is this '3x3' action plan that we propose forms the basis of our offer working together as a family of protected landscapes.

6 Our offer and action plan

6.1 Prevent

What we want:

Protected landscapes are recognised by the health sector as places to develop personal resilience and nurture good health and wellbeing.

How do we propose do it?

Prevent 1- **Advocacy-** communicating our unique national offer to health professionals and third sector partners; develop an advocacy strategy

Prevent 2- **Signposting activities and opportunities available in National Parks** e.g. developing and presenting an online resource of the opportunities available to users

Prevent 3- **Supporting skills and driving standards and continuous learning**- developing a programme for staff in NPAs and with key partners e.g. PHE / Local Authority / Clinical Commissioning Groups (CCGs)

6.2 Restore

What we want:

Significant social prescribing activity taking place in and around protected landscapes.

How do we propose to do it?

Restore 1- **Connect to link workers** in and around National Parks to ensure our offer is visible and taken up

Restore 2- Work with our partners to **develop new and build on existing** socially prescribed opportunities

Restore 3- **Evaluate our contribution to social prescribing** and scale up by making the case to the new National Academy for Social Prescribing for resources to realise potential.

6.3 Excel

What we want:

National Parks are recognised as delivering and inspiring excellence in natural health solutions

How do we propose to do it?

Excel 1- Initiate **a new national partnership between the NHS and National Parks England** and refresh the existing accord with PHE.

Excel 2- **Develop the regional partnership structure** to enable Protected Landscape / PHE clusters to share best practice and develop joint programmes.

Excel 3- **Develop partnerships between National Parks and academic institutions** to foster research and innovation; seek a common approach to return on investment based on work from North York Moors NPA (see Annex III).

7. Resourcing our offer- what we need

7.1 Resources, both our own and those of our partners, are crucial to delivery of our offer and action plan. Much has been achieved through existing resources, including:

- National Park England Heath Lead Officers working group
- The Health Lead officers time in each NP (varies but is usually only one part of a wider role)
- Collaborative partnerships in the National Parks and at a national level- public, private and third sector
- National Park England staff resource
- Regional PHE Centres / NPA group activity

As might be expected, areas of emphasis, priorities and relationships have varied between NPAs. However, we have achieved early progress and profile on a number of initiatives (see Annex I) and recent new collaborations with health professionals including:

- The New Forest National Park and South Downs National Park Authority have together with PHE secured £100k from the Cabinet Office to deliver a project to explore how public services work together with a focus on what helps public services work together. Delivery by summer 2020.

- A major conference is planned for 20 May 2020, entitled National Parks for Health at Bournemouth University, organised by the Southern NPs and PHE Centres.

- National profile and advocacy - new meeting opportunities are being created with DHSC and the NHS England Social Prescribing teams to share our ambitions and strengthen links

7.2 To scale up our offer and make it truly universal, there is more work to do and we have identified a number of ways we might approach this including:

- Regional lottery funding
- A Defra ask for resources- as per our Landscapes Review response
- CCG / Public health support for specific schemes / approaches
- Funding for social prescribing academy / NHS
- Where resources have been identified to deliver on the Landscapes Review, NPAs to employ a health and wellbeing officer to lead on this work within that National Park.
- Transport grants and schemes- ways to address physical and financial barriers to accessing the National Park e.g. working with ADEPT and transport authorities to seek solutions
- Local economic partnership support through understanding and realisation of 'natural health capital'

7.3 Most crucial to progress will be the support and commitment of the family of NPAs to take forward our unique offer for health and wellbeing. We have the opportunity for National Parks to be inspirational places that make a unique and important contribution to the nation's health and wellbeing.

8. Recommendations:

8.1 To note the policy context.

8.2 To confirm support for the universal offer and action plan around prevent, restore, excel.

8.3 To support further national advocacy through NPE including aligning with the NHS 10-year plan- map three-point offer against 10-year outcomes and refreshing the accord with PHE.

8.4 To advise on how a clear mandate from England's NPAs can be achieved.

8.5 To advise on how the Task and Finish Group can support the implementation of delivery of the actions.

Annex I

See attached table – snapshot of activity in National Parks on Health and Wellbeing.

