Public Document Pack

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

Our Values: Care – Enjoy – Pioneer

Our Ref: A.1142/3060

Date: 10 March 2022

NOTICE OF MEETING

Meeting: **National Park Authority**

Date: **Friday 18 March 2022**

Time: **10.00 am**

Venue: **Board Room, Aldern House, Baslow Road, Bakewell, DE45 1AE**

ANDREA McCASKIE
INTERIM CHIEF EXECUTIVE

Link to meeting papers:

https://democracy.peakdistrict.gov.uk/ieListDocuments.aspx?MId=2398

AGENDA

1. **Roll Call of Members Present, Apologies for Absence and Members' Declarations of Interest**

2. **Minutes of previous meetings held on 7 January and 4 February 2022** *(Pages 7 - 16)* 5 mins

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. **Authority Chair's Report** 5 mins

6. **Interim Chief Executive's Report** *(Pages 17 - 18)* 5 mins

FOR DECISION

7. **Government Response to the Landscapes Review: Consultation Response (AGM)** *(Pages 19 - 30)* 20 mins
Appendix 1

8. **Treasury Management Policy Statement and Annual Treasury Management and Investment Strategy (JW)** *(Pages 31 - 72)* 10 mins
Appendix 1

Appendix 2

Appendix 3

9. **Update to Corporate Property Asset Management Plan 2020-2024 and Action Plan (ES)** *(Pages 73 - 94)* 10 mins
Appendix 1

10. **Capital Expenditure on Corporate Assets (ES)** *(Pages 95 - 116)* 15 mins
Appendix 1

Appendix 2

11. **Member Appointment - Vacancy on Planning Committee (RC)** *(Pages 117 - 118)*

FOR INFORMATION

12. **Minutes of the Local Plan Review Member Steering Group of 24th January 2022** *(Pages 119 - 128)*
Appendix 1

Appendix 2

13. **Exempt Information S100(A) Local Government Act 1972**
The Committee is asked to consider, in respect of the exempt item, whether the public should be excluded from the meeting to avoid the disclosure of Exempt Information.

Draft motion:
That the public be excluded from the meeting during consideration of agenda item 14 to avoid the disclosure of Exempt Information under S100 (A) (4) Local Government Act 1972, Schedule 12A, paragraph 3 'information relating to the financial or business affairs of any particular person (including the Authority holding that information).

PART B

FOR DECISION

14. **Update to Corporate Property Asset Management Action Plan (ES)** *(Pages 129 - 134)* 10 mins
Appendix 1

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 http://democracy.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 on the Authority's website.

Public Participation and Other Representations from third parties

In response to the Coronavirus (Covid -19) emergency our head office at Aldern House in Bakewell has been closed. However as the Coronavirus restrictions ease the Authority is returning to physical meetings but within current guidance. Therefore meetings of the Authority and its Committees may take place at venues other than its offices at Aldern House, Bakewell. Public participation is still available and anyone wishing to participate at the meeting under the Authority's Public Participation Scheme is required to give notice to the Head of Law to be received not later than 12.00 noon on the Wednesday preceding the Friday meeting. The Scheme is available on the website http://www.peakdistrict.gov.uk/looking-after/about-us/have-your-say or on request from the Democratic and Legal Support Team 01629 816362, email address: democraticandlegalsupport@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

In response to the Coronavirus (Covid -19) emergency our head office at Aldern House in Bakewell has been closed. The Authority is returning to physical meetings but within current guidance. Therefore meetings of the Authority and its Committees may take place at venues other than its offices at Aldern House, Bakewell, the venue for a meeting will be specified on the agenda. Also due to current guidelines there may be limited spaces available for the public at meetings and priority will be given to those who are participating in the meeting. It is intended that the meetings will be audio broadcast and available live on the Authority's website.

This meeting will take place at Aldern House, Bakewell.

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 refreshment provision for members of the public before the meeting or during meeting breaks. However, there are cafes, pubs and shops in Bakewell town centre, approximately 15 minutes walk away.

To: Members of National Park Authority:

Chair: Cllr A McCloy
Deputy Chair: Mr J W Berresford

Cllr W Armitage
Cllr D Chapman
Cllr C Furness
Cllr A Gregory
Mr Z Hamid
Cllr A Hart
Mr R Helliwell
Cllr C McLaren
Cllr Mrs K Potter
Cllr K Richardson
Miss L Slack
Cllr P Tapping
Cllr J Wharmby
Cllr B Woods

Cllr P Brady
Cllr C Farrell
Cllr C Greaves
Prof J Haddock-Fraser
Ms A Harling
Cllr Mrs G Heath
Cllr I Huddlestone
Cllr D Murphy
Cllr V Priestley
Cllr S. Saeed
Mr K Smith
Cllr D Taylor
Ms Y Witter

Constituent Authorities
Secretary of State for the Environment
Natural England

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

MINUTES

Meeting:	**National Park Authority**
Date:	Friday 7 January 2022 at 10.00 am
Venue:	The Palace Hotel, Buxton
Chair:	Cllr A McCloy
Present:	Cllr P Brady, Cllr A Gregory, Prof J Haddock-Fraser, Mr Z Hamid, Mr R Helliwell, Cllr I Huddlestone, Cllr C McLaren, Cllr D Murphy, Cllr Mrs K Potter, Mr K Smith, Cllr P Tapping and Ms Y Witter
Apologies for absence:	Mr J W Berresford, Cllr W Armitage, Cllr C Furness, Cllr C Greaves, Ms A Harling, Cllr A Hart, Cllr V Priestley, Miss L Slack, Cllr D Taylor, Mrs C Waller, Cllr J Wharmby and Cllr B Woods.

1/22 ROLL CALL OF MEMBERS PRESENT, APOLOGIES FOR ABSENCE AND MEMBERS' DECLARATIONS OF INTEREST

There were no declarations of interest.

2/22 AUTHORITY CHAIR'S REPORT

The Chair reported that he would be attending a meeting with Lord Benyon on 12 January with regard to the Government’s consultation on their response to the Landscapes Review. A Member Forum meeting had been arranged for Friday 28 January to consider the information and the report will be circulated in advance.

3/22 RECRUITMENT TO POST OF CHIEF EXECUTIVE (SF)

The Chief Executive introduced the report which requested agreement of the proposed recruitment process, the appointment of a Member recruitment panel and agreement of the proposed interim arrangements between the current Chief Executive leaving and a new Chief Executive starting. She proposed an amendment to recommendation 5.2 so that the authority delegated to the current Head of Paid Service would be in consultation with the Chair of the Authority. This was agreed.

The Chief Executive reported that a response had been received from Natural England confirming that they would be part of the recruitment process and be involved in the short listing and the assessment panel. The Chief Executive of the Lake District National Park Authority had also confirmed that he would be available to take part in the recruitment process.

The appointments to the Member Recruitment Panel were discussed and the following expressions of interest noted:

Secretary of State Members:	Local Authority Members:
Cllr A McCloy, Chair of Authority	Cllr J Wharmby
Mr J Berresford	Cllr D Murphy
Ms Y Witter	Cllr D Chapman
Cllr G Priestley	Cllr G Heath
Miss L Slack	Cllr W Armitage
	Cllr A Gregory
	Cllr D Taylor
	Cllr C McLaren

The expressions of interest were considered with regard to the required split between Secretary of State Members and Local Authority Members and gender balance. It was emphasised that commitment to the dates for Panel meetings and assessment days was required by those appointed. It was noted that knowledge of the Authority, experience and length of service was considered by Members to be more important than to ensure a gender balance on the Panel. It was also agreed to increase the number of Members on the Panel from the suggested 6 to 8 with 2 reserve Members.

The membership of the Panel was agreed as follows:

Secretary of State Members:	Local Authority Members:
Cllr A McCloy, Chair of Authority	1 Derbyshire County Council Member
Mr J Berresford	Cllr D Chapman
Cllr G Priestley	Cllr A Gregory
Ms Y Witter	Cllr G Heath
Reserve: Miss L Slack	Reserve: 1 Derbyshire County Council Member

The first meeting of the Member Recruitment Panel will take place on either 13th or 14th January. The Derbyshire County Council (DCC) Members will be agreed between the 3 DCC Members who expressed interests and notified to the Chair of the Authority before 13th January.

With regard to the interim arrangements for the Chief Executive it was noted that there would be a financial uplift for the Head of Law whilst acting as interim Chief Executive.

The Chair will keep all Members informed of the recruitment process as it progresses.

The proposed job description for the new Chief Executive was discussed and areas for amendment noted. The Chair asked those Members who had suggestions for amendments to supply their proposed wording to him by the end of the following week.

The Head of Law requested an amendment to recommendation 4 of the report to state attendances at meetings of the Panel were an approved duty for Members and where they were in person meetings travel and subsistence could be claimed.

The recommendations as set out in the report and as amended, with the Members of the Recruitment Panel as set out above, were moved, seconded, voted on and carried.

RESOLVED:

1. **That the Authority proceeds, having noted the resignation of the current postholder, to appoint to the full-time post of Chief Executive (on an updated job description and person specification); Head of Paid Service and National Park Officer, at the existing salary grade (£88,985 - £94,456).**

2. **That the updated job description and person specification at Appendix 1 of the report be approved subject to any minor changes being delegated to Head of People Management (PM) in consultation with the Chair of the Authority**

3. **That the recruitment process as set out in the report and already started under delegated powers be agreed.**

4. **That a Members' recruitment panel of 8 Members be appointed with 2 reserve Members (5 Secretary of State and 5 Constituent Authorities Members) and chaired by the Chair of the Authority – with the terms of reference to undertake the roles of the panel as set out in the report and to recommend to the Authority a Chief Executive appointment, noting that the appointment is subject to approval by the Authority meeting.**

    4.1 The following Members are appointed to the Panel

Secretary of State Members:	**Local Authority Members:**
Cllr A McCloy, Chair of Authority	**1 Derbyshire County Council Member**
Mr J Berresford	**Cllr D Chapman**
Cllr G Priestley	**Cllr A Gregory**
Ms Y Witter	**Cllr G Heath**
Reserve: Miss L Slack	**Reserve: 1 Derbyshire County Council Member**

    4.2 To confirm that attendance at meetings of the CEO Member Recruitment Panel is an approved duty for the purpose of claiming travel and subsistence allowances.

5. **That the appointments for the statutory roles of Head of Paid Service and National Park Officer and the role of Interim Chief Executive (based on the current job description) and Deputy Chief Executive be as follows: -**

    5.1 The current Deputy Chief Executive, Andrea McCaskie, Head of Law becomes the Interim Chief Executive, Head of Paid Service and National Park Officer for the period beginning with the last working day of service of the current Chief Executive Sarah Fowler until the starting working day of the new Chief Executive.

    5.2 That an interim Deputy Chief Executive be appointed for the same period, and for that purpose authority is delegated to the current Head of Paid Service, in consultation with the Chair of the Authority. At the expiry of this period the interim post holder, Andrea McCaskie, under 5.1 above shall revert to the role of

Deputy Chief Executive for a period of 6 months to support the familiarisation and induction of the new Chief Executive.

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MINUTES

Meeting:	**National Park Authority**
Date:	Friday 4 February 2022 at 10.00 am
Venue:	The Palace Hotel, Buxton, SK17 6AG
Chair:	Cllr A McCloy
Present:	Mr J W Berresford, Cllr D Chapman, Cllr C Farrell, Cllr C Furness, Cllr C Greaves, Cllr A Gregory, Prof J Haddock-Fraser, Mr Z Hamid, Cllr A Hart, Cllr Mrs G Heath, Mr R Helliwell, Cllr I Huddlestone, Cllr C McLaren, Cllr D Murphy, Cllr Mrs K Potter, Cllr V Priestley, Cllr K Richardson, Miss L Slack, Mr K Smith, Cllr P Tapping, Cllr D Taylor, Ms Y Witter and Cllr B Woods
Apologies for absence:	Cllr W Armitage, Cllr P Brady, Ms A Harling, Cllr S. Saeed, Mrs C Waller and Cllr J Wharmby.

4/22 ROLL CALL OF MEMBERS PRESENT, APOLOGIES FOR ABSENCE AND MEMBERS' DECLARATIONS OF INTEREST

Item 10

All Members had received an email from Robert Largan, MP

Cllr Woods declared a personal interest as Glossop was in her ward

Cllr McCloy had received an email from Ann Robinson, CPRE

Mr Helliwell declared a personal interest as he would be affected by the proposal

Cllr Priestley declared a personal interest as she knew the speaker as a member of the High Peak Conservative Association

5/22 MINUTES OF PREVIOUS MEETING OF 12TH NOVEMBER 2021

The minutes of the last meeting of the National Park Authority on the 12th November 2021 were approved as a correct record.

6/22 URGENT BUSINESS

There was no urgent business.

7/22 PUBLIC PARTICIPATION

One member of the public was present to make a representation to the Committee.

8/22 CHAIR'S BRIEFING

The Chair provided a verbal update to the Authority.

- We understand that Cllr Armitage was due to be making his way back home to recuperate following his recent illness.
- Cllr Woods was welcomed back following her recent operation.
- The Chair thanked Members for a productive Forum last week to discuss the Landscape Review, and also for the follow up emails he had received. The Chair together with the CEO will be speaking to other Local Authorities and key stake holders and will be working through a draft response to DEFRA which will be shared with Members.
- The Chair reported on the sad news that John Thompson, former Chair of the Peak District Local Access Forum had recently passed away. John spent 40 years working for the Authority, starting as a Planning Trainee in 1966, retiring in 2007 as Director of Recreation, having also spent a brief spot as interim CEO. John was a kind man, who achieved results through dialogue and made a huge contribution to the work of the Authority. He will be sorely missed, and our condolences go out to his family.
- Former Authority Member, Penny Anderson has published a book on Wildlife of the Peak District.
- The Chair reported that this would be the last Authority Meeting for the CEO, Sarah Fowler before she leaves the Authority for her new role as CEO with the Wildfowl and Wetlands Trust. There will be a leaving event taking place in the Board Room at Aldern House on the 21st February at 1.30. It will be a hybrid affair, so while Members are welcome to attend in person, it will also be held virtually so Members could watch the proceedings and speak directly to Sarah if they wished.

Cllr Richardson joined the meeting at 10:10

9/22 CHIEF EXECUTIVE'S REPORT (SLF)

Members noted the Chief Executive’s report that included updates to Members on key items since the previous Authority meeting.

RESOLVED:-

To note the report.

10/22 2022/23 REVENUE BUDGET, 2022/23 CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL PLAN 2022/23 TO 2025/26 (JW)

The Head of Finance informed Members of an amendment to paragraph 30 of the report which should have read “The reduction in reserves of £320k” not £295k as stated in the report. She then went onto highlight some key points in the report for the Members attention.

Members asked whether the energy price rises would have an impact on the budget. The Head of Finance reported that she has not been made aware of any changes from the Property Team, but that she would speak to them.

Members also asked whether the Covid Reserves could now be redistributed. The Head of Finance reported that this would be discussed at the May Authority meeting when she would be bringing a report on the 2021/22 outturn position.

The recommendations as set out in the report were moved, seconded, voted on and carried.

RESOLVED:-

1. **To approve the Authority's annual budget for the 2022/23 financial year as shown in Appendix 1a of the report.**
2. **Members noted the Authority's capital programme for 2022/23 as shown in Appendix 2 of the report.**
3. **Members noted the RMM approved projects for investment up to £335k as shown in Appendix 3 of the report.**
4. **Members noted the Medium Term Financial Position (MTFP) of the Authority in the period up to March 2026 and the timetable as shown in Appendix 4 of the report.**
5. **Members noted the position of the Authority's Reserves.**

11/22 EXTERNAL AUDIT (MAZARS): 2020/21 ANNUAL AUDIT REPORT (JW)

Mr Mark Surridge of Mazars, the Authority's External Auditors, attended the meeting to present the report and to answer any questions from Members.

Mr Mark Surridge reported that there had been a change in the code of audit practice for this year and that no risk or actual significant weaknesses had been found in the Authority's value for money arrangements. A positive assurance was given that the financial planning was performing well.

The Chair thanked Mark Surridge for his report.

A motion to support the recommendations as set out in the report was proposed and seconded, put to the vote and carried.

RESOLVED:-

1. **To note the 2020/21 Annual Audit Report as set out in Appendix 1 of the report.**

2. **To note the Addendum to Audit Completion Report as set out in Appendix 2 of the report and the receipt of an unqualified audit opinion on the Statement of Accounts 2020/21.**

12/22 INTERNAL AUDIT REPORT BLOCK 1 2021/22 (JW)

The report was introduced by Mr Ian Morton from Veritau (Internal Auditor), who reported that two of the three areas that were audited had been given a substantial assurance with no action points, whilst one area had received a reasonable assurance and that the agreed action points had already been responded to.

Officers were thanked for their work and assistance during the Audit process as the work had to be all done remotely again In particular the Auditor was reliant on the Finance Staff providing hard copies of some of the information needed to complete the audits.

Mr Morton informed Members that the Visitor Centres were due to be audited in the second block and that will probably be carried out, in the main, remotely.

The Chair congratulated Officers on a positive set of audits..

A motion to support the recommendations as set out in the report was proposed and seconded, put to the vote and carried.

RESOLVED:

1. **That the Internal Audit reports for the three areas covered under Block 1 for 2021/22 IT Access Controls & User Awareness, Main Accounting and Risk Management (in Appendices 1 to 3 of the report) be received and the agreed actions considered.**

13/22 A57 LINK ROADS SCHEME (TN)

The Transport Policy Planner introduced the report and gave a presentation to Members regarding the A57 Link Road Scheme which was in the north-west, and wholly outside of the National Park boundary at the western end of the Longdendale Valley. The primary aim of the scheme was to relieve congestion and the effects of road traffic on the residents of Mottram and Woolley Bridge, although it was predicted that the scheme could substantially increase traffic flows in other areas such as in the National Park.

The scheme includes two link roads: -

- The Mottram Moor Link Road – 50mph, dual carriageway linking the M67 with A57 at the eastern end of Mottram Moor
- The A57 Link Road – 30mph, single carriageway, linking Mottram Moor with Glossopdale.

The Examination into the A57 Link Roads commenced in November of 2021 and the initial Public Hearings was due to take place next week from 8th February – 11th February 2022. There was an extra week set aside in April for a further round of hearings if required.

The Peak District National Park Authority submitted its Local Impact Report to the Planning Inspector on Friday 14th January 2022.

The Transport Policy Planner informed Members that the Authority has already submitted 2 holding objections to the proposed scheme, both of which are still in place, on the basis that the consultation materials lacked sufficient details on future traffic flows to be able to assess the impact on the National Park.

The following spoke under the Public Participation at Meetings Scheme:-

Mr Robert Largan, MP

Members discussed whether the report could be deferred to allow for further discussion and a site visit, but were informed that this was not ideal due to the time scales set by the Planning Inspector. It was agreed that it was important that the Authority attended the Hearing to have our voice heard on supporting the delivery of the National Park Authority's two statutory purposes.

A motion to support the recommendations as set out in the report was proposed and seconded, put to the vote and carried.

RESOLVED:-

1. **That Members endorse the submitted Local Impact Report at Appendix 1 as set out in the report.**

2. **That Members support Officer attendance at the Public Hearing Meetings.**

3. **That Members formalise the current holding objection to a full objection on the basis of the unacceptable impacts of the scheme on the Special Qualities of the National Park.**

14/22 REPORTS FROM OUTSIDE BODIES - NONE SUBMITTED

No Outside Bodies Reports had been submitted.

The meeting ended at 12.15 pm

6. INTERIM CHIEF EXECUTIVE'S REPORT (AGM)

1. Purpose of the report

To up-date Members of key items since the previous Authority meeting on 4th February 2022.

2. Recommendation

1. For Members to note the report.

3. Key Items

Interim CEO arrangements - please note that from 7 March 2022 the following interim arrangement will be in place to cover the CEO role:

- Interim Chief Executive: Andrea McCaskie
- Deputy Chief Executive: Emily Fox
- Assistant Chief Executives: Suzanne Fletcher and Justine Wells

Return to the workplace – Throughout the pandemic we have followed government guidance. In doing so, we have also taken our time to consider how it applies to us and consult with our staff representatives before taking action. Given that the official guidance to work from home has now lifted, and there is no government requirement or recommendation to limit workplace capacity, we have taken the following stepped approach to returning:

- From 7th February - we recommenced step one of the return to the workplace principles; this means that those in appropriate roles can currently work up to 60% of their contracted hours at home.
- From 14th February - Aldern House reopened to the public with reception opening (using the new intercom system) and the main gates open during working hours.
- From 4th April - we will move to the next step of the return to the workplace principles, meaning that those in appropriate roles can work up to 40% of their contracted hours at home.

We are asking staff to return to the workplace in this way as we recognise and have had feedback that being back in the workplace gives rise to more connected teams and workforce, and this in turn benefits the achievement of the outcomes we seek as an organisation. We also recognise blended working, with an opportunity to work from home can offer staff a benefit to their wellbeing. This is why we are trialling this blended approach and will continue this trial until December 2022, at which point we can take a view about future approaches.

I also am fully aware that a significant number of our colleagues have been out working with the public throughout this period, and have not had the option of working at home that many of us have had. My thanks go to them.

Report Author, Job Title and Publication Date

Andrea McCaskie, Interim Chief Executive, 10 March 2022

7. GOVERNMENT RESPONSE TO THE LANDSCAPES REVIEW: CONSULTATION RESPONSE (AGM)

1. Purpose of the report

This report seeks Member approval to submit a response to the consultation on the Government response to the Landscapes review.

Key Issues

- **The Government has issued its response to the Landscapes review and commenced a consultation period with regard to their response.**
- **Responses to the consultation must be submitted by 9 April 2022.**

2. Recommendations

1. **That Members support the consultation response shown in Appendix 1.**
2. **That any changes needed to the consultation document as a result of the Authority meeting are delegated to the Interim Chief Executive in consultation with Chair of the Authority.**

How does this contribute to our policies and legal obligations?

3. As Members will be aware, the recommendations arising from the Government response, if implemented, could make fundamental changes to the policies and legal obligations of the Peak District National Park Authority.

Background Information

4. In January 2018 the government published a 25-Year Plan for the Environment. It set out an approach to protect landscapes and habitats in England and committed to undertaking a review National Parks and Areas of Outstanding Natural Beauty (AONBs).

5. The review, led by Julian Glover, was initiated in May 2018. The review aimed not to diminish the character or independence of designated landscapes, or to impose new burdens on them and the people who live and work in the areas they cover. Instead, its purpose was to ask what might be done better, what changes could assist them, and whether definitions and systems - which in many cases date back to their original creation are still sufficient.

6. The review team carried out visits and meetings in many parts of England, and visited the Peak District National Park on 18-19 October 2018 followed by a public consultation period in late 2018 which the Authority agreed a response to (see Authority meeting minute number 42/18). We also worked with the 9 other National Park Authorities in England, through National Parks England (NPE), to draft a submission to the call for evidence from NPE.

7. The Landscapes Review report was issued in September 2019 (available to view here) and made 27 proposals whilst focusing on 5 areas:

- Landscapes Alive for Nature and Beauty
- Landscapes for Everyone

- Living in Landscapes
- More Special Places
- New Ways of Working

8. The Government published their response to the Landscapes review on 15 January 2022 (available to view here) and stated that their response to some of the proposals in the review will require changes to legislation, subject to securing parliamentary time, to implement. The Government is seeking public views on support for these proposed legislative changes, and their potential effects on different groups and interests via a consultation process. They are also interested to hear any wider views on other aspects of their response to the review.

Proposals

9. Responses to the questions contained in the Government consultation on their response to the Landscapes review have been drafted following the Member Forum discussion held on 28th January 2022 and are shown in Appendix 1. The overall consultation response will be subject to a full discussion at the Authority meeting on 18 March 2022.

Are there any corporate implications members should be concerned about?

Financial:

10. None

Risk Management:

11. None

Sustainability:

12. None.

Equality, Diversity and Inclusion:

13. Where data is provided the Authority monitors its membership against the 9 protected characteristics set out in the Equality Act 2010. The current profile data suggests that younger people, women, people from BME communities and disabled people are underrepresented in the current Authority membership.

Climate Change:

14. No issues to consider.

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

None.

16. **Appendices**

Appendix 1 - Peak District National Park Authority: Consultation on the Government response to the Landscapes review – Draft consultation response

Report Author, Job Title and Publication Date

Andrea McCaskie, Interim Chief Executive, 10 March 2022

Government consultation on its Response to the Landscapes Review

Peak District National Park Authority draft response developed from the PDNPA Member discussion on 28th Jan 2022, with follow up comments from members of the management team.

General comments to be incorporated in a covering letter to the Minister

- *We welcome the ambition and vision of the Landscapes Review and the overall direction set out in the Government's response to this.*
- *We, therefore, support the direction of travel set out in the consultation in terms of the mission of protected landscape to be beacons in nature recovery, climate action, as places for all and in working with the communities who live and work in these landscapes.*
- *We especially see that it is important that we act now rather than wait for legislative changes to take effect, but would note there are a handful of specific recommendations we disagree with and that we need to be pragmatic about what we can achieve based on what we are resourced to do. It is therefore important that we are adequately resourced for the tasks Government wishes us to carry out.*
- *As a convenor for the place it is also as important for partners to embrace this renewed vision and mission for protected landscapes and are willing and able to work with us as the landscape bodies to realise that mission. There is an over-riding need for plans and strategies to be integrated and for there to be a requirement for this to be implemented by all public sector bodies who have a stake in or work in protected landscapes.*
- *In setting out the outcomes framework for NPAs and AONBs the key is about what we are able to do, not just should we do it.*
- *It is important there is clarity and understanding about our role as a regulator, convenor and a delivery agent on the ground. As we are established in law as a special purpose local authority and as a planning authority, we must connect as much with the Department for Levelling Up as with Defra. We care for nature, beauty and cultural heritage of the landscape and promote access for all and this is encapsulated in the special qualities of the National Park, which are the qualities that the National Park was designated for. These special qualities must be at the heart of any renewed mission or purpose.*

A stronger mission for nature recovery (p10)

6. Should a strengthened first purpose of protected landscapes follow the proposals set out in Chapter 2? YES/NO/UNSURE. *Yes*

7. Which other priorities should be reflected in a strengthened first purpose e.g. climate, cultural heritage?

- *We are heartened by the mission and linking climate change with nature recovery, but it is also important to retain cultural heritage and natural beauty as priorities.*
- *Need to retain the requirement to conserve and enhance, we would caution the use of the word "restore" as this implies physical intervention, and putting something back 'as it was' whereas 'conserve' is more nuanced, and can mean the conservation of significance, not*

necessarily physical intervention and certainly not rebuilding etc. For example, restoring a ruin would mean rebuilding it - conserving it might mean consolidating it as it is.
- *We welcome the revision to the definition of natural beauty as set out in the 2006 NERC Act, to explicitly include that which has been shaped by humans, to strengthen the statutory first and second purposes.*
- *National Parks and AONBs do and should do more than conserve nature, they are places of unique and rich cultural heritage, they should be supported to do more for nature whilst carefully managing change in ways which conserve and enhance this rich cultural inheritance. National Parks and strengthened AONB Partnerships are uniquely placed to manage the balance between natural and historic environments, through delivering the statutory purposes and through robust, well-resourced planning and legislative functions*
- *Climate changes needs to cover both resilience and adaptation and mitigation.*
- *In strengthening the purpose it is important that NPAs and AONB bodies are not seen as solely responsible for responding to climate change; the role of other agencies needs to recognised and included. For example, with LNRS, NPAs and AONB bodies will not necessarily be given the authority, and so not have the resources, to deliver LNRSs.*
- *Concerned that there is a lack of appreciation of the importance of cultural heritage and natural beauty in shaping what is special about protected landscapes and a concern that this might lose out given the renewed focus on nature recovery and climate change.*
- *The special qualities must be key to any renewed purpose, they are the qualities that the National Park is designated for, yet they currently don't feature in the first purpose. It would strengthen and focus NPMPs if the link was made explicit in this purpose to the special qualities. This means each NP's qualities will need to be defined, which we have done here for the Peak District National Park*
- *Examples of work already in place in protected landscapes include:*
    - *Peatland restoration through the Moors for the Future Partnerships and working across the north with the Great North Bog.*
    - *South West Peak Landscape Partnership (SWPLP) Programme – a NHLF funded programme led by the PDNPA involves a suite of integrated projects with partners which have delivered outcomes for nature recovery (habitats and species), cultural heritage enhancement, natural flood management, access enhancement, interpretation, volunteering, community engagement and apprenticeships fostering closer alignment between farming, conservation and National Park purposes.*
    - *Peak District Environmental Land Management (ELM) Test – exploring the use of National Character Areas (NCAs) for ELM and in particular for spatial prioritisation and for farmers and land managers to develop their Land Management Plans. This test has demonstrated that NCAs are a good tool for ELM and that they work across PLs and the whole of England. In particular farmers and land managers once they are aware of the relevant NCA relate to the description of their landscape and begin to better understand the range of public goods they already deliver and that they could deliver. This approach has also stimulated thinking about farmer and land manager collaboration, a landscape scale approach and the future role of the NPA(s) in ELM.*
    - *Farming in Protected Landscapes (FiPL) – the four themes climate, nature, people and place are now actively delivering for the Landscapes Review recommendations. Many projects are delivering across two or more themes. Whilst the national*

framework provides guidance there is local flexibility for projects which deliver for the needs of the PD landscape and farmers and land managers. The role of the PDNPA in FiPL is helping to further develop the Authority's relationships with farmers and land managers. The involvement of farmers, land managers and the NPA/PLo in the Local Assessment Panel and local decision making is also being well received.

Agricultural transition (p12)

8. Do you support any of the following options as we develop the role of protected landscapes in the new environmental land management schemes? Tick all that apply.

- **Designing the environmental land management schemes in a way that works for all farmers and land managers, including the specific circumstances for those in protected landscapes, recognising that farmers in these areas are well-placed to deliver on our environmental priorities**.

  Yes for both cultural and natural capital, if this allows a bespoke scheme to recognise the specific circumstances for National Parks and AONBs. There is already a ready-made and tested scheme that could do this by making FiPL the future scheme for protected landscapes post-agricultural transition.

- **Using Local Nature Recovery Strategies to identify projects or habitats within protected landscapes.**

  We recommend using the National Park Management Plans to set priorities, as has been done with the Farming in Protected Landscapes scheme. There is the real potential to use the NPMP – partnership plan for the place – as the LNRS. This is particularly important here in the Peak District given that we have 6 Constituent Authorities and if the responsibility for LNRSs lies with these Constituent Authorities then there could be 6 different LNRSs covering the PDNP. So whoever is the LNRS responsible body then the information they provide will need to be able to be split and used for different spatial areas e.g. PDNP, County/Unitary Authority, NCA.

- **Monitoring the effectiveness and uptake of the new environmental land management schemes in protected landscapes. Using this to inform whether further interventions are needed to ensure we are on track for wider nature recovery ambitions.**

  Yes

- **Creating a clear role for protected landscape organisations in the preparation of Local Nature Recovery Strategies. Our recent LNRS consultation specifically asks for views on the role of different organisations in the preparation of LNRSs, including protected landscapes.**

  National Parks Authorities and AONBs have the knowledge, skills and expertise to drive LNRS in and around our landscapes and protected landscapes present the optimum opportunity to *meet this Government's 30x30 commitment at scale and in a way that connects between us. Consequently, we wish to see National Parks and AONBs at the centre of the new system of spatial strategies for nature that the LNRS will provide*

- **Building on FiPL, empowering protected landscapes to support decision-making and delivery against agreed priorities, including through dedicated project coordinators and advisers**.

  Yes. The key ingredients to achieving a successful programme include delegated funding to the protected landscape body, resources for local advice and facilitation, using the NPMP to set priorities, and taking an integrated approach about environment and farm business. In addition, might consider an environmental broker role for the NPA on managing public and private finance.

9. Do you have any views or supporting evidence you would like to input as we develop the role of protected landscapes in the new environmental land management schemes?

- *Agree that Protected Landscapes (PLs) need to have a meaningful role in ELM schemes because of the diversity of farming and land management that exists across PLs. This means we need to have the agency to be able to speak up for what's important for our PLs.*
- *Any future farming support scheme needs to include how we support the enhancement and protection of cultural heritage assets.*
- *ELM needs to work for all farmers and land managers, and we need to ensure PL bodies have the resources to be able to keep up their engagement with land managers and farmers. This local engagement needs to be seen as an investment and is critical to developing trusted relationships and ultimately success.*
- *There is an inherent problem with LNRS being cut to county boundaries, as this does not fit for the PL boundaries. National Park Management Plans are the partnership plans for PL and these need to be used to set priorities for future farming and land management support schemes, as they cover nature, climate, people and place.*
- *To date, agri-environment schemes have been designed in a national context and have struggled to deliver for particular local circumstance and conditions, for example the White Peak part of the PDNP where stocking rates and payment rates have meant low uptake with consequential loss of natural and cultural capital. There is a need for a national approach which provides for the more local landscape needs. FiPL is testing this approach*.

A stronger mission for connecting people and places (p14)

10. Should AONBs have a second purpose relating to connecting people and places, equivalent to that of National Parks? YES/NO/UNSURE

There is merit in AONBs having a second purpose.

11. Should a strengthened second purpose of protected landscapes follow the proposals set out in Chapter 3 to improve connections to all parts of society with our protected landscapes? YES/NO/UNSURE

- *Yes and to achieve this it's important that the Protected Landscape bodies have the agency and the resources to fulfil such a strengthened purpose and that we have the active engagement and support of others, as this is a big task which cannot be done by PL bodies alone.*
- *Any changes suggested to purposes should always ensure they retain the link and language of Special Qualities. This should not be lost as it is the key connecting language between the purposes and is also very important to our work on planning policy and delivery.*
- *Critical to achieving this is removing barriers for all parts of society and being able to take a more active role in supporting access. This is being delivered by projects underway now by protected landscape bodies working in partnership, such as the test and learn pilots and work around green social prescribing where partnerships are forming and growing to support delivery – but will always be limited without resources.*
- *Aspirations need to include investment in audience understanding and social listening across all protected landscapes to allow NPs and AONBs to better understand motivations and routes to engagement with landscapes by our audiences – e.g. digitally – to allow landscapes and Natural England et al to make tailored and informed decisions*
- *National Parks contain within them stories drawn from its archaeology and landscape heritage that can help shake the narratives around countryside landscapes as exclusive places - we can draw out from these spaces the stories of rebellion, resistance, industry, immigration and settlement that can be used to create that sense of inclusion and belonging currently missing in narratives of landscape that National Park and AONB communications often fall back on. We have a role to play in creative inclusive stories and cultures of belonging, and to omit cultural heritage from that leaves National Parks and AONBs with fewer tools to address the issue of diversity and inclusion in countryside.*

12. Are there any other priorities that should be reflected in a strengthened second purpose? OPEN

- *Being able to take a more active role in promoting and supporting access which also balances this access with the impact on PLs from increases in numbers is increasingly important, especially with a renewed focus on nature recovery.*
- *There is merit in considering how this fits with the long-term funding on levelling up and as gateways. There is merit in developing joint plans on sustainable and accessible travel into and around National Parks to overcome barriers in the ability to access protected landscapes in a way that is sustainable, accessible and affordable for all. This work needs to be developed jointly with those with a leadership role in urban setting around National Parks, so there is a jointly agreed long-term funding strategy with, for example, City Mayors. The knowledge exists in the PL bodies but the funding to deliver does not, so there is a need to align plans with those who have the need to access and the funding to enable this to happen. The Peak District is well placed, and ready to respond, and can be a really strong exemplar for such a sustainable and accessible travel plan in terms of setting policy direction, securing funding and delivering on the ground.*

- *Cultural heritage and, explicitly, the historic environment, makes a significant contribution to people's health and wellbeing, supports building people's knowledge capital and promotes active and enquiring minds in children and young people*
- *Some might question what is wrong with the current purpose – it is a term that has stood the test of time; concerned the proposed wording would not stand the test so well as it uses words that are in vogue now. It is not about necessarily about strengthening the purpose, but updating the National Parks circular to PLs which allows agility to the times and to be clear on the existing priorities now.*
- *There is good evidence of work already in train in this area by PL bodies, such as the test and learn pilots and work around green social prescribing where partnerships are forming and growing to support delivery and our work on the Diverse Audience Plan.*

Managing visitor pressures (p16)

13. Do you support any of the following options to grant National Park Authorities and the Broads Authority greater enforcement powers to manage visitor pressures? Tick all that apply.