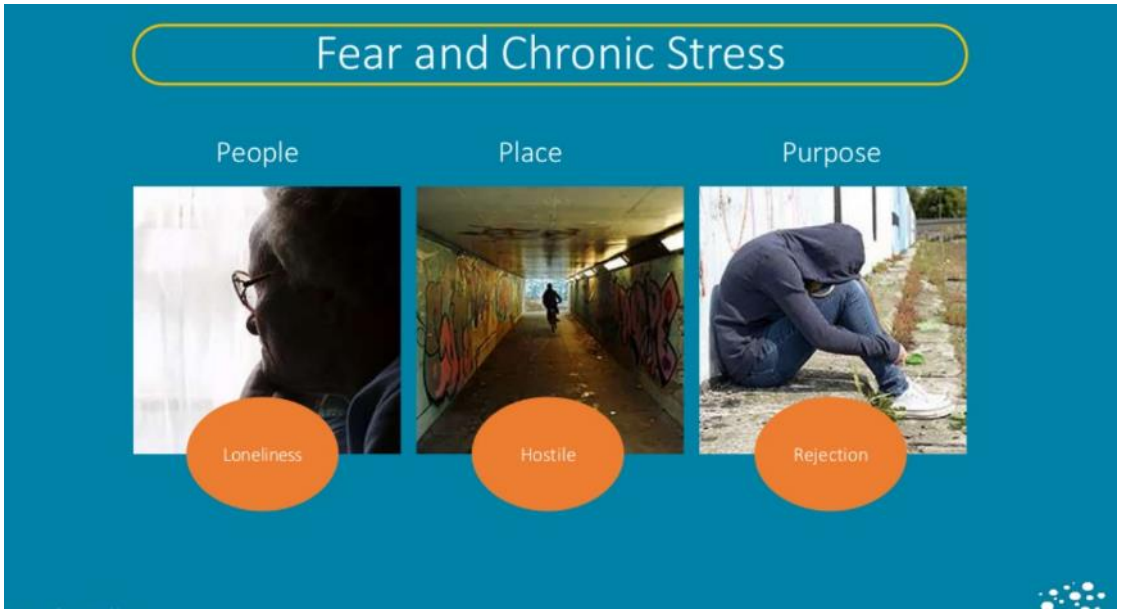
Annex II

Dr William Bird's presentation to the UK National Park's conference 2019

Can national parks do more to promote the health benefits of getting out in the great out doors?

Full presentation available here.

From Dr William Bird's presentation here are two slides that illustrate the impact of good and poor people, place and purpose.



Annex III

North York Moors National Park Authority

Measuring Health and Well-Being Impact

2018

The report calculates the Social Return on Investment (SROI) for the North York Moors National Park Authority (NYMNPA) in respect of its health and well-being impact. SROI measures the social value created when organisations engage in activities and projects that make a difference to individuals and society. In terms of health and well-being, it is increasingly recognised that National Parks such as NYMNPA have a crucial role in connecting people with nature, raising activity levels, facilitating outdoor recreation, and providing space for tranquillity.

The report specifically measures the health and well-being impact on visitors and volunteers, and in respect of DEFRA-funded NYMNPA activity. Therefore, the report does not measure SROI for all possible stakeholder groups and nor does it measure the health and well-being impact associated with activities funded by grants awarded by other bodies such as the Heritage Lottery Fund. Given the short turnaround time for the completion of the report and limits to available data, discrete initiatives - such as those with schools, community champions, explorer clubs, and guided walks - are not measured. This means that, while the SROI stated here is considerable, it is almost certainly an under-estimate.

The report estimates that every £1 invested by DEFRA generates approximately £7 of health and well-being benefits. Future work will be required to evaluate the impact of discrete projects and wider activities to produce an aggregated figure for the overall health and well-being contribution of NYMNPA. This progression from an initial ‘conservative baseline SROI figure’ to a more comprehensive accounting for impact over time is normal for any SROI process.

Since the original report, published in 2018, the North York Moors National Park Authority has been awarded a Stage One development from the Heritage Lottery Fund to help its Education department double its current outreach provision. As part of this, the Authority will be extending its SROI work and evaluating the impact that the Park’s ‘Young Ranger’ and ‘Explorer Club’ schemes have on families and young people living in North Yorkshire and Teesside. This is due to be carried during 2019.