- **Issue Fixed Penalty Notices for byelaw infringements**
- **Make Public Space Protection Orders (PSPOs)**
- **Issue Traffic Regulation Orders (TROs) to control the amount and type of traffic on roads**

- *There is value in the most relevant organisation having, and using, the ability to take enforcement action to manage the impacts of car parking, fires, litter etc where other action has not worked. However, we do not consider these powers should reside with the National Park Authorities given that our role is to be welcoming and inclusive. Our approach is to engage, explain and encourage, while enforcement needs to be invested in those bodies already with enforcement powers such as the police and local authorities. To give us such power would only blur the line of responsibility and cause confusion, as well as to be a distraction to our core purposes.*
- *We consider that the powers given to NPAs are in the main adequate and sufficient to enable their making of TROs, where it is appropriate for them to do so, and the Peak District NPA has made effective use of its powers. Notwithstanding this, we have previously identified deficiencies in the TRO legislation, whether for its administrative burden, lack of clarification, or simply the unavailability of the necessary processes. Some of these have the potential to be dealt with by secondary legislation and guidance. We have also raised the issue of clarification of legal status on routes recorded as publicly maintainable by the Highway Authorities. It is this which is needed to ensure the clarification of the use and effective management of these routes.*

14. Should we give National Park Authorities and the Broads Authority and local highway authorities additional powers to restrict recreational motor vehicle use on unsealed routes? YES/NO/UNSURE

- *We already have sufficient powers and have used these where we feel it has been necessary.*

15. For which reasons should National Park Authorities, the Broads Authority and local authorities exercise this power?

- **Environmental protection**
- **Prevention of damage**
- **Nuisance**
- **Amenity**
- **Other [PLEASE STATE]**

- *Not applicable given our response above.*

16. Should we legislate to restrict the use of motor vehicles on unsealed unclassified roads for recreational use, subject to appropriate exemptions?

- **Yes – everywhere**
- **Yes – in National Parks and Areas of Outstanding Natural Beauty only**
- **Yes – in National Parks only**
- **No**
- **Unsure**

- *We already have sufficient powers and have used these where we feel it has been necessary.*

17. What exemptions do you think would be required to protect the rights and enjoyment of other users e.g., residents, businesses etc? OPEN

- *The Glover review emphasises the role of rangers on the ground in managing visitor pressure to engage with the public around the Engage explain encourage – we know this is effective and a physical presence in hot spot areas can decrease unwanted visitor behaviours. If extra resource is being put into this area supporting more rangers and volunteers on the ground would be the most effective way to support visitor behaviour change.*

The role of AONB teams in planning (p18)

18. What roles should AONBs teams play in the plan-making process to achieve better outcomes? OPEN

19. Should AONB teams be made statutory consultees for development management? YES/NO/UNSURE

20. If yes, what type of planning applications should AONB teams be consulted on?

- **AONB teams should formally agree with local planning authorities which planning applications should be consulted on.**
- **AONB teams should be consulted on all planning applications that require an Environmental Impact Assessment and are categorised as 'major development' as well as Nationally Significant Infrastructure Projects.**
- **Other [Please state]**

- *No comment on the 3 questions above.*

Local Governance (p20)

21. Which of the following statutory measures would you support to improve the effectiveness of boards? Tick all that apply.

- **Greater flexibility over the proportion of national, parish and local appointments**
- **Merit-based criteria for local authority appointments**
- **Reduced board size**
- **Secretary of State appointed chair**
- **Other [Please state***]*

- *Overall there is Member support for streamlined boards, regular appraisals and better all-round Member training and development, but need to keep effective communication with constituent authorities. We must also look for ways to attract and accommodate younger and working age Members. If maximum time limits for Members remain they should applied to all categories, not just national SoS.*
- *We must seek an effective balance between different membership groups so NPAs benefit from a mix of skills, knowledge and all round experience. Should we start by determining what skills and experience we actually need (or are lacking)? We should also recognise that all three different categories of Members add value in different ways.*
- *The majority of Members are opposed to centrally appointed chairs. Chairs need to have the confidence of the Membership (and local stakeholders) and if he or she is not directly accountable to the Board there is a risk of a serious disconnect that will undermine NPA leadership.*
- *Local Authority and Parish Members were originally devised to address the 'democratic deficit' and if we dilute local representation we risk disenfranchising people.*
- *Expert advisory panels may have their place, but will they come with extra resource for the NPA? However, don't forget we already have specialist officers who should be providing expert advice to Members. Members don't necessarily need to be experts in specific fields, just have all-round experience and expertise.*
- *How do you measure an 'under-performing' Member? Attendance? What else?*

A clearer role for public bodies (p22)

22. Should statutory duties be strengthened so that they are given greater weight when exercising public functions?

- *YES. This duty need to be strengthened to ensure public bodies further national park purposes and are explicit about the importance of each National Parks special qualities (which is what the landscape was designated to care for).*
- *If these are not considered in the early stages of a development or strategy development then it will take some "un-picking" later and will take more time both from the public body and the protected landscape body. Examples range from the simple installation of a roadside curb or roadside verge mowing to a substantial fencing scheme or development requiring planning permission.*

23. Should statutory duties be made clearer with regards to the role of public bodies in preparing and implementing management plans?

- *YES , this needs to include an active participation in the development and delivery of the NPMP.*

General Power of Competence (p24)

24. Should National Parks Authorities and the Broads Authority have a general power of competence?

- *We consider the current powers we have are appropriate and do not limit ability to diversify our income. We would see a value in this only if it further aids diversifying our income base, whilst maintaining the very important government funding to support the purposes and roles we have as NPAs.*

Overall

25. If you have any further comments on any of the proposals in this document, please include them here

- *Sustainable transport: we have an appetite and ambition to pioneer new approaches on sustainable, accessible and affordable transport to, from and within the National Park. The Peak District will be ready to start this year with a pilot working with several public and private partners. The Peak District NPA has had significant dialogue with the Lake District and Dartmoor NPAs on aligned thinking and there is a great opportunity for a small group NPs to work with pilot funding to demonstrate and then report on our learning to show how integrated low carbon travel could be of benefit to rural areas across England and the UK.*

- *Permitted development rights: The on-going and cumulative nature of permitted development rights applying to National Parks is seeing a gradual erosion of the policies designed to respond to our statutory purposes. Policies can enable the right development in the right places to address the right needs. Permitted development serves to undermine the special objectives of National Parks and we would ask for them to be reviewed in the light of this.*

8. TREASURY MANAGEMENT POLICY STATEMENT AND ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY (JW)

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 borrowing, investments and cash flows, including 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". (The Prudential Code 2021 edition).

   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 (NYCC), which relies upon the Annual Investment Strategy of North Yorkshire County Council (Appendix 3 – NYCC Treasury Management Report, Appendix C and Schedules 1 to 6 only) which was approved by their full Authority Meeting on 16th February 2022 – and which Members are asked to adopt. There have been no changes in the County Council's investment and risk management approach.

   In August 2020, the Authority signed a 3 year Service Level Agreement with NYCC which ends on 6th April 2023. This arrangement has been 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. From April 2023 a new Unitary Authority across North Yorkshire is being established, this means that the Authority may need to secure new arrangements from April 2023 onwards. Contact has been made with NYCC to start discussions to see if the current SLA arrangement will be able to be continued with the new Unitary Authority. If not, the two other options are bringing the function back into the Authority or seeking another Local Authority to provide the service on our behalf.

   In 2021, 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. There has been a delay to the refresh of the Capital Strategy and the new Capital Strategy is planned for review and completion in 2022/23.

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 6 to 13), and the policy on Minimum Revenue Provision (paragraphs 14 and 15), and adopts the Investment Strategy of North Yorkshire County Council (Appendix 3 – NYCC Appendix C, Schedules 1 to 6).

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 (revised 2021)
- The Department for Levelling Up, Housing and Communities (DLUHC) Guidance on Local Government Investments and Minimum Revenue Provision

Proposals

5. Borrowing

The Authority finances its overall capital expenditure from a combination of use of capital receipts, capital grants from external bodies, direct revenue contributions, and borrowing. The ability to finance capital expenditure directly from revenue contributions tends to be limited, so 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. As highlighted in the Treasury Management Report brought to members in May 2021 the National Audit Office report (February 2020) made recommendations for 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. This has been included in the revised 2021 Prudential Code. The

Prudential Code now explicitly states that:

> "…an authority must not borrow to invest primarily for financial return." (CIPFA Prudential Code 2021).

This change will not have an impact on the Authority as this is not, nor has been part of the Authority's Investment Strategy.

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 low, compared to the interest payment on an external loan. The Authority's C.F.R. estimate for 31st March 2021 is £1.378m (£1.306m at March 31st 2021) of which £361k is a Public Works Loan and the remainder, £1.017m, 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 the Department for Levelling Up, Housing and Communities (DLUHC) by way of a Capitalisation Direction, which must be bid for. There are currently no plans to apply for this use of resource.

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. These tools are looking to determine can the project afford to repay its debt costs, without additional burden on the revenue of the Authority.

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 2021/22 budget of £25k has assumed that a rate of return of between 0.83% and 0.18% will be achieved, however current indications are that estimated interest receipts of only £16k p.a. (2020/21 £25k) may actually be received (based on increases from 0.18% to 0.22%). The increases to the base rate of 0.25% in December 2021 and 0.50% in February 2022 may have a small positive impact. Whilst the Bank Of England (BOE) base rate remains historically low, the BOE has indicated that interest rates will start to increase towards a target of 1.5% in 2023. Therefore, the rate of return, whilst it remains lower than in previous financial years, it is expected to make a small rise. The key principal for investment is security of funds rather than rate of return.

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.

11. **Equality:** There are no implications to identify.

12. **Climate Change:** There are no implications to identify.

13. **Appendices:**

Appendix 1 – PDNPA Treasury Management Policy Statement
Appendix 2 – PDNPA Annual Treasury Management and Investment Strategy
Appendix 3 – Appendix C 'Annual Investment Strategy' and Schedules 1 to 6 of North Yorkshire County Council Treasury Management Report (for adoption)

Report Author, Job Title and Publication Date

Justine Wells, Head of Finance and Chief Finance Officer, 10 March 2022

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 Cash Flow 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.

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 has been one approval in this current financial year.

Minute	Date	Approval	Reason	Amount financed from internal funds	Debt from PWLB	Annual charge to budget	Ending
23/21	20/04/2021	£16,000	Air Source Heat Pump Wigginstall Cottage	£16,000	0	£2,515	2029/30

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, North Lees Estate of £305,560), plus the estimated impact of other projects in the approved Capital Programme. The figures below include items already approved plus an estimate of items still requiring approval as part of the Capital Strategy refresh. The values are indicative forecasts for now with no commitments attached.

	Actual 2020/21 £'000s	**Estimate 2021/22 £'000s**	**Estimate 2022/23 £'000s**	**Estimate 2023/24 £'000s**	**Estimate 2024/25 £'000s**
Total Capital Expenditure	**1,099**	**1,023**	**2,136**	**606**	**284**
Financed from grants	(166)	(92)	0	0	0
Financed from revenue	(127)	(643)	(129)	(5)	0
Financed from capital receipts	(519)	(57)	(899)	(120)	(73)
Net Total (financed from borrowing)	**287**	**231**	**1,107**	**481**	**211**

Under current economic circumstances a high proportion of the total to be financed from borrowing will be temporarily financed from cash flow 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 cash flow 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 2020/21 onwards reflecting actual and potential Capital Programme projects.

	Actual 2020/21 £'000s	**Estimate 2021/22 £'000s**	**Estimate 2022/23 £'000s**	**Estimate 2023/24 £'000s**	**Estimate 2024/25 £'000s**
C.F.R	1,306	1,378	2,267	2,504	2,460

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 2020/21 £'000s	**Estimate 2021/22 £'000s**	**Estimate 2022/23 £'000s**	**Estimate 2023/24 £'000s**	**Estimate 2024/25 £'000s**
Borrowing Costs	165	177	235	259	269
Net Revenue	6,699	6,699	6,699	6,699	6,699
Percentage	2.47%	2.64%	3.51%	3.87%	4.02%

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

Prudence

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

	Actual 2020/21 £'000s	**Estimate 2021/22 £'000s**	**Estimate 2022/23 £'000s**	**Estimate 2023/24 £'000s**	**Estimate 2024/25 £'000s**
Capital Financing Requirement	1,306	1,378	2,267	2,504	2,460
Temporary investments	(4,853)	(7,800)	(6,330)	(6,330)	(6,330)
Net External Borrowing	(3,547)	(6,422)	(4,063)	(3,826)	(3,870)

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 2021/22 has also been revised upwards by £500k 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. This has been delayed from 2020/21. At this stage it is not clear what the precise impact may be, but this margin should be sufficient until more is known. The revision from 2023/24 is to continue to allow for the impacts of IFRS 16 and accommodate current capital estimates.

	2022/23 £m	**2023/24 £m**	**2024/25 £m**
Borrowing	2.5	3	3
Other Long Term Liabilities	NIL	NIL	NIL
Total	**2.5**	**3**	**3**

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.

	2022/23 £m	**2023/24 £m**	**2024/25 £m**
Borrowing	2.25	2.5	2.5
Other Long Term Liabilities	NIL	NIL	NIL
Total	**2.5**	**2.5**	**2.5**

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

	Actual 2020/21 £'000s	**Estimate 2022/23 £'000s**	**Estimate 2023/24 £'000s**
External Debt	392	361	330

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 2022/23, 2023/24 and 2024/25 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 2022/23, 2023/24 and 2024/25 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 sensitive to changes in interest rates and cash flows. Base interest rates have increased from 0.10% to 0.50%. The base rate changed in December 2021 from 0.10% to 0.25%, and was further increased on 3rd February 2022 up to 0.50%. The Bank of England has indicated that the interest rate is likely to increase through 2022 towards a target of 1.5% in 2023. The actual investment rate at December 0.22% and interest receipts are expected to be a little higher than the £15k forecast in the 2022/23 budget if rates continue to increase.

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 £7.8m 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. The current SLA began on 6th April 2020 and has been 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 2020 NYCC Investment Strategy is appended, for adoption by this Authority, in Appendix 3. This contains the full NYCC Treasury Management report and 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 2021/22 Budget, combining reasonable assumptions 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 C

ANNUAL INVESTMENT STRATEGY

1.0 Investment policy – management of risk

1.1 The DLUHC and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (**APPENDIX E**).

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

- DLUHC'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 DLUHC 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**.

k) As a result of the change in accounting standards for 2022/23 under IFRS 9, this authority 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 DLUHC, formally the Ministry of Housing, Communities and Local Government, 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 ending 31 March 2023.

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 the Link Group. 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; and
- 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 Group 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 Group 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 (CDS) 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 Group. 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.

3.8 Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

3.9 Although bank CDS prices, (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

4.0 Country limits

4.1 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.

4.2 **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.

4.3 **Country limit.** The County Council has determined that it will only use approved counterparties from the UK and from non-UK 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 is shown in **Schedule 5**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy

5.0 Investment strategy

5.1 **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; or
- 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.

5.2 **Investment returns expectations.** The current interest rate forecast includes a forecast for a first increase in Bank Rate in May 2022.

5.3 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 %
2022/23	0.30
2023/24	0.65
2024/25	0.90

5.4 The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

6.0 Investment performance / risk benchmarking

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

7.0 End of year investment report

7.1 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 2022/23 to 2024/25
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 INTRODUCTION AND CONTEXT

1.1 2022/23 is the final year for establishing a Treasury Management Policy Statement for the County Council given that the new unitary council for North Yorkshire will come into effect from 1 April 2023. The production of an emerging "shadow" policy for the new unitary council, an aggregation of the future projections of all 8 councils, will become the start position for the new unitary North Yorkshire Council.

1.2 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.

1.3 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.

1.4 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.

1.5 This current Treasury Management Policy Statement (TMPS) was approved by County Council on 16 February 2022.

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 The CIPFA Code of Practice on Treasury Management requires a framework of Treasury Management Practices (TMPs) which:

a) set out the manner in which the County Council will seek to achieve the policies and objectives; and

b) prescribe how the County Council will manage and control those activities;

3.2 The CIPFA Code of Practice recommends 12 TMPs. A list of the 12 TMPs is as follows: -

TMP 1	Risk management
TMP 2	Performance measurement
TMP 3	Decision-making and analysis
TMP 4	Approved instruments, methods and techniques
TMP 5	Organisation, clarity and segregation of responsibilities, and dealing arrangements
TMP 6	Reporting requirements and management information arrangements
TMP 7	Budgeting, accounting and audit arrangements
TMP 8	Cash and cash flow management
TMP 9	Money Laundering
TMP 10	Training and qualifications
TMP 11	Use of external service providers
TMP 12	Corporate governance

4.0 PRUDENTIAL INDICATORS

4.1 The Local Government Act 2003 underpins the Capital Finance system introduced on 1 April 2004 and requires the County Council to “have regard to” the **CIPFA Prudential Code for Capital Finance in Local Authorities**. This Code which was last updated in December 2017, requires the County Council to set a range of Prudential Indicators for the next three years

a) as part of the annual Budget process, and;

b) before the start of the financial year;

to ensure that capital spending plans are affordable, prudent and sustainable.

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

The required Prudential Indicators are as follows:-

- Capital Expenditure - Actual and Forecasts
- estimated ratio of capital financing costs to the Net Revenue Budget
- Capital Financing Requirement
- Gross Debt and the Capital Financing Requirement
- authorised Limit for External Debt
- operational Boundary for External Debt
- Actual External Debt
- Maturity Structure of Borrowing
- Total Principal Sums Invested for periods longer than 365 days

4.3 The County Council will approve the Prudential Indicators for a three year period alongside the annual Revenue Budget/Medium Term Financial Strategy at its February meeting each year. The Indicators will be monitored during the year and necessary revisions submitted as necessary via the Quarterly Performance and Budget Monitoring reports.

4.4 In addition to the above formally required Prudential Indicators, the County Council has also set two local ones as follows:

a) to cap Capital Financing costs to 10% of the net annual revenue budget; and

b) a 30% limit on money market borrowing as opposed to borrowing from the Public Works Loan Board.

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
16 February 2022

SCHEDULE 2

PRUDENTIAL INDICATORS UPDATE – FOR 2022/23 TO 2024/25

CAPITAL EXPENDITURE & EXTERNAL DEBT INDICATORS

1 Estimated Ratio of capital financing costs to the net Revenue Budget

(a) *Formally required Indicator*

This reflects capital financing costs (principal plus interest) on external debt plus PFI and finance leasing charges less interest earned on the temporary investment of cash balances.

The estimated ratios of financing costs to the net Revenue Budget for the current and future years, and the actual figure for 2020/21 are as follows:

Year	Executive August 2021		Update January 2022	
	Basis	**%**	**Basis**	**%**
2020/21	Actual	10.4	Actual	10.4
2021/22	Estimate	10.7	Estimate	10.5
2022/23	Estimate	10.6	Estimate	9.8
2023/24	Estimate	9.9	Estimate	9.0
2024/25	Estimate	-	Estimate	8.5

(b) Local Indicator

This local Indicator reflects a policy decision to cap Capital Financing costs at 10% of the net annual Revenue Budget. The Indicator is different to the formally required Indicator at (a) above in that it only reflects the cost components of interest on external debt plus lost interest on internally financed capital expenditure, together with a revenue provision for debt repayment. Unlike the formally required PI it does not reflect interest earned on surplus cash balances or PFI / finance leasing charges.

Year	Executive August 2021		Update January 2022	
	Basis	**%**	**Basis**	**%**
2020/21	Actual	5.7	Actual	5.7
2021/22	Estimate	5.5	Estimate	5.2
2022/23	Estimate	5.1	Estimate	4.8
2023/24	Estimate	4.7	Estimate	4.5
2024/25	Estimate	-	Estimate	4.3

Comment

The estimates of financing costs include current Capital Plan commitments based on the latest 2021/22 Q3 Capital Plan.

The updated estimates for 2021/22 to 2024/25 reflect the net effect of a range of factors, principally

(a) savings being achieved through the ongoing policy of financing capital borrowing requirements internally from cash balances

(b) variations in the level of annual borrowing requirements resulting from a range of factors, but principally capital expenditure slippage between years

(c) variations in borrowing costs (interest plus a revenue provision for debt repayment) reflecting latest interest rate forecasts to 2024/25

(d) variations in interest earned on cash balances resulting from continuing current historically low interest rates but offset by continuing higher levels of cash balances (formal Indicator only).

Prudential Indicator

2 Capital Expenditure - Actual and Forecasts

The actual capital expenditure that was incurred in 2020/21 and the latest estimates of capital expenditure to be incurred for the current and future years are:

Year	Executive August 2021		Update January 2022	
	Basis	**£m**	**Basis**	**£m**
2020/21	Actual	119.6	Actual	119.6
2021/22	Estimate	171.2	Estimate	142.8
2022/23	Estimate	38.3	Estimate	83.2
2023/24	Estimate	6.2	Estimate	34.0
2024/25	Estimate	-	Estimate	26.4

The above figures reflect the updated Capital Plan (Q3 2021/22) together with:-

(i) expenditure on fixed assets funded directly from the Revenue Budget and not included in the Capital Plan.

(ii) an estimated allowance for future expenditure re-phasing between years.

Comment

This Indicator now reflects the Capital Outturn in 2020/21 and the Capital Plan update for Q3 2021/22.

The variations are principally a result of:-

(a) additional provisions and variations to existing provisions which are self-funded from Capital Grants and Contributions, revenue contribution and earmarked capital receipts

(b) Capital expenditure re-phasing between years including slippage from 2020/21 outturn and Q3 2021/22 to later years

(c) various other Capital approvals and refinements reflected in the latest Capital Plan update

Prudential Indicator

3 Capital Financing Requirement (CFR)

Actuals and estimates of the Capital Financing Requirement (CFR) at the defined year ends are as follows:

Date	Executive August 2021 Basis	Borrowing £m	Other Long Term Liabilities (PFi etc) £m	Total £m	Update January 2022 Basis £m	Borrowing £m	Other Long Term Liabilities (PFi etc) £m	Total £m
31 Mar 2021	Actual	288.7	151.6	440.3	Actual	288.7	151.6	440.3
31 Mar 2022	Estimate	293.1	176.2	469.2	Estimate	291.6	176.2	467.8
31 Mar 2023	Estimate	269.9	170.6	440.5	Estimate	288.2	170.6	458.8
31 Mar 2024	Estimate	256.3	165.4	421.6	Estimate	273.8	165.4	439.2
31 Mar 2025	Estimate	-	-	-	Estimate	252.4	159.9	412.3

The CFR measures the underlying need for the County Council to borrow for capital purposes. In accordance with best professional practice, the County Council does not earmark borrowing to specific items or types of expenditure. The County Council has an integrated treasury management approach and has adopted the CIPFA Code of Practice for Treasury Management. The County Council has, at any point in time, a number of cashflows, both positive and negative, and manages its treasury position in terms of its overall borrowings and investments in accordance with its approved Annual Treasury Management Strategy. In day to day cash management, no distinction is made between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the County Council as a whole and not simply those arising from capital spending. In contrast, the CFR Indicator reflects the County Council's underlying need to borrow for capital purposes only.

Comment

The January 2021 figures were based on a Capital Plan approved as at 31 December 2021.

The updated figures reflect the following variations

(a) re-phasing between years of expenditure that is funded from borrowing including slippage between years identified at 2020/21 outturn and Q3 2021/22

(b) capital receipts (including company loans) slippage between years that affect year on year borrowing requirements

(c) variations in the level of the Corporate Capital Pot which is used in lieu of new borrowing until the Pot is required

(d) additions and variations to schemes / provisions approved that are funded from Prudential Borrowing

(e) variations in the annual Minimum Revenue Provision for debt Repayment which arise from the above

(f) Other Long Term Liabilities now include the Allerton Waste Recovery Park PFI Scheme

Prudential Indicator	Comment
4 Gross Debt and the Capital Financing Requirement The Prudential Code emphasises that in order to ensure that over the medium term debt will only be for a capital purpose, the County Council should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the previous year (2020/21), plus the estimate of any additional capital financing requirement for the current (2021/22) and next two financial years (2022/23 and 2023/24). If, in any of these years, there is a reduction in the capital financing requirement, this reduction should be ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt. This Prudential Indicator is referred to as gross debt and the comparison with the capital financing requirement (**Indicator 3**) and is a key indicator of prudence. The Corporate Director – Strategic Resources reports that the County Council had no difficulty in meeting this requirement up to 2020/21 nor are any difficulties envisaged for the current or future years of the Medium Term Financial Strategy up to 2023/24. For subsequent years, however, there is potential that the County Council may not be able to comply with the new requirement as a result of the potential for the annual Minimum Revenue Provision (MRP) reducing the Capital Financing Requirement below gross debt. This potential situation will be monitored closely. This opinion takes into account spending commitments, existing and proposed Capital Plans and the proposals in the Revenue Budget 2021/22 and Medium Term Financial Strategy report.	This Prudential Indicator was changed in 2013/14 to reflect the comparison of gross debt (external debt plus other long term liabilities) with the Capital Financing Requirement (CFR). The comparator debt figure had previously been net debt which was gross debt less investments. The Prudential Code requires that where there is a significant difference between the gross debt and the gross borrowing requirement, as demonstrated by the CFR, then the risks and benefits associated with this strategy should be clearly stated in the annual Treasury Management Strategy. The County Council's gross debt figure is currently significantly below the CFR figures shown in **Indicator 3** because of annual capital borrowing requirements being funded internally from cash balances (i.e. running down investments) rather than taking out new external debt. This situation, however, could be reversed in future as a result of two key factors: (i) externalising some or all of the internally financed CFR together with (ii) the potential for the annual Minimum Revenue Provision (MRP) for debt repayment reducing the CFR below gross debt because the debt cannot readily be prematurely repaid without incurring significant penalties (premiums). This potential situation will be monitored carefully by the Corporate Director – Strategic Resources.

Prudential Indicator

5 Authorised Limit for External Debt

In respect of its external debt, it is recommended that the County Council approves the following Authorised Limits for its total external debt for the next three financial years.

The Prudential Code requires external borrowing and other long term liabilities (PFI and Finance leases) to be identified separately.

The authorised limit for 2021/22 will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

	Executive August 2021			Update January 2022		
Date	**Borrowing £m**	**Other Long Term Liabilities (PFi etc) £m**	**Total £m**	**Borrowing £m**	**Other Long Term Liabilities (PFi etc) £m**	**Total £m**
2021/22	303.3	176.2	479.5	390.3	176.2	566.2
2022/23	340.7	170.6	511.3	395.7	170.6	566.3
2023/24	300.2	165.4	465.5	423.4	165.4	588.8
2024/25	-	-	-	320.7	159.9	480.6

Comment

The Corporate Director – Strategic Resources confirms that these authorised limits are consistent with the County Council's current commitments, updated Capital Plan and the financing of that Plan, the 2021/22 Revenue Budget and Medium Term Financial Strategy and with its approved Treasury Management Policy Statement.

The Corporate Director – Strategic Resources also confirms that the limits are based on the estimate of most likely prudent, but not worst case, scenario with sufficient headroom over and above this to allow for operational issues (e.g. unusual cash movements). To derive these limits a risk analysis has been applied to the Capital Plan, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.

The updated figures reflect a number of refinements which are also common to the Capital Financing Requirement (see **Indicator 3**) and Operational Boundary for external debt (see **Indicator 6**). Explanations for these changes are provided under **Indicators 3 and 6** respectively.

Prudential Indicator	Comment
6 Operational Boundary for External Debt	
It is recommended that the County Council approves the following Operational Boundary for external debt for the same period.	The Operational Boundary represents a key management tool for the in year monitoring of external debt by the Corporate Director – Strategic Resources.
The proposed operational boundary for external debt is based on the same estimates as the Authorised Limit (ie **Indicator 5** above) but also reflects an estimate of the most likely prudent, but not worst case, scenario without the additional headroom included within the Authorised Limit to allow for eg unusual cash flows.	The updated figures reflect refinements which are common to the Capital Financing Requirement (see **Indicator 3** above), together with (a) relative levels of capital expenditure funded internally from cash balances rather than taking external debt (b) loan repayment cover arrangements and the timing of such arrangements These two financing transactions affect external debt levels at any one point of time during the financial year but do not impact on the Capital Financing Requirement.

	Executive August 2021			**Update January 2022**		
Date	**Borrowing £m**	**Other Long Term Liabilities (PFi etc) £m**	**Total £m**	**Borrowing £m**	**Other Long Term Liabilities (PFi etc) £m**	**Total £m**
2021/22	283.3	176.2	459.5	370.0	176.2	546.2
2022/23	320.7	170.6	491.3	375.5	170.6	546.3
2023/24	280.2	165.4	445.5	403.4	165.4	568.8
2024/25	-	-	-	300.7	159.9	460.6

Prudential Indicator | **Comment**

7 **Actual External Debt**

The County Council's external debt is set out below and consists of external borrowing from the PWLB and money markets plus other long term liabilities such as PFI and finance leases which are classified as external debt for this purpose.

	Executive August 2021				Update January 2022			
Date		**Borrowing £m**	**Other Long Term Liabilities (PFI etc) £m**	**Total £m**	**Basis**	**Borrowing £m**	**Other Long Term Liabilities (PFI etc) £m**	**Total £m**
31 Mar 21	Actual	236.0	151.6	387.6	Actual	236.0	151.6	387.6
31 Mar 22	Estimate	221.8	176.2	398.0	Estimate	221.8	176.2	398.0
31 Mar 23	Estimate	208.5	170.6	379.1	Estimate	208.5	170.6	379.1
31 Mar 24	Estimate	208.5	165.4	373.9	Estimate	208.5	165.4	373.9
31 Mar 25	-	-	-	-	Estimate	208.5	159.9	368.4

It should be noted that actual external debt is not directly comparable to the Authorised Limit (**Indicator 5 above**) and Operational Boundary (**Indicator 6 above**) since the actual external debt reflects a position at one point in time.

The updated estimates reflect refinements which are common to the Capital Financing Requirement (see **Indicator 3** above) together with the relative levels of capital expenditure internally funded from cash balances rather than taking external debt.

8 **Limit of Money Market Loans (Local Indicator)**

Borrowing from the money market for capital purposes (as opposed to borrowing from the PWLB) is to be limited to 30% of the County Council’s total external debt outstanding at any one point in time.

The actual position at 31 March 2021 was 8% (£20m out of a total of £236.0m) against an upper limit of 30%

This limit was introduced as a new Local Prudential Indicator in 2009/10, although the 30% limit has featured as part of the Borrowing Policy section of the County Council’s Annual Treasury Management and Investment Strategy for many years.

Prudential Indicator	Comment

9 Maturity Structure of Borrowing

The upper and lower limits for the maturity structure of County Council borrowings are as follows:-

The amount of projected borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate:

Period	Lower Limit %	Upper Limit %	Memo item - actual at	
			1 April 21 %	1 April 22 %
under 12 months	0	50	6	6
12 months & within 24 months	0	25	6	6
24 months & within 5 years	0	50	4	7
5 years & within 10 years	0	75	3	3
10 years and within 25 years	0	100	7	8
25 years and within 50 years	0	100	74	70
			100	100

These limits are reviewed annually and have been updated to reflect the current maturity structure of the County Council's debt portfolio.

Prudential Indicator	Comment
10 Total Principal Sums Invested for periods longer than 365 days The 2022/23 aggregate limit of £40m for 'non specified' investments longer than 365 days is based on a maximum of 20% of estimated 'core cash funds' up to 2024/25 being made available for such investments. The purpose of this prudential limit for principal sums invested for longer than 365 days is for the County Council to contain its exposure to the possibility of loss that might arise as a result of it having to seek early repayment or redemption of principal sums invested.	**No change to this limit is proposed.** The County Council currently has no such investments that fall into this category. Prior to 1 April 2004, Regulations generally prevented local authorities from investing for longer than 365 days. As a result of the Prudential Regime however, these prescriptive regulations were abolished and replaced with Government Guidance from April 2004. This Guidance gives authorities more freedom in their choice of investments (including investing for periods longer than 365 days) and recognises that a potentially higher return can be achieved by taking a higher (ie longer term) risk. This flexibility requires authorities to produce an Annual Investment Strategy that classifies investments as either **Specified** (liquid, secure, high credit rating & less than 365 days) or **Non Specified** (other investments of a higher risk). Non Specified investments are perfectly allowable but the criteria and risks involved must be vigorously assessed, including professional advice, where appropriate. Therefore investments for 365 days+ are allowable as a Non Specified investment under the Government Guidance. The use of such investments is therefore now incorporated into the County Council's Annual Treasury Management and Investment Strategy.

SCHEDULE 3

ECONOMIC BACKGROUND

1.0 The UK.

1.1 The Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25% and unanimously decided to make no changes to its programme of quantitative easing purchases due to finish in December 2021 at a total of £895bn.

1.2 The MPC had previously not raised Bank Rate, as markets had expected, at its November meeting. As the MPC wanted to have assurance that the labour market would get over the end of the furlough scheme on 30th September without unemployment increasing sharply; their decision was to wait until statistics were available to show how the economy had fared at this time

1.3 In December, the low 0.1% m/m rise in GDP in October suggested that economic growth had already slowed prior to the discovery of the Omicron variant in late November. In addition, CPI inflation for November increased further from 4.2% to 5.1%, confirming again how inflationary pressures had been building sharply. However, Omicron also caused a sharp fall in world oil and other commodity prices; (gas and electricity inflation has generally accounted on average for about 60% of the increase in inflation in advanced western economies).

1.4 Based on the economic data from November, the MPC raised Bank Rate in December. The hawkish tone of comments from the meeting indicated that the MPC is now concerned that inflationary pressures are building and need concerted action by the MPC to counter. This indicates that there will be more increases to come with financial markets predicting 1% by the end of 2022. The 8-1 vote to raise the rate shows that there is firm agreement that inflation now poses a threat. The MPC commented that “there has been significant upside news” and that “there were some signs of greater persistence in domestic costs and price pressures”.

1.5 In contrast, the MPC also commented that “the Omicron variant is likely to weigh on near-term activity”. But it stressed that at the November meeting it had said it would raise rates if the economy evolved as it expected and that now “these conditions had been met”. It also appeared more worried about the possible boost to inflation from Omicron itself. It said that “the current position of the global and UK economies was materially different compared with prior to the onset of the pandemic, including elevated levels of consumer price inflation”. It also noted the possibility that renewed social distancing would boost demand for goods again, (as demand for services would fall), meaning “global price pressures might persist for longer”.

1.6 These comments indicate that there has been a material reappraisal by the MPC of the inflationary pressures since their last meeting and the Bank also increased its forecast for inflation to peak at 6% next April, rather than at 5% as of a month ago. However, as the Bank has retained its guidance that only a “modest tightening” in policy will be required.

1.7 The MPC's forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows:-

- raising Bank Rate as "the active instrument in most circumstances";
- raising Bank Rate to 0.50% before starting on reducing its holdings;
- once Bank Rate is at 0.50% it would stop reinvesting maturing gilts; and
- once Bank Rate had risen to at least 1%, it would start selling its holdings.

The Global Ecomony

2.0 USA.

2.1 Shortages of goods have been fuelling increases in prices and reducing economic growth potential. In November, CPI inflation hit a near 40-year record level of 6.8% but with energy prices then falling sharply, this is possibly the peak.

2.2 Shortages of labour have also been driving up wage rates sharply; this poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.

2.3 Fed officials expect three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. The first increase could come as soon as March 2022 as the chairman of the Fed stated his view that the economy had made rapid progress to achieving the other goal of the Fed – "maximum employment". The Fed forecast that inflation would fall from an average of 5.3% in 2021 to 2.6% in 2023, still above its target of 2% and both figures significantly up from previous forecasts.

3.0 EUROZONE

3.1 The slow role out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate then picked up sharply. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.

3.2 November's inflation figures shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose. Headline inflation reached 4.9% in November, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation is expected to plummet in 2022.

3.3 The ECB will now also need to consider the impact of Omicron on the economy, and it stated at its December meeting that it is prepared to provide further QE support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.

4.0 CHINA

4.1 After a concerted effort following the virus outbreak in Q1 2020, economic recovery was strong in the rest of 2020; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.

4.2 However, the pace of economic growth has now fallen back in 2021 after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. Chinese consumers are also being very wary about leaving home and so spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future.

4.3 The People's Bank of China made a start in December 2021 on cutting its key interest rate marginally as an attempt to stimulate economic growth.

4.4 Supply shortages, especially of coal for power generation, were causing widespread power cuts to industry during the second half of 2021 and so a sharp disruptive impact on some sectors of the economy. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

5.0 JAPAN

5.1 Recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged. However, Omicron could reverse this initial success in combating Covid.