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PDNP Current activity and Actions to support Health and Wellbeing 3x3 plan – Appendix 2

	Current Activity	Future Planned Activity
1. Prevent **Protected landscapes are recognised by the health sector as places to develop personal resilience and nurture good health and wellbeing.**		
Prevent 1- **Advocacy-** communicating our unique national offer to health professionals and third sector partners; develop an advocacy strategy	Good contacts with local Directors of Public Health and their teams. DCC, Oldham and Kirkless Active members of Derbyshire Dales and High Peak Locality partnerships, including walking for health programmes Well respected in leading health walks and funded by locality partnerships. Initial meetings with social prescribing workers held – DCC and Staffs	Development of existing partnerships with PH teams. Establish new partnerships with other Authority Public Health teams Establish links with NHS networks Sharing of any National initiatives Develop links with local social prescribing networks Share 3x3 plan with members and seek support
Prevent 2- **Signposting activities and opportunities available in National Parks** e.g. developing and presenting an online resource of the opportunities available to users	Natural health web page that promotes wider offer including, cycle hire , trails, Miles without stiles routes and guided walks programme : https://www.peakdistrict.gov.uk/visiting/naturalhealthservice Walking for Health network to promote health walks and Dementia friendly walks. Annual programme of Health and Dementia walks, In 2019/20 34 walks delivered to 620 participants.	To ensure this is shared widely with PHE and NHS contacts, through networks (see advocacy above) Develop clear 'first steps' information for self-prescribers including links to Miles Without Stiles routes Map current activities to public transport and advertise these Working with Oldham (young people) and Kirkless(diverse audiences) PHE teams on projects to develop health and wellbeing offer and access to key target audiences
Prevent 3- **Supporting skills and driving standards and continuous**	Training with PHE knowledge and intelligence colleagues on use of PHE data.	Working with PHE regions to develop Northern Parks Group(based on

learning- developing a programme for staff in NPAs and with key partners e.g. PHE / Local Authority / Clinical Commissioning Groups (CCGs)	Staff trained in mental Health First Aid (and Mental Health First aid for young people)	Southern Parks Group) Map specific initiatives around local health issues e.g. Dementia, obesity, rural isolation
	Current Activity	**Future Planned Activity**
2.Restore **Significant social prescribing activity taking place in and around protected landscapes.**		
Restore 1- **Connect to link workers** in and around National Parks to ensure our offer is visible and taken up	Link workers in Derbyshire in process of being recruited. Early meetings have been requested.	Contact other social prescribing link workers as they are recruited in other areas
Prevent 2- **Signposting activities and opportunities available in National Parks** e.g. developing and presenting an online resource of the opportunities available to users	Natural health web page: https://www.peakdistrict.gov.uk/visiting/naturalhealthservice Case studies of successful projects	Actively seeking to develop networking opportunities with local social prescribing link workers as they are in post.
Prevent 3- **Supporting skills and driving standards and continuous learning**- developing a programme for staff in NPAs and with key partners e.g. PHE / Local Authority / Clinical Commissioning Groups (CCGs)	PDNP staff training in mental Health First aid PDNP staff and volunteers trained as health walk leaders – 32 leaders PDNP staff trained as trainers to deliver health walk leader training – 3 staff 16 staff and volunteers attended dementia friends training 16 staff and volunteers attended ½ day Alzheimer's understanding dementia course.	As National evaluation framework is developed ensure this is built in to work in this area Develop local network to support best practice in green social prescribing Continue programme of training for PDNP Staff.
3.Excel **National Parks are recognised as delivering and inspiring excellence in natural health solutions**		

Excel 1- Initiate **a new national partnership between the NHS and National Parks England** and refresh the existing accord with PHE.	National lead. Regional actions TBC Focusing on a possible refresh of the PHE/National Parks Accord and links to the NHS 10 year plan	
Excel 2- **Develop the regional partnership structure** to enable Protected Landscape / PHE clusters to share best practice and develop joint programmes	Delivered workshop with PHE regions and local PHE staff in 2018 Case studies of best practice written and shared with partners	Working to develop Norther Parks Hub to work with PHE region Look to build local network to support best practice of green social prescribing and Outdoor mental health interventions
Excel 3- **Develop partnerships between National Parks and academic institutions** to foster research and innovation; seek a common approach to return on investment based on work from North York Moors NPA (see Annex III).	Worked with the University of Derby Nature Connections unit on evaluation for Play Wild Project	Look for links with local Academic Institutions to develop joint working and support of research and evaluation

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