5.2 The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was actually negative in July. New Prime Minister Kishida, having won the November general election, brought in a supplementary budget to boost growth, but it is unlikely to have a major effect.

6.0 WORLD GROWTH

6.1 World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022.

6.2 **Supply Shortages**. The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains with further disruption expected. It is expected that these issues will gradually be resolved, but will continue to contribute to a spike upwards in inflation and shortages of materials and goods available to purchase in the short term.

7.0 INTEREST RATE FORECASTS

7.1 The interest rate forecasts provided by Link Group are predicated on an assumption that there is no break-up of the Eurozone or EU within the forecasting period, despite the major challenges that are looming up, and that there are no failures in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

7.2 It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic: it should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. The forecast includes five increases in Bank Rate over the three-year forecast period to March 2025, ending at 1.25%. However, these forecasts may need to be revised within a short time frame as a result of:-

- the economic recovery runs out of steam, resulting in stagflation;
- continuation of supply shortages;
- the spend in which consumers spend savings retained over the pandemic;
- new Covid variants resulting in the possibility of further lockdowns; and
- the UK evokes article 16 of the Brexit deal over dislocation in trading arrangements with Northern Ireland.

7.3 In summary, with the high level of uncertainty prevailing on several fronts, interest rate forecasts are expected to be revised again.

8.0 The balance of risks to the UK

The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid and its variants - both domestically and their potential effects worldwide.

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

- **UK** – Labour and supply shortages prove more disruptive and depress economic activity;

- **The Government** acts too quickly to cut expenditure to balance the national budget;

- **UK - 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;**

- **UK / EU trade arrangements** – if there is a major impact on trasde flows and financial sercies due to complications or lack of co-operation;

- weak capitalisation of some **European banks**, which could be undermined further depending on extent of credit losses resultant of the pandemic;

- **German general election in September 2021 –** Germany faces months of uncertainly while a new coalition government is formed;

- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile;

- **Geopolitical risks,** for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows; and

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

- 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.

SCHEDULE 4

NORTH YORKSHIRE COUNTY COUNCIL ANNUAL INVESTMENT STRATEGY 2022/2023 – 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 2022/23 – 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	£5m	5 years

Investment	**Security / Minimum Credit Rating**	**Circumstances of Use**	**Max % of total investments**	**Maximum investment with any one counterparty**	**Max. maturity period**
			Core Cash funds (£10m)		
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 2022/23

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	6 months	-	-
Lloyds Bank PLC (RFB)	GBR				
Lloyds Bank Corporate Markets PLC (NRFB)	GBR				
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	-	-
Australia and New Zealand Banking Group	AUS	30.0	365 days	-	-
Toronto-Dominion Bank	CAN	30.0	365 days	-	-
Credit Industriel et Commercial	FRA	30.0	365 days	-	-
Landesbank Hessen-Thueringen Girozentrale (Helaba)	GER	30.0	6 months	-	-
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 2021

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 which have credit ratings of green or above in the Link Group credit worthiness service.

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

9. UPDATE TO CORPORATE PROPERTY ASSET MANAGEMENT PLAN 2020-2024 AND ACTION PLAN (ES)

1. Purpose of the report

This report summarises amendments made to the Authority's approved Corporate Property Asset Management Plan (AMP). The amended plan documents are included as appendices to this report.

Key Issues

- **Organisational structure changes and Corporate Strategy amendments that have taken effect since 2020 need to be reflected in this strategic document**

2. Recommendations(s)

1. **It is recommended that Members approve amendments to the AMP.**

How does this contribute to our policies and legal obligations?

3. The Corporate Strategy (2019-24) Our organisational performance The Peak District National Park Authority is an agile and efficient organisation Our well- maintained assets support the delivery of our landscape, audience and community outcomes.

KPI23 – To have a Corporate Asset Management Plan

Background Information

4. The current AMP, approved in February 2020, sets out the opportunities and challenges presented by the Authority's asset portfolio and included an action plan to address some of those challenges.

5. Since February 2020 there have been a number of organisational changes that need to be reflected in the AMP.

Proposals

6. A number of amendments have been made to the AMP. There are shown as tracked changes in the appended document and these can be summarised as follows:

- References to officer roles have been updated to align with the current management structure.
- Updated references to KPIs in accordance with current Corporate Strategy
- Amendments to property categories in relation to contribution to Corporate Strategy outcomes, namely Moorland Centre and Ranger Bases re-categorised as "organisational performance"
- Updated number of provisionally surplus properties identified (p10)
- Included potential to carry out risk-based approach to maintenance (p11)
- Detail added to resource implications table (p12)

- Updated in relation to approved plans for North Lees Estate (p17)
- Updated current position with regard to Brunts Barn and car park management (p18)
- Amended meeting arrangements for AMP group.

E Are there any corporate implications members should be concerned about?

Financial:

7. None

Risk Management:

8. None

Sustainability:

9. None

Equality, Diversity and Inclusion:

10. None

11. Climate Change

No additional information to that provided with the AMP report in 2020.

12. Background papers (not previously published)

Corporate Property Asset Management Plan 2020-2024 and appendices.

13. Appendices

Appendix 1 - Updated Corporate Property Asset Management Plan

Report Author, Job Title and Publication Date

Emma Stone, Head of Asset Management, 08 March 2022
Emma.stone@peakdistrict.gov.uk

PEAK DISTRICT NATIONAL PARK AUTHORITY

CORPORATE PROPERTY ASSET MANAGEMENT PLAN 2020–2024

EXECUTIVE SUMMARY

The Authority has a mixed portfolio of land and buildings.

It delivers and presents great opportunities to contribute to our corporate strategy outcomes by:

- Accommodating staff and tenants in good working and living conditions
- Leading and demonstrating sustainable management of high value natural and cultural heritage sites
- Providing renowned visitor and engagement experiences
- Accommodating our own trading operations and maximizing other income streams
- Fostering the social and economic well-being~~-~~ of the local population by providing facilities for private farm and other commercial enterprises
- Leading and demonstrating sustainable management in the face of climate change

However, a portfolio of this scale poses challenges, liabilities and risks such as:

- Maintenance and repairs on a historic, pro-active and re-active basis
- Regular capital projects to refurbish existing buildings or new (often grant-aided) projects
- The expectation of significant increased investment in measures to mitigate carbon emissions from all our properties
- A range of staff across the Directorates administers the properties to deliver a wide range of outcomes
- Defra do not specifically recognise that ownership of property is necessary for National Park Authorities, within the current National Park Grant formula
- ~~Some other National Park Authorities achieve National Park purposes without extensive property holdings~~

Commented [SE1]: I am not sure this is a challenge, liability or risk but a statement of fact. May need to include elsewhere in report.

This Plan identifies the financial challenge to the Authority to:

- Catch up with a ~~'~~backlog~~'~~ of maintenance and repairs to our properties
- Budget for future on-going pro-active maintenance
- Plan and build up reserves to fund likely repairs/replacements after 2024
- Prioritise the many capital investment projects including mitigation against climate change

The estimated financial requirement within the next 4 years of £3,500,000 has a reasonable probability of being covered by the existing Capital Fund, further capital receipts from approved disposals, borrowing capacity, property reserves, potential Grant Aid and any revenue contributions available, subject to a future Capital Strategy being approved by Members.

However, there remains a significant medium- and long-term financial requirement that the Authority will need to meet. Planning for this will be considered as part of the Authority’s normal financial processes and the following sources of funding will be explored:

- Revenue (for maintenance and repair)
- Increased revenue income from property or trading
- Capital investment (the Capital Fund and borrowing)
- External Grant Aid
- Visitor giving and sponsorship.

However, if it is not possible to finance the requirements from these sources, it **may** be that further property disposals (of whole or part) will be required. It may also be that some properties can be used more efficiently. It is therefore prudent to investigate opportunities in this respect as well as strengths, weaknesses or threats that such a strategy would entail. Investigations will include considering the ‘inalienable’ constraints on the Warslow Moors Estate with relevant Government departments.

Carefully considered strategic acquisitions, which also raise income, could also be considered.

It could be concluded that further disposals are inadvisable or inappropriate. However, early consideration would put the Authority in the best place to make decisions based on carefully considered detailed analysis and consultation.

It is recommended that the following properties be investigated in order to identify the most appropriate management action in the next 2 to 3 years.

1st Warslow Moors Estate

2nd Aldern House

3rd Fieldhead (Edale)

4th North Lees / Stanage Estate

5th Other properties.

An Action Plan to examine these issues is provided at Appendix 6 and forms the key working document to agree actions, timetables and outcomes.

CONTENTS

Appendix 1

Appendix 1

1. INTRODUCTION

The Authority owns or leases about 6,070 hectares (15,000 acres) of property within the National Park. This is around 5% of the whole National Park area. The properties are comprised of a very diverse mixture, ranging from traditional tenanted agricultural and woodland estates, individual woods, and disused railway lines converted to recreational routes, to the HQ building at Bakewell, and Ranger, Visitor and Cycle Hire Centres. The whole portfolio would probably be worth up to £30,000,000 on the open market.

The property management responsibility is very significant. The following statistics give some indication of the scale of the Authority's operation:

- 200 separate ~~'~~sites~~'~~
- 350 buildings and structures many being of traditional vernacular construction
- 275 staff work in our properties
- 80 people live in our properties
- 150 tenancies and licences are granted to use our land and buildings.

The Authority has acquired the properties over many years, either for specific operational reasons or because acquisition was seen as the best or only means of achieving National Park purposes. The ~~'~~peak period~~'~~ was in the 1980s when the Monsal Trail, Eastern Moors and Warslow Moors estates were acquired.

The transfer of the Warslow Moors Estate from the Government to the Authority in 1986 was in particular a major acquisition of a traditional, ~~'~~landed~~'~~ estate with a large maintenance backlog. Another significant event was the re-opening of the previously ~~'~~closed~~'~~ tunnels in 2014/15 on the Monsal Trail that transformed the facility and the cost and management input required.

The advent of cuts to the Authority's budgets in 2011 saw the disposal of the National Park Study Centre at Losehill Hall and then a policy to ~~'~~downsize~~'~~ the portfolio by disposal of two large properties to ~~'~~partner organisations~~'~~. The Eastern Moors Estate (2,505 ha) was leased to a partnership of the Royal Society for the Protection of Birds and the National Trust in 2011. The Roaches Estate (394 ha) was leased to Staffordshire Wildlife Trust in 2013.

In the last 5 years, other properties (mainly individual woodlands) have been sold with net capital proceeds of around £1.6 million.

This Plan will be in operation from 1st April 2020 to 31st March 2024.

The purpose of this Plan is to provide a strategic and consistent approach to the management of our property portfolio, to ensure it meets our corporate strategy objectives, is well maintained and financially sustainable. The Plan concentrates on three key strategic questions, namely:

1. **Is the scale of our existing portfolio required to meet the Authority's needs?**
2. **What are the costs of current and future building maintenance?**
3. **How and at what cost will we need to adapt our buildings to meet our net zero carbon target?**

In order to meet this strategic approach, the following will be undertaken:

- Review all Authority properties to ensure they deliver National Park purposes and our Corporate Strategy targets, including the generation of additional revenue income for the near future.

- Recommend the disposal of any properties that no longer meet National Park purposes and our Corporate Strategy outcomes. Disposal could be by sale, ending leases or other transfer arrangements.

- Define the standard of condition for our properties and develop a plan to ensure all meet this.

- Identify the annual maintenance including statutory requirements for inspections, and define who will be responsible for undertaking the works.

- Identify future repair and maintenance requirement in the next 5 years and any major liabilities envisaged in the next 20 years.

- Consider what capital investment is required to develop our services and further contribute to National Park purposes and our Corporate Strategy outcomes.

- Acquire any new properties that better meet National Park purposes or our Corporate Strategy outcomes.

- Define what standard of environmental performance our properties should achieve and the costs of doing so.

The benefits to the Authority are:

- A property portfolio that meets our statutory purposes duty and delivers our Corporate Strategy outcomes on landscape, audiences and communities.

- A property portfolio that is well-maintained, consistently managed and a credit to the Authority.

- A property portfolio that is financially sustainable within the likely future resources of the Authority.

- Identification of the risks and liabilities involved with property ownership and management, and ensuring that these are properly taken account of in the normal (business as usual) processes and any development proposals being considered.

2. THE CONTEXT

Property Asset Management

This Corporate Property Asset Management Plan has been produced drawing on several sources of reference. These include the RICS Public Sector – Property Asset Management Guidelines and examples of asset management plans / strategies from other organisations including National Park Authorities. It has also drawn on previous Asset Management Plans and the Strategic Property Review previously undertaken by the Authority.

One classic definition of an Asset Management Plan is that it is “~~‘~~the process which aligns business and property strategies, ensuring the optimisation of an organisation’s property assets in a way which best supports its key services and the business goals and objectives”. RICS~~’~~.

It does not cover property management that relates to the day–to-day work that keeps land and buildings operating.

The strategic property asset management function must embrace and be supported by the whole organisation. A successful organisational culture, therefore, will see the use of property assets as a corporate issue, and the efficiency and effectiveness of property asset use as a corporate responsibility.

Policies and strategies

The Plan has been developed within the ~~‘~~context~~’~~ of the following policies and strategies.

The National Park Management Plan (NPMP) (2018-23)

The NPMP is the partnership plan for the place (the National Park) - providing the framework for all Peak District stakeholders to work together to achieve National Park purposes and conserve and enhance the special qualities. It outlines the main issues and priorities for the place and sets out how, together, these will be tackled.

The Corporate Strategy (2019-24)

Through the corporate strategy, the Authority delivers its contribution to the National Park Management Plan.

The vision – For the Peak District to be loved and understood as the UK’s original National Park.

The mission – To speak up for and care for the Peak District for all to enjoy forever.

The strategy is organised around three outcomes. The outcomes, KPIs and their targets guide the Authority’s work for the next five years.

The outcomes work together as an integrated set, rather than in isolation. The three outcomes are:

Outcome 1: A sustainable landscape that is conserved and enhanced

- Distinctive landscapes that are sustainably managed, accessible and properly resourced
- High quality habitats in better condition, better connected and wildlife rich
- Cherished cultural heritage that is better understood and looked after

Outcome 2: A National Park loved and supported by diverse audiences

- Greater audience reach among under-represented groups
- A strong identity and excellent reputation driving positive awareness and engagement
- Active support through National Park touchpoints to generate sustainable income

Outcome 3: Thriving and sustainable communities that are part of this special place

- Influencing and shaping the place through strategic and community policy development
- Community development through building capacity, skills and engagement in local governance and community events
- Active participation through sustainable projects that connect people to place

Our organisational performance

The Peak District National Park Authority is an agile and efficient organisation.

Our well-maintained assets support the delivery of our landscape, audience and community outcomes.

KPI 23~~6~~:

- Develop a Corporate Asset Management Plan – ~~Director of Corporate Strategy and Development and~~ Corporate Property Officer
- Develop and implement a new Carbon Management Plan for the Authority - ~~Director of Corporate Strategy and Development and Head of Strategy and Performance~~Head of Asset Management

The three Corporate Strategy outcomes and our organisational performance are key to our future decision-making with regard to our property assets.

Financial

National Park Authorities were granted a settled budget until 2020, albeit at a level of central government grant some 35% lower in real terms than its level in 2010. Significant efforts have been made to compensate for the reduction in budget by taking a more commercial approach to our operations, and in particular exploring opportunities to increase ‘visitor giving’ and leverage of other external funding avenues. A separate charity to the Authority, the Peak District National Park Foundation, has been established to help with this task. It was recognised when developing the current Corporate Strategy that generating such ‘sustainable’ income would take time.

Our Corporate Strategy KPI 13~~14~~: the amount and sustainability of Peak District National Park Authority’s income stream is to generate an extra £225~~500~~,000 sustainable gross revenue income by 2024, commencing with a target of an extra £90~~140~~,000 in 20~~19/20~~21/22.

~~The financial settlement finishes in 2020 and we do not yet know what the new settlement from Government will be under the one year (Comprehensive) Spending Review. Early indications (at the time of writing in 2019) are that any settlement will be static at best and indeed may face a reduction in real terms.~~ There are ~~also~~ pressures on the Authority's existing budget with regard to pension provision and pay scales.

External political, economic, social and technology influences (PEST)

The effect of having left the European Union is another unknown factor, and this could result in a significant change in the way that funding programmes are delivered to property managers. This may be negative or positive but the Authority's property portfolio may be well placed to deliver 'public goods' under the new proposed Environmental Land Management Scheme (ELMS) and other schemes.

~~It is not yet known if and how Government in the next 4 years will take the Landscapes Review forward~~The Authority will respond to Government Initiatives and funding opportunities as details emerge, to achieve the best outcome for the place.

3. THE ASSET MANAGEMENT PROCESS

External consultants (DTZ/Smiths Gore) undertook the previous 'Strategic Property Review' on behalf of the Authority in 2013. Many of the recommendations in that review have been implemented. In particular, the key recommendation to reduce the size of the Authority's property portfolio has steadily progressed. Proceeds have amounted to £1.6 million and been added to the Authority's Capital Fund.

~~Work on the new Corporate Property Asset Management Plan (CPAMP) began in June 2017.~~

The Plan has been developed through a re-formed 'Corporate Property Asset Management Group' (previously the Integrated Property Board) chaired by the Corporate Property Officer. Other members of the Group were~~are~~ the Director of Corporate Strategy and Development, Head of Finance, Head of Law, Head of Strategy and Performance, Head of Visitor Experience Development, Head of Engagement and Corporate Property Manager. The work of the Group has periodically been reported to the Senior Leadership Team.

Fundamental to the development of the CPAMP has been the collection of data relating to the whole property portfolio.

In particular, since 2017 Condition Surveys have been undertaken for all our built properties. This is the first time that this has been done in a comprehensive way. Other data collected has been with regard to tenure (freehold or leasehold), constraints (e.g. lease terms, grant conditions), one-off larger costs in the future (5-10 years and 10-20 years), cyclical maintenance costs, future significant extra income potential, asset values and potential disposal proceeds of properties recommended for disposal. Additionally, aspirations for current and future capital investment projects across the portfolio have been collated.

4. PROPERTY CATEGORIES - THEIR CONTRIBUTION TO CORPORATE STRATEGY OUTCOMES

Even with the leasing of the Eastern Moors and Roaches estates and other disposals in the last 10 years, the Authority's property portfolio is still significant and arguably the most extensive and complex of any National Park Authority. A general description of all the properties is attached at Appendix 1.

Our properties can contribute to all three Corporate Strategy outcomes, and in the case of the central HQ at Aldern House to our overall organisational performance. For the purposes of the Corporate Property Asset Management Plan (CPAMP), the properties are categorised by the 'dominant' contribution each one makes to the overall Corporate Strategy.

As a broad guide the following properties fall into one of the four categories identified below. It is stressed that several properties contribute to multiple outcomes, with North Lees / Stanage Estate and the Trails being the most obvious examples.

Outcome 1: A sustainable landscape that is conserved and enhanced

Minor Properties
North Lees/Stanage Estate
Warslow Moors Estate
Woodlands
~~Edale (Moors for the Future office)~~

Outcome 2: A National Park loved and supported by diverse audiences

Campsites
Car Parks
Toilets
Cafes and Refreshment Concessions
Visitor Centres
Cycle Hire Centres
High Peak Trail
Monsal Trail
Thornhill Trail
Tissington Trail
~~Ranger Bases~~
Volunteer Centres
Longdendale Classroom
Macclesfield Forest Classroom
Moorland Discovery Centre

Outcome 3: Thriving and sustainable communities that are part of this special place

Langsett Barn Community Meeting Room

Our organisational performance

Aldern House

Ashford Depot (Countryside Maintenance and Projects Team)
Edale (Moors for the Future office)
Ranger Bases

5. ASSESSMENT OF PROPERTIES

As part of the asset management planning process, every property has been assessed as to whether it still meets the Authority's purposes, needs and outcomes. The assessment 'questions' can be summarised as follows:

1. Corporate Strategy 'Fit' - where we own property it will be because it fits one or more of the following needs:

(a) Fits with our three strategic outcomes on landscape, engagement and communities

(b) There is an operational need and that operational need can only be met by the particular property

(c) Whether the land is integral to continuity of service delivery

(d) If the property does not meet (a), (b) and (c) above, it offers or could offer significant revenue raising opportunities to warrant retaining it.

Where land or property satisfies any of the criteria at 1(a)-(d) above, it is unlikely to be surplus. Each case should be assessed on the circumstances associated with the land and the Authority's Asset Management Plan.

However, even if the land or property does not satisfy any of the criteria at 1(a)-(d) above, it could still be considered for disposal if it cannot meet the two criteria below.

2. Financial sustainability – we only own what we can financially afford to sustain for now and for the period of the capital strategy.

3. Asset condition – any property we own will be put into satisfactory condition and will be maintained in this condition for the duration of ownership.

Already Approved Surplus Properties

Four properties have already been approved for disposal. These include Lower Green House Farm, which should command a significant capital receipt. These are listed at Appendix 2.

Provisionally Surplus Properties

Because of the initial assessment, thirty six ~~ten~~ properties have been categorised as ~~'~~provisionally surplus~~'~~. ~~They are also listed at Appendix 2~~. The final decision as to whether the property will be declared ~~'~~surplus~~'~~ will only be taken after an internal and external consultation process which will not only ~~'~~double check~~'~~ the initial assessment but will also decide on the most appropriate method of disposal to secure the future of the property under new ownership/management. To guide this process two new documents have been produced. A new Asset Management Disposal Procedure is attached at Appendix 3. Additionally, a new internal process ~~‘~~tool kit~~’~~ is attached at Appendix 4.

6. CONDITION SURVEYS AND THE ~~‘~~BACKLOG~~’~~ OF MAINTENANCE AND REPAIRS

All the Authority’s occupied built properties have had a consistent condition survey undertaken and been given a category of condition as Good, Satisfactory, Poor or Bad. A priority need for action as Urgent, Essential, Desirable and Long Term has also been determined for all defects. The Condition Surveys have been undertaken based on the physical condition of the building alone with no regard to its use or its contribution to National Park purposes or Corporate Strategy outcomes.

The Condition Surveys have identified (expectedly) a significant ~~‘~~backlog~~’~~ of repairs and maintenance.

The Corporate Strategy (2019-24) states that **‘**Our well-maintained assets support the delivery of our landscape, audience and community outcomes’. The definition of ‘well-maintained’ would ideally be to a ~~‘~~Good~~’~~ condition, but it has been agreed that ~~‘~~Satisfactory~~’~~ condition is the realistic aim over the life of this Plan. This would not preclude the Authority aiming higher for some or all of the ~~‘~~visitor facing~~’~~ properties.

Based on obtaining ~~‘~~Satisfactory~~’~~ condition, it is estimated that there is a backlog of maintenance in the region of £2,000,000 to be addressed in the next 4 years. It may be possible to reduce this sum by adopting a risk-based approach to identified repairs. Further work is require to determine whether this methodology can be applied.

This figure can be divided into two categories.

1. Revenue - Minor maintenance and repairs (such as windows, doors, gutters, decoration etc.) that will need to be met from revenue funds - £700,000.

2. Capital - More significant work that will result in the asset’s future being secured in the long term. This work will need to be met from either revenue or capital funds - £1,300,000

A start has been made on addressing the backlog with £200,000 additional one-off funding being allocated for this purpose and the use of existing Reserves and the Capital Fund. The staffing resource in the Corporate Property Team has been increased to take account of the predicted workload.

7. CYCLICAL /ANNUAL MAINTENANCE

The Condition Surveys also identified and costed the annual maintenance requirements and longer-period maintenance requirements such as internal and external decoration. The annualised maintenance liability across the portfolio is around £200,000 per annum. Responsible managers will need to ensure that the appropriate sums are available in individual revenue budgets. The responsibility for ensuring that the maintenance work is commissioned lies with the ~~service occupier~~Asset Management Service~~ as the overall budget holder for the property (except in the cases of Aldern House and the Moors for the Future offices, where the Corporate Property Team are the budget holder)~~.

8. MEDIUM AND LONGER TERM MAINTENANCE

Longer-term, larger-scale maintenance works (after 2024) have been forecast on a property-by-property basis. These are mainly capital type works such as re-roofing, replacement windows etc. Clearly, these are only ‘rough estimates’ but give an indication of costs for future financial planning purposes.

It is recommended that provision be made to meet these costs by building up realistic reserves for each property or group of properties over the next 4 years. Alternatively, capital financing may be used, whether from external grant, use of the Capital Fund or borrowing.

2024-2029 - £1,400,000

2029-2039 - £300,000

9. CAPITAL INVESTMENT

As well as ensuring existing properties are satisfactorily maintained, there is a requirement to invest in the Authority’s properties for a number of different reasons or combination of reasons. Again, the ‘dominant’ driver is used to categorise the reason. The following projects are under consideration.

Maintain or improve existing services and income streams

- Ashbourne Cycle Hire Centre – replacement of existing timber building
- Brunts Barn volunteer centre and Ranger base – improve facilities
- Trentabank – re-develop the Ranger base to provide more suitable staff accommodation, visitor interpretation and new community room to expand the existing services.

Conservation

- North Lees/Stanage Estate proposals following review

Restore buildings of important cultural heritage

- Warslow Moors Estate - Hobcroft Barn – structural work to field barn in danger of collapse
- Warslow Moors Estate - Pump Farmhouse – works to farmhouse before re-letting in 2021
- Warslow Moors Estate - Hayeshead house and barn – long-term project to restore derelict house and barns for new use
- Roystone Rocks field barn - recently partially collapsed barn in need of rebuilding or demolishing.

Meet landlord’s obligations

- Big Fernyford Farm – modern farm building that needs significant repair or replacement
- Pump Farm – new farm buildings prior to re-letting in 2021.

All of the above projects (except Hayeshead house and barn) are likely to need implementation in the next 4 years.

The total estimated gross costs of these projects is £750,000. However, some projects will not go ahead without Grant Aid being obtained or making a contribution to cost. The potential costs are therefore estimated in the region of £550,000. Income-generating proposals will be funded from borrowing. Some of these costs can be met from accrued reserves and/or the Capital Fund. Each project will be subject to a Business Case.

10. SUSTAINABILITY

The Authority is committed to meeting the national target of being carbon net zero by 2050. Discussion is on-going as to whether the Authority should bring this target forward. Other authorities have committed to an earlier date to meet net zero for their operations; for example, the Lake District National Park Authority has committed to 2030 and Derbyshire County Council has committed to 2032.

The Authority will develop or adapt an environmental indicator methodology to help measure our built assets' environmental performance. This will be based on best practice, and will enable us to rank our properties' performance against specific environmental credentials from poor to exemplar. It will reflect the principles for sustainable buildings in the Climate Change and Sustainable Building Supplementary Planning Document alongside more general guidance. Finally, it will take account of the needs and restrictions on traditional and historic buildings, which form a significant part of our property portfolio. The Authority's 70 occupied and operational properties will be assessed against the above environmental indicator methodology.

A further Carbon Management Programme will be developed to make improvements to our built portfolio with regard to their energy efficiency, water use, waste management and their ability to support carbon offsetting. We will seek to minimize carbon emissions from our operational properties. Many of the projects that we will need to undertake to get closer to carbon zero will have a reduced financial business case, and in many cases, there will be no financial business case (i.e. it will cost the Authority more to implement and we will not be recompensed in the future with lower ongoing expenditure). The sole reason for doing the majority of works will be to get closer to carbon zero. This will require a very different way of assessing business cases, especially if we are weighing up these with business cases with a financial benefit.

The above works will also require significant one-off funding. Detailed costings are currently being estimated but a ballpark estimate is a total in the region of £3-4.5 million to meet the net zero target.

11. EXISTING AND ADDITIONAL INCOME

The portfolio generates a significant revenue stream from rents, charges, environmental and other Grant Aid as well as trading income. Full financial cost recovery of services is aspired to as a general principle but due to the nature of our properties, whose primary function is delivering services/outcomes, this is seldom achieved. Therefore, the properties do have a net cost on a revenue basis. The benefits of delivering our services/outcomes (reasonably now defined as 'public goods') are difficult to quantify in financial terms. It is generally accepted that these benefits justify the net cost, which is around 6% of the overall Authority annual budget.

Additionally, some properties do already provide a good income stream without significant cost to the Authority.

However, KPI 1~~4~~3 requires that our income stream generates an extra £225~~500~~,000 sustainable gross revenue income by 2024, commencing with a target of an extra

£~~140~~90,000 in 2020/21~~19/20~~. The property portfolio and the Peak District National Park Foundation are ~~is~~ the main contributors to achieving these targets. Most properties are already delivering well against income targets but it may be possible to increase revenue further in some cases. This factor needs to be taken into account into any decision relating to the retention or disposal of individual properties.

12. INDICATIVE RESOURCE IMPLICATIONS OF THE RETAINED PROPERTY PORTFOLIO*

2020-2024		~~**£**~~
Type of expenditure		**Total**
Condition Survey estimate to ~~bring properties up to a~~ achieve satisfactory condition -Revenue	Corporate properties: £121,895 Engagement: £99,750 North Lees Estate: £70,695 Car parks and toilets: £92,970 Warslow Moors Estate: 251,575	£700K~~,000~~
Condition Survey estimate to ~~bring properties up to a~~achieve satisfactory condition - Capital	Corporate properties: £95,520 Engagement: £243,790 North Lees Estate: £138,850 Car parks and toilets: £73,750 Warslow Moors Estate: £917,310	£1.4m~~1,300,000~~
Potential Capital Projects		£550K~~,000~~
Carbon Management Programme		£1m~~,000,000~~
Total		**£3,6~~5~~50,000**

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2024-2039	**£**
Type of expenditure	
Medium term maintenance 2024-2029	£1,800,000
Long term maintenance 2029-2039	£700,000
Potential Capital Projects	£200,000

Carbon Management Programme	£2,000,000 – 3,500,000
Total	**£6,200,000**

*These figures to not include the trails structures. The latest round of condition surveys is currently underway and the expenditure requirements will be included in the overall expenditure forecast during 2021.

The financial requirement within the next 4 years of £3,500,000 has a reasonable probability of being covered by the existing Capital Fund, approved disposals, borrowing capacity, property reserves, potential Grant Aid and any revenue contributions available, subject to a future Capital Strategy being approved by Members.

However, there remains a significant medium- and long-term financial requirement that the Authority will need to meet. Planning for this will be considered as part of the Authority's normal financial processes and the following sources of funding will be explored:

- Revenue (for maintenance and repair)
- Increased revenue income from property or trading
- Capital investment (the Capital Fund and borrowing)
- External Grant Aid
- Visitor giving and sponsorship.

However, if it is not possible to finance the requirements from these sources, it **may** be that further property disposals (of whole or part) will be required. It may also be that some properties can be used more efficiently. It is therefore prudent to investigate opportunities in this respect as well as strengths, weaknesses or threats that such a strategy would entail. Investigations will include considering the 'inalienable' constraints on the Warslow Moors Estate with relevant Government departments.

Carefully considered strategic acquisitions, which also raise income, could also be considered.

It could be concluded that further disposals are inadvisable or inappropriate. However, early consideration would put the Authority in the best place to make decisions based on carefully considered detailed analysis and consultation.

13. FURTHER INVESTIGATION REQUIRED

It is recommended that the following properties be investigated in order to identify the most appropriate management action in the next 2 to 3 years.

1st Warslow Moors Estate

2nd Aldern House

3rd Fieldhead (Edale)

4th North Lees / Stanage Estate

5th Other properties.

A brief commentary on each property is given below:

Warslow Moors Estate

The Estate has been managed on a ‘full cost recovery’ basis for the last 7 years.

However, the recent Condition Surveys have highlighted a significant liability for maintenance and repairs. This is not because the Estate has been poorly maintained, and indeed the reverse is the case with many maintenance, repair and replacement projects being funded through the Estate revenue budget each year. A number of capital refurbishment projects mainly to residential properties have also been undertaken in recent years. These have been funded through borrowing, with increased rental returns more than covering the cost of borrowing.

However, with around 200 buildings on the Estate – most being of a traditional nature - it is not entirely surprising that the Condition Surveys have revealed that there is much more to do. It would be impossible to meet these costs and maintain the ‘full cost recovery’ model for the Estate, so an alternative model needs to be considered. It would be ideal if the ‘bill’ for the Estate could be funded from the property itself without ‘drawing’ on resources from other Authority properties. The opportunity could be taken to reduce the liabilities on a few key properties and use the capital from disposal to fund capital refurbishment on the Estate. However, the Estate was transferred to the Authority under the Inheritance Tax Act 1984 in lieu of tax owed by the previous owners. The transfer to the Authority (as a suitable Sec 3 body under the Act) was in the interests of preservation of heritage as an ‘integral and major part of the cultural life of this country’. A Schedule 3 body has a duty to ‘hold such property in trust for the public’ and manage it in accordance with such directions as may be given by the Minister (as defined by the Estate Management Plan).

The Estate is therefore ‘inalienable’ (cannot be sold) without the express consent of the Secretary of State for the Department for Digital, Culture, Media and Sport (DCMS). It is hoped that the Authority might obtain consent for some disposals so that the proceeds can be reinvested back into the property. This could fund a number of capital projects (without the need for borrowing), thereby releasing more of the revenue budget to fund revenue maintenance and repairs. This could enable the Estate to be kept on a ‘full cost recovery’ basis. The Authority is currently in discussion with DCMS about the general principle of the above. If the principle were acceptable, more specific proposals for strategic disposal of some properties would be put forward to DCMS on a ‘case by case’ basis.

Properties would need to be selected on one or more of the following bases.

- Least important in terms of national heritage value and therefore most likely to be agreed to by DCMS
- Least important in terms of National Park purposes and Corporate Strategy outcomes
- Least potential for revenue income
- Most potential to avoid expenditure on a capital and revenue basis
- Preferably, located on the geographical periphery of the Estate

If the principle of limited disposals is not acceptable to DCMS, the possible transfer of the whole Estate to another Sec 3 body may need to be considered although the likelihood of another body wanting to acquire it may be very limited.

Aldern House

The option of disposing of Aldern House and moving the Authority's HQ to another location has been considered on several occasions in the past. The Director of Corporate Strategy has again examined it and the same conclusion to retain the HQ at Aldern House has been reached. However, it is considered that the space could be used more effectively given modern technology and work practices. If internal space could be rearranged, it would allow the opportunity to relocate staff based elsewhere back to Aldern House. Alternatively or in addition, more space could be leased to third parties to increase revenue and reduce the net cost of managing the property. A third option could be to dispose of the property by sale and rent back the space required but this option is not recommended as it is likely to have a negative impact on the revenue budget, which is already tight.

Field Head (Edale)

The Authority purchased Fieldhead in 1960. The site was developed as a campsite with an Authority-employed warden living in the house. A Ranger Base was also established in the outbuildings. The emphasis of the site significantly changed when the campsite warden's then poorly-maintained house was converted into office space for staff from the evolving Moors for the Future project. Additionally, the Moorland Visitor Centre was built connected to the original house. The expansion of the MFF project in recent years has necessitated the expansion of the office space into the footprint previously part of the Visitor Centre. The campsite is now leased to a private operator who firstly lived on site in a caravan and then off site. Car parking at the site is not available to the public but visitors can access the Visitor Centre on foot.

The development project was funded from a significant HLF grant. It is a condition of the grant that the office and visitor centre buildings are used for that purpose until 2021. The current lease to the campsite operator expires in 2022. It is therefore an appropriate time to review the future of this site. This review needs to take account of:

- The future office needs of the MFF project
- The effectiveness of the Visitor Centre and campsite in delivering engagement in a cost-effective way
- Income generation
- Future ideas for the site such as a Climate Change Observatory.

North Lees / Stanage Estate

The disposal of the Estate (by way of a long lease to a 'partner organisation') was firmly rejected by Members in the recent past. Since then the Estate has been given 'strategic certainty' as one of the Authority's key assets, delivering multiple outcomes on nature conservation, cultural heritage, visitor experience, engagement and income generation. Its proximity to Sheffield has also given great opportunity for engaging with diverse audiences and using volunteers. The Estate is therefore perhaps best placed of all the Authority's properties to expand this work and help to reach the relevant targets set out in the Corporate Strategy. There is a very strong community interest in the property through the Stanage Forum. The Estate is also within the Sheffield Moors Partnership area.

A review of the property ~~is currently underway to ascertain whether more income can be raised from the various 'components' of the Estate. This may necessitate some capital investment to achieve but any such investment would be achieved through a borrowing arrangement and/or external funding~~has been completed and in April the Programmes and Resources Committee approved a programme of investment through borrowing to develop holiday accommodation and incorporate renewable energy technology wherever possible with the aim of ensuring long-term financial and environmental sustainability~~.~~

The programme will be reviewed regularly against performance targets and if projections prove to be optimistic the estate will undergo a further review.

~~Once this review has been completed, it will also be possible to examine whether the disposal of any of the component parts of the property could be considered which would not be to the detriment of the Estate outcomes including its financial viability. The proceeds of any disposal could be used to reduce the cost of the capital investment in the Estate.~~

Other properties

Trentabank – this site is owned by United Utilities (UU) and comprises a car park, toilets, Ranger Base, classroom and secure wildlife area. It is leased to the Authority, although the lease expired in 2013 and is 'running on' by mutual agreement. There is a joint Ranger Service agreement relating to the area, and Engagement and Learning and Discovery Rangers deliver services from the site. There is a proposal to re-develop the Ranger Base to provide more suitable staff accommodation, visitor interpretation and a new community room to expand the existing services.

The Ranger Service agreements with several water companies are under review and the future of this site and others will be part of this work.

Brunts Barn –PPCV base and volunteer centre in Grindleford for which the Engagement Service has aspirational plans to support its objectives. The investment required to bring the building up to an adequate safety standard and remodel the interior to widen the potential audience is estimated at around £500K. External funding opportunities and alternative delivery models are being explored.

Blore Pastures and the Narlows and car parks – These sites have been approved for inclusion in the Authority's pay and display portfolio. They will generate a significant new revenue stream~~,~~

Dovedale Toilets – ~~the car parks may have income-generating possibilities that need to be further explored. However, these sites could be considered for disposal. Any disposal proposal would need to meet the Authority's Asset Disposal Procedure.~~

14. ORGANISATIONAL CHANGES TO CONSIDER

Asset Disposal Procedure

A new Asset Disposal Procedure is attached at Appendix 3. The Authority's Democratic and Legal Service have produced this in consultation with the Corporate Property Officer and other relevant staff.

'Tool Kit' for disposal of property assets

This process note complements the Asset Disposal Procedure and gives officers a stage-by-stage process of disposing of Authority property. This note is based on ‘learning’ from the Minor Properties Disposal Project. The Senior Leadership Team and the Chair of the Authority have requested it. The eleven-stage process is attached at Appendix 4.

Corporate Landlord approach

The concept of the Corporate Landlord (CLL) is that the ownership of an asset and the responsibility for its management and maintenance is understood and shared between service areas (as Corporate Tenant) and the ~~Corporate Property Team (as the Corporate Landlord).~~Corporate Landlord (in this case the Asset Management Service).

The Corporate Tenant priority is to plan and deliver their services. The Corporate ~~LL~~Landlord function is to ensure all services are adequately accommodated and to maintain the property assets.

The CLL concept will be further considered as a separate project in the Action Plan referred to below. Changes to the Authority’s management structure, implemented in January 2021, have significantly eased the process of change to a CLL model by incorporating all property functions within the Asset Management Service~~.~~

15. RISK

Prior to 2024, it is considered that the Authority will be able to satisfactorily manage its property portfolio, including making appreciable progress on meeting net zero carbon targets. There is lot to do with regard to catching up with the maintenance identified in the Condition Surveys, but following the re-structure of the Corporate Property Team to provide more building and facilities management, the risk of lack of capacity in this area has been mitigated in anticipation.

Post 2024, there will be a serious challenge to meet the anticipated financial requirement, in particular meeting net zero carbon targets. However, it is hoped by early identification of the issues and sufficient planning, it may be possible to meet or partially meet requirements without the disposal of significant numbers of properties.

The investigation described in section 13 above should help to mitigate the potential situation. The recent experience of attempting to dispose of several ‘Minor Properties’ demonstrated that it is a ‘challenge’ to transfer properties to new owners who will continue to meet our objectives. There is always a risk in this and extra resources in monitoring disposals will present extra funding requirements without the guarantee of total protection. However, freehold or lease disposals have been satisfactorily achieved in the past without issues if the right new manager can be found.

The new Asset Disposal Procedure and associated ‘Tool Kit’ described at section 14 will also help to mitigate risks within the process of disposals.

16. ACTION PLAN AND MILESTONES

The Action Plan at Appendix 6 sets out the actions to be undertaken over the next two years.

17. REVIEW

The Corporate Property Asset Management Group will monitor progress on the Action Plan on a ~~quarterly~~ 6 monthly basis to coincide with the Authority's normal Performance Management process. Members would be updated on the Action Plan progress and results ~~on an annual~~annually. ~~basis~~.

10. CAPITAL EXPENDITURE ON CORPORATE ASSETS (ES)

1. Purpose of the report

Approval is sought for required capital expenditure on a number of the Authority's property assets in 2022/23.

Timing of this decision is important because the allocation of capital expenditure will dictate the core of the work schedule for the Corporate Property Team in the financial year 2022/23 and planning will need to commence imminently in order to complete a challenging workload.

The identified works are considered to be a priority for one or more of the following reasons:
- Fulfilment of the Authority's responsibilities as a landlord;
- compliance with regulatory changes;
- replacement of assets that have reached the end of their life.

Resources are requested from the Authority's Capital Fund in accordance with Working Assumption 2 of the Capital Strategy 2015-2019,

"That the capital fund be used for investments which are strategically important but do not have the prospect of an economic return, or where the return is not sufficient to cover the cost of borrowing, subject to consideration of the extent to which external funding or donations can reduce the net investment cost."

Delegation of authority to approve the proposed capital expenditure to Corporate Property Team officers, in consultation with the Head of Finance and Head of Asset Management, is also requested.

Key Issues

- Capital expenditure in excess of £150,000 requires authority of the relevant committee (S.O. Part C,C3,(c)). The proposed expenditure on the above categories totals £807,620, based on budget estimates and including a reasonable contingency allowance

- The proposed capital works are considered to be urgent and therefore require action in advance of the renewal of the Authority's Capital Strategy and Programme.

2. Recommendations(s)

1. **Members allocate £807,620 from the Authority's capital fund to meet the needs of its asset portfolio, as set out in Appendix 1 of this report**

2. **Members delegate authority to award contracts associated with the proposed capital expenditure to the Corporate Property Team Manager, in consultation with the Head of Finance and Head of Asset Management**

How does this contribute to our policies and legal obligations?

3. A sub-outcome of the Corporate Strategy 2019-2024 is "Our well-maintained assets support the delivery of our landscape, audience and community outcomes" with KPI23 requiring the Authority to have (and therefore implement) a corporate Asset Management Plan.

4. The Corporate Property Asset Management Plan 2020-2024 (Section 6) established the required standard for the Authority's assets as being "satisfactory", according to the findings of individual condition surveys, and identified a requirement for capital expenditure of £1.3m between 2020 and 2024. Following investment in the highest priority sites to bring them up to the required satisfactory standard, the capital expenditure outlined above is now required to address the remaining items at all other sites. It is recognised that due to the time that has elapsed since the original condition surveys and further deterioration/increases in costs over this timescale, the original costings are now likely to be inaccurate and therefore a sum of £600,000 is requested to address the highest priority capital works.

5. The Authority as landlord of residential properties is required to achieve a minimum energy efficiency standard (MEES Regulations). Capital expenditure is required to achieve this standard and is identified in the proposal. See Appendix 2 for more detail.

6. The Authority is required to comply with water regulations in relation to its own septic systems. The proposal includes the updating of several inadequate septic systems.

Background Information

7. Building condition surveys assess the general condition of a building and specifically 'defects' associated with the building fabric or systems. Recommendations are then made as to the most appropriate way to address the defect so as to prevent further deterioration of the building fabric and a budget cost allocated. Each defect has been ranked according to its severity and priority (i.e. the timescales within which it should be addressed). This has allowed a list of defects to be drawn up which need to be addressed in order to achieve an overall satisfactory condition. A summary of expenditure by property is included as Appendix 1

Proposals

8. It is proposed that the required sum is allocated from the Authority's capital fund.

9. Proposed expenditure falls into the following categories:

- Expenditure on residential properties to meet the minimum requirements of the Domestic Minimum Energy Efficiency Standard (MEES) Regulations (see Appendix 2) or achieve significant reductions in carbon emissions
- Further work identified in 2017 condition survey of all properties to achieve "satisfactory" condition, as established in the Corporate Property Asset Management Plan 2020
- Replacement of outdated heating systems at Castleton and Bakewell Visitor Centres (end of life replacements
- Replacement to 2no septic systems on Warslow Moors Estate to comply with current regulations
- Replacement of sewage system serving Tissington/High Peak Trails at Parsley Hay where the existing system is inadequate for demand
- Rock scaling work to cuttings in order to reduce public safety risk.

10. Delegation of authority to approve the proposed capital expenditure to Corporate Property Team officers, in consultation with the Head of Finance and Head of Asset Management, is also requested in order to complete the identified work in the most efficient manner.

Are there any corporate implications members should be concerned about?

Financial:

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11. The Authority currently has unallocated capital reserves of £963,000 and allocated capital reserves of £655,000.

12. The Corporate Property Asset Management Plan Action Plan identifies a number of properties that are under consideration for disposal. None of the capital expenditure identified above will be apportioned to those properties, unless required by regulation or as part of the Authority's obligations as landlord/lessee

13. A number of potential projects and items of revenue expenditure have been identified in relation to the Authority's asset portfolio. This report is concerned with expenditure required from the capital fund only and not the revenue budgets or capital borrowing aspirations of individual services

Risk Management:

14. The following risks have been identified, should this proposal be rejected:

- Increased future capital costs to achieve satisfactory condition as assets deteriorate further. It is difficult to attribute an accurate figure to the potential increase in costs.
- Reputational damage as heritage assets are allowed to deteriorate under the stewardship of the PDNPA. Financial value difficult to define but likely to have an impact on ability to access funding from heritage charities/grant programmes.
- Reputational damage as a landlord providing accommodation and visitor facilities that do not achieve a satisfactory standard. Financial value cannot be quantified but there is potential for financial remediation and loss of commercial income.
- Reputational damage with partners due to failure to comply with lease terms regarding maintenance. Potential loss of income from utility company partners.
- Penalties for non-compliance with MEES Regulations (up to a maximum of £150,000)
- Penalties for non-compliance with water regulations in relation to septic systems

15. The key risks of this proposal are as follows:

- That costs are significantly different to the budget costs recognised within the surveys. It should be recognised that the costs against which this proposal is based are budget costs and that significantly more work is required before they can be verified. In addition, there have been significant price fluctuations within the construction sector over the last two years and since the condition survey costing were produced. Due to the nature of the works, it is not viable at this stage to develop any more robust costings. This has been mitigated in part by adding a 15% contingency to each item and any greater deviation will be reported to the Head of Asset Management and Head of Finance before a way forward is agreed

- That works prove to be significantly greater than anticipated. If any significant further works are required the programme my need to be adjusted in other areas to remain within budget.

- That insufficient capacity will exist within the Corporate Property Team to implement the remedial works. Progress of the works will be monitored and managed within the Team. A work programme will be agreed and any deviation reported via line management.

Sustainability:

16. Wherever possible, environmentally sustainable solutions will be incorporated into the proposed works

17. The proposal recognises that renewable energy solutions are not always the most cost-effective option and therefore identifies the requirement for capital funding to achieve reductions in carbon emissions.

18. Much of the proposed expenditure is required to address a backlog of work. By addressing the identified defects the property portfolio will be placed on a more financially-sustainable footing for the future.

Equality:

19. There are no HR implications associated with this proposal.

20. There are no identifiable negative implications for the 9 protected characteristics identified by the Equality Act 2010. There may be some positive impact for the Authority's tenants and visitors but it is not possible to quantify this.

21. Climate Change

1. How does this decision contribute to the Authority's role in climate change set out in the UK Government Vision and Circular for National Parks?

   a. Educators in climate change

   b. Exemplars of sustainability

   c. Protecting the National Park

   d. Leading the way in sustainable land management

   e. Exemplars in renewable energy
   Renewable technology will be incorporated wherever possible in the proposed works.

   f. Working with communities

2. How does this decision contribute to the Authority meeting its carbon net zero target?

   Carbon reductions will be achieved but have not yet been calculated as the proposals are at an early stage of development and the final building works schedules would be required to calculate this accurately.

3. How does this decision contribute to the National Park meeting carbon net zero by 2050?

   As in point 2 above, the reduction cannot be calculated accurately at this stage.

4. Are there any other Climate Change related issues that are relevant to this decision that should be brought to the attention of Members? None identified.

22. Background papers (not previously published)

None

23. Appendices

Appendix 1 - Breakdown of costs by asset group

Appendix 2 - Summary of Minimum Energy Efficiency Standard Regulations

Report Author, Job Title and Publication Date

Emma Stone, Head of Asset Management 09 March 2022
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APPENDIX 1 – BREAKDOWN OF PROPOSED CAPITAL EXPENDITURE BY PROPERTY ASSET

Location/Estate	**Project**	**Budget cost inc. contingency (£)**
Warslow Moors	Additional works as part of planned Pump Farm House refurbishment to achieve maximum carbon emission reduction*****	60,000
Trails	Improvements to meet minimum EPC requirements - Hartington Cottages, No. 4	3500
Warslow Moors	Improvements to meet minimum EPC requirements - Ball Bank House Farm	3500
Warslow Moors	Improvements to meet minimum EPC requirements - Brownhills Farm	3500
Warslow Moors	Improvements to meet minimum EPC requirements - Clough Head Cottage	3500
Warslow Moors	Improvements to meet minimum EPC requirements - Dale Cottage	3500
Warslow Moors	Improvements to meet minimum EPC requirements - Hardingsbooth Farm	3500
Warslow Moors	Improvements to meet minimum EPC requirements - Hayes Cottage	3500
Warslow Moors	Improvements to meet minimum EPC requirements - Royal Cottage Public House	3500
Warslow Moors	Improvements to meet minimum EPC requirements - School House Cottage Reapsmoor	3500
Warslow Moors	Improvements to meet minimum EPC requirements - Spout Farmhouse	3500
Warslow Moors	Improvements to meet minimum EPC requirements - Wood Cottage	3500
Trails/Toilets	Replace sewage system at Parsley Hay, found to be inadequate capacity following survey.	40,000
Various	Work identified in 2017 condition surveys to achieve required, satisfactory standard.	600,000
Visitor Services	New boiler for Castleton - end of life replacement	25,000
Visitor Services	Upgrading of heating system at Bakewell VC (existing system inefficient and outdated)	10,000
Trails	Public safety requirement – urgent and high priority rock scaling to cuttings on Monsal Trail to reduce risk of rockfall	33,000
Car Parks	Renewal of surface as required by lease – Crowden car park	20,460
Warslow Moors	Additional works as part of Hayes Cottage new heating system installation to achieve maximum carbon emission reductions. Like-for-like equivalent costs to be met by Warslow Moors Estate revenue budget.	19,000
	TOTAL	**807,620**

***Expenditure dependent on approval of separate business case for refurbishment of Pump Farm House, based on borrowing against future rental income. Report anticipated Q1 of 2022/23.**

GOV.UK

Coronavirus (COVID-19) (/coronavirus)
Latest updates and guidance

1. Home (https://www.gov.uk/)
2. Environment (https://www.gov.uk/environment)
3. Climate change and energy (https://www.gov.uk/environment/climate-change-energy)
4. Energy efficiency (https://www.gov.uk/environment/climate-change-energy-energy-efficiency)

Guidance

Domestic private rented property: minimum energy efficiency standard - landlord guidance

Guidance for landlords of domestic private rented property on how to comply with the 2018 ‘Minimum Level of Energy Efficiency’ standard (EPC band E).

From:
Department for Business, Energy & Industrial Strategy (/government/organisations/department-for-business-energy-and-industrial-strategy)
Published
1 October 2017
Last updated
4 May 2020 —

Contents

This page is about domestic private rented properties. There’s different guidance for landlords of non-domestic private rented properties (https://www.gov.uk/government/publications/non-domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance).

This guidance provides information on the main aspects of the regulations. If your particular situation is not covered, we have more detailed guidance including case studies.

Find out if your property is covered by the Regulations

The Domestic Minimum Energy Efficiency Standard (MEES) Regulations set a minimum energy efficiency level for domestic private rented properties.

The Regulations apply to all domestic private rented properties that are:

- let on specific types of tenancy agreement
- legally required to have an Energy Performance Certificate (EPC)

Answer these questions to find out whether your property is covered by the Regulations

1. Is your property let on one of the following types of domestic tenancies:

   - an assured tenancy?
   - a regulated tenancy?
   - a domestic agricultural tenancy?

2. Is your property legally required to have an EPC?

If the property you let has been marketed for sale or let, or modified, in the past 10 years then it will probably be legally required to have an EPC.

If you answered Yes to both these questions, and your property has an EPC rating of F or G, you must take appropriate steps to comply with the requirements of the MEES Regulations. We explain how to do this below.

If you answered No to one or both of these questions, your property is not covered by the Regulations, and you don’t need to take action to improve the property rating. You may let it with an EPC rating of F or G.

Find out how to get a rating on your property (https://getting-new-energy-certificate.digital.communities.gov.uk/)

Find out more about EPC requirements for homes (https://www.gov.uk/government/publications/energy-performance-certificates-for-the-construction-sale-and-let-of-dwellings)

When you need to take action to improve your property to EPC E

Since 1 April 2020, landlords can no longer let or continue to let properties covered by the MEES Regulations if they have an EPC rating below E, unless they have a valid exemption in place.

If you are currently planning to let a property with an EPC rating of F or G, you need to improve the property's rating to E, or register an exemption, before you enter into a new tenancy.

If you are currently letting a property with an EPC rating of F or G, and you haven't already taken action, you must improve the property's rating to E immediately, or register an exemption.

If your property is currently empty, and you are not planning to let it, you don't need to take any action to improve its rating until you decide to let it again.

Funding improvements to your property

The cost cap: you will never be required to spend more than **£3,500 (including VAT)** on energy efficiency improvements.

If you cannot improve your property to EPC E for £3,500 or less, you should make all the improvements which can be made up to that amount, then register an 'all improvements made' exemption.

There are 3 ways to fund the improvements to your property:

Option 1: Third party funding

If you are able to secure third-party funding to cover the full cost of improving your property to EPC E, you can use this and you don't need to invest your own funding:

- the cost cap does **not** apply
- you should make use of all the funding you secure to get your property to band E, or if possible higher. Funding can include:
- Energy Company Obligation (ECO)
- local authority grants
- Green Deal finance

Find out more about funding opportunities for landlords (https://www.simpleenergyadvice.org.uk/pages/funding-opportunities-for-landlords)

Option 2: Combination of third-party funding and self-funding

If you can secure third-party funding but it is:

- less than £3,500, and
- not enough to improve your property to EPC E

you may need to top up with your own funds to the value of the cost cap.

Please note

- you can count any energy efficiency investment made to your property since 1 October 2017 within the cost cap
- if your property can be improved to E for less than the cost cap, that is all you need to spend

Option 3: Self funding

If you are unable to secure any funding, you need to use your own funds to improve your property. You will never need to spend more than the cost cap.

You do not need to spend up to £3,500 if your property can be improved to EPC E for less. If you can improve your property to E for less than the cap, you will have met your obligation.

If it would cost more than £3,500 to improve your property to E, you should install all recommended measures that can be installed within that amount, then register an exemption.

If you have made any energy efficiency improvements to your property since 1 October 2017, you can include the cost of those improvements within the £3,500 cost cap.

Selecting energy efficiency measures

Your EPC report will include a list of recommendations detailing measures which should improve the energy efficiency of your property. It will include both a short list of top actions you can take, and a more detailed list further down setting out all recommended measures. The recommendations will help you choose which measure or combination of measures to install.

Sample table of recommendations from the EPC report

These measures will improve the energy performance of your dwelling. The performance ratings after improvements listed below are cumulative, that is, they assume the improvements have been installed in the order that they appear in the table.

Recommended measures	Indicative cost	Typical savings per year	Rating after improvement
Room-in-roof insulation	£1,500-£2,700	£837	E39
Internal or external wall insulation	£4,000-£14,000	£195	E45
Solid floor insulation	£4,000-£6,000	£122	E49
Increase hot water cylinder insulation	£15-£30	£142	E54
Draught proofing	£80-£120	£18	D55
Low energy lighting	£20	£21	D56

Recommended measures	Indicative cost	Typical savings per year	Rating after improvement
High heat retention storage heaters / dual immersion cylinder	£1,200-£1,800	£319	D67
Solar water heating	£4,000-£6,000	£57	C69
Replace single glazed windows with low-E double glazed windows	£3,300-£6,500	£123	C73
Solar photovoltaic panels	£5,000-£8,000	£287	B83

The MEES Regulations refer to the concept of 'relevant energy efficiency improvements'. This is a measure, or package of measures, recommended in your EPC report, which can be purchased and installed for £3,500 or less (including VAT) - the cost cap.

Other types of energy efficiency reports may contain the recommendations list from the EPC report, for example, a Green Deal Advice Report (GDAR), or reports produced by qualified surveyors.

If you have installed all 'relevant energy efficiency improvements' for your property, but your property's EPC rating is still below E, you can register an exemption (https://prsregister.beis.gov.uk/NdsBeisUi/used-service-before) on the grounds that 'all relevant improvements have been made and the property remains below an E'.

You are free to install any energy efficiency measure(s), but:

- if your chosen improvements do not appear in the list of 'recommended energy efficiency improvements'
- and they fail to improve your property to EPC E

you will not be able to let the property or register an 'all relevant improvements made' exemption. You will then need to make further attempts to improve the rating to a minimum of E, in order to let the property.

Registering an exemption

There are various exemptions that apply to the prohibition on letting a property with an energy efficiency rating below E.

If your property meets the criteria for any of the exemptions, you will be able to let it once you have registered the exemption on the PRS Exemptions Register.

Information required for all exemptions

- address of the property
- type of exemption you are registering
- copy of a valid EPC for the property

‘All relevant improvements made’ exemption

Register this exemption if the property is still below EPC E after improvements have been made up to the cost cap (£3,500 incl VAT), or there are none that can be made.

This exemption lasts 5 years. After that it will expire and you must try again to improve the property’s EPC rating to E. If it is still not possible, you may register a further exemption.

To register this exemption, you need to provide this additional information:

- if you didn’t rely on your EPC report to select measures appropriate for your property, and instead opted for a report prepared by a surveyor for example, you must provide a copy of that report
- details, including date of installation, of all recommended improvements you made at the property (unless none were recommended)

‘High cost’ exemption

Register this exemption if no improvement can be made because the cost of installing even the cheapest recommended measure would exceed £3,500 (including VAT).

This exemption lasts 5 years. After that it will expire and you must try again to improve the property’s EPC rating to E. If it is still not possible, you may register a further exemption.

To register this exemption, you need to provide this additional information:

- 3 quotes from qualified installers for purchasing and installing the cheapest recommended measure, demonstrating that the cost would exceed £3,500 (including VAT)
- written confirmation that you are satisfied that the measure exceeds £3,500 (including VAT)

Wall insulation exemption

Register this exemption if the only relevant improvements for your property are:

- cavity wall insulation
- external wall insulation
- or internal wall insulation (for external walls)

AND

you have obtained written expert advice showing that these measures would negatively impact the fabric or structure of the property (or the building of which it is part).

This exemption lasts 5 years. After that it will expire and you must try again to improve the property's EPC rating to E. If it is still not possible, you may register a further exemption.

To register this exemption, you need to provide this additional information:

- a copy of the written opinion of a relevant expert stating that the property cannot be improved to an EPC E because a recommended wall insulation measure would have a negative impact on the property (or the building of which it is part)

Third-party consent exemption

Register this exemption if the relevant improvements for your property need consent from another party, such as a tenant, superior landlord, morgagee, freeholder or planning department, and despite your best efforts that consent cannot be obtained, or is given subject to conditions you could not reasonably comply with.

This exemption lasts:

- 5 years
- or, where lack of tenant consent was the issue, until the current tenancy ends or is assigned to a new tenant

In either case, once the exemption comes to an end, you need to try again to improve the EPC rating of the property, or register a further exemption.

To register this exemption, you need to provide this additional information:

- copies of any correspondence and/or relevant documentation (such as a letter from your tenant, or a planning department decision notification) demonstrating that consent for the recommended measure was required and sought, and that this consent was refused, or was granted subject to a condition that you were not reasonably able to comply with

Property devaluation exemption

Register this exemption if you have evidence showing that making energy efficiency improvements to your property would devalue it by more than 5%. In order to register this exemption you will need a report from an independent surveyor. This surveyor needs:

- to be on the Royal Institute of Chartered Surveyors (RICS) register of valuers
- to advise that the installation of the relevant improvement measures would reduce the market value of the property, or the building it forms part of, by more than 5%

This exemption lasts 5 years. After that it will expire and you must try again to improve the property's EPC rating to E. If it is still not possible, you may register a further exemption.

To register this exemption, you need to provide this additional information:

- a copy of the report prepared by an independent RICS surveyor that provides evidence that the installation of the recommended measures would devalue to property by more than 5%

Temporary exemption due to recently becoming a landlord

If you have recently become a landlord under certain circumstances (see section 4.1.6 in Chapter 4 of the full Guidance document (https://www.gov.uk/guidance/domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance#more-detail-and-examples) for details of those circumstances) you will not be expected to take immediate action to improve your property to EPC E. You may claim a 6 months exemption from the date you became a landlord.

This exemption lasts 6 months from the date you became the landlord. After that it will expire and you must have either:

- improved the property to EPC E
- or registered another valid exemption, if one applies

To register this exemption, you need to provide this additional information:

- the date on which you became the landlord for the property
- the circumstances under which you became the landlord

How to register an exemption

- create an account
- enter the address of your property
- state the type of exemption you want to register
- upload all the required evidence, including a copy of a valid EPC for the property (the Register can accept pdf, png, jpg, jpeg, doc or docx files, with a maximum size of 4 MB per file)

Exemption data cannot be amended once the data has been submitted. Make sure you have checked everything carefully before submitting.

All exemptions apply from the point you register them.

If you improve an exempt property to E after having registered an exemption (or stop renting the property out) you can cancel the exemption by going to your account ‘dashboard’ page and selecting ‘View or manage my exemptions’.

Register an exemption (https://prsregister.beis.gov.uk/NdsBeisUi/used-service-before)

Assisted digital to register an exemption

If Assisted Digital support is required to register an exemption please get in touch by email PRSRegisterSupport@beis.gov.uk or call the digital helpline on 0333 234 3422.

The Assisted Digital service provides digital support in lodging an exemption on the register, but it is the responsibility of the landlord to ensure that their property meets the eligibility criteria for an exemption. The service is not able to provide advice on whether individual properties meet the criteria for an exemption.

Members of the public can:

- search the Exemptions Register for details of exempt properties (https://prsregister.beis.gov.uk/NdsBeisUi/register-search-exemptions)
- search the Exemptions Register for details of penalty notices issued by enforcement authorities (https://prsregister.beis.gov.uk/NdsBeisUi/register-search-penalties)

Enforcement and penalties

The MEES Regulations are enforced by local authorities, who have a range of powers to check and ensure compliance.

The Regulations mean that, since 1 April 2018, private landlords may not let domestic properties on new tenancies to new or existing tenants if the Energy Efficiency Certificate (EPC) rating is F or G (unless an exemption applies).

From 1 April 2020 the prohibition on letting F and G properties will extend to all relevant properties, even where there has been no change in tenancy.

If a local authority believes a landlord has failed to fulfil their obligations under the MEES Regulations, they can serve the landlord with a compliance notice. If a breach is confirmed, the landlord may receive a financial penalty.

Non-compliance with the Regulations

Your local authority may check for different forms of non-compliance, including one or more of the following:

- from 1 April 2018, you let your property in breach of the Regulations
- from 1 April 2020, you continue to let your property in breach of the Regulations
- you have registered any false or misleading information on the PRS Exemptions Register

Compliance notices

If a local authority believes a landlord may be in breach, they may serve a compliance notice requesting information to help them decide whether a breach has occurred. They may serve a compliance notice up to 12 months after a suspected breach occurred.

A compliance notice may request information on:

- the EPC that was valid for the time when the property was let
- the tenancy agreement used for letting the property
- information on energy efficiency improvements made
- any Energy Advice Report in relation to the property

- any other relevant document

Penalties

If a local authority confirms that a property is (or has been) let in breach of the Regulations, they may serve a financial penalty up to 18 months after the breach and/or publish details of the breach for at least 12 months. Local authorities can decide on the level of the penalty, up to maximum limits set by the Regulations.

The maximum penalties amounts apply per property and per breach of the Regulations. They are:

- up to £2,000 and/or publication penalty for renting out a non-compliant property for less than 3 months
- up to £4,000 and/or publication penalty for renting out a non-compliant property for 3 months or more
- up to £1,000 and/or publication for providing false or misleading information on the PRS Exemptions Register
- up to £2,000 and/or publication for failure to comply with a compliance notice

The maximum amount you can be fined per property is £5,000 in total.

Right of review and right of appeal

If you do not agree with a penalty notice, you may ask your local authority to review its decision. They can withdraw the penalty notice if:

- new evidence shows a breach has not occurred
- a breach has occurred, but evidence shows the landlord took all reasonable steps to avoid the breach
- they decide that because of the circumstances of the case, it was not appropriate to issue a penalty

If a local authority decides to uphold a penalty notice, a landlord may appeal to the First-tier Tribunal if they think that:

- the penalty notice was based on an error of fact or an error of law
- the penalty notice does not comply with a requirement imposed by the Regulations
- it was inappropriate to serve a penalty notice on you in the particular circumstances

Full compliance and enforcement process

The Local Authority (LA) checks if a property is in breach of Regulations where:

a. from 1 April 2018 it as been privately let to new or existing tenant; or
b. from 1 April 2020 it is privately let; or
c. the landlord registered an exemption and provided false or misleading information

If the property appears to be in breach of the Regulations, the LA may serve compliance notice on the landlord requesting further information.

If the property is in compliance, no further action will be taken.

If satisfied that the landlord is in breach of the Regulations, the Local Authority may serve a penalty notice on the landlord and publish details of the breach:

a. either the landlord accepts the penalty notice and pays the penalty
b. or if the landlord disagrees with the notice, they can request a review of the penalty notice decision.

The LA reviews the decision:

a. either they find in the landlord's favour and the penalty is quashed
b. or they uphold the penalty notice

If the penalty notice is upheld, the landlord can appeal the decision to the First-tier Tribunal which will review the decision:

a. either the Tribunal finds in the landlord's favour and the penalty is quashed
b. or the Tribunal rejects the landlord's appeal, and the penalty is affirmed

The landlord then:

a. either pays the penalty
b. or does not pay the penalty, in which case the enforcement authority may take debt recovery action

More detail and examples

To find the full detail and case studies, read:

- The domestic private rented property minimum standard (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/882957/Domestic_Private_Rented_Property_Minimum_Standard_-_Landlord_Guidance_2020.pdf) (PDF, 1.84MB, 116 pages)

Legal disclaimer

Please note that BEIS **cannot provide legal advice** or a definitive interpretation of the law, as this is a matter for the courts. If you have questions that aren't covered here, you will need to seek independent legal advice.

Setting long-term energy performance standards

Government has committed to look at a long term trajectory to improve the energy performance standards of privately rented homes in England and Wales, with the aim for as many of them as possible to be upgraded to EPC Band C by 2030, where practical, cost-effective and affordable.

We are exploring policy design options with a view to consultation in due course. We ran a series of regional stakeholder workshops in England and Wales this summer to discuss options.

Find out more: Scene-setting slides (used for the regional workshops in the summer of 2019) (https://beisgovuk.citizenspace.com/home-local-energy/prs-minimum-energy-efficiency-standards/supporting_documents/PRS_workshop_slides.pdf)

Published 1 October 2017
Last updated 4 May 2020 + show all updates

1. 4 May 2020
   Guidance updated to reflect change that as of 1 April 2020, landlords can no longer let or continue to let properties covered by the MEES Regulations if they have an EPC rating below E, unless they have a valid exemption in place.
2. 1 October 2017
   First published.

Related content

- Energy Performance Certificates for the marketing, sale and let of dwellings (/government/publications/energy-performance-certificates-for-the-construction-sale-and-let-of-dwellings)
- Non-domestic private rented property: minimum energy efficiency standard - landlord guidance (/government/publications/non-domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance)
- Energy Performance Certificates guidance (/government/collections/energy-performance-certificates)
- Energy Performance Contract (EPC) (/government/publications/energy-performance-contract-epc)
- Display energy certificate (/government/publications/display-energy-certificate)

Explore the topic

- Energy efficiency (/environment/climate-change-energy-energy-efficiency)
- Household energy (/housing-local-and-community/household-energy)
- Rented housing sector (/housing-local-and-community/rented-housing-sector)

11. MEMBER APPOINTMENT – VACANCY ON PLANNING COMMITTEE (RC)

1. Purpose of the report

To make an appointment to a vacancy on the Planning Committee.

Key Issues

- **A vacancy has occurred on the Planning Committee due to the resignation of a Member from the Authority.**
- **The vacancy will be held until the annual Authority meeting in July 2022 if it is not filled.**

2. Recommendation

1. **To appoint Cllr V Priestley to the current vacancy on the Planning Committee until the annual Authority meeting in July 2022.**

How does this contribute to our policies and legal obligations?

3. The Environment Act 1995 requires that membership of the Authority's Committees should as far as possible reflect the makeup of the membership of the Authority. This means that each Committee should, in most cases, have a majority of Local Authority appointed Members over the Members appointed by the Secretary of State, which includes Parish Members. There are a few exceptions where due to rounding up and rounding down the numbers from each category are equal.

Background Information

4. Members are appointed to the Standing Committees (Planning Committee and Programmes and Resources Committee) at the annual Authority meeting in July each year. The appointments are made following a request for expressions of interest by the Appointments Panel and in accordance with Standing Order 1.40. These appointments are made until the following annual meeting. However, from time to time vacancies can occur and in this instance a vacancy has occurred on the Planning Committee due to a Parish Member resigning their position on the Authority.

5. As the vacancy has occurred due to the loss of a Parish Member the usual continuity cannot be applied in this instance, whereby in accordance with Standing Order 1.42 (2) when a Member ceases to be a Member during their current term of office any vacancies arising on Committees are filled by the Member's successor. As this vacancy is left by a Parish Member the process for a bye-election to appoint a new Parish Member is currently being started and will not be completed until mid-June. Therefore the current vacancy would last until the annual meeting in July.

6. However, in anticipation of the annual request for expressions of interest for Committee places, Cllr V Priestley, who is a Secretary of State appointed Parish Member, has expressed an interest in being on the Planning Committee instead of the Programmes and Resources Committee. Both the Chair of Planning Committee and the Chair of Programmes and Resources Committee are supportive of this request and for Cllr Priestley to be appointed to the Planning Committee from now until the annual meeting in July. This would fill the vacancy on the Planning Committee and the appointments to the Programmes and Resources Committee would still be in accordance with Standing Order 1.40.

Proposals

7. To appoint Cllr V Priestley to the current vacancy on the Planning Committee until the annual Authority meeting in July 2022.

Are there any corporate implications members should be concerned about?

Financial:

8. Members may claim travel and subsistence for attendance at duties relating to the appointments made and these costs are included in the annual budget so the appointment does not incur any additional cost to the Authority.

Risk Management:

9. No issues to highlight.

Sustainability:

10. No issues to highlight.

Equality, Diversity and Inclusion:

11. No issues to highlight.

12. Climate Change

No issues to highlight.

13. Background papers (not previously published)

None.

14. Appendices

None.

Report Author, Job Title and Publication Date

Ruth Crowder, Democratic Services Manager, 10 March 2022.

Minutes of Local Plan Review Member Steering Group - 24th January 2022 at 14.00

Hybrid Meeting via Webex / Aldern House

1. Roll Call

Officers	Members
Joanne Cooper (Planning Liaison Officer)	Chris Furness
Adele Metcalfe (Policy Team Manager)	Annabel Harling
Brian Taylor (Head of Planning)	Janet Haddock Fraser
Clare Wilkins (Community Policy Planner)	Robert Helliwell
	Andrew McCloy

Apologies: Ken Smith, Yvonne Witter

2. Introduction and Presentation

The Policy Team Manager delivered a presentation outlining the timetable for the next stage of the Local Plan Review, and the policies which were of particular relevance to Bakewell.

The Community Policy Planner gave an update having met with Bakewell Town Council the previous week, where it had been agreed to aim to reinstate the Bakewell Partnership. A workshop was being planned as part of this process, which it was hoped would take place in February 2022. The partners will also meet again in April 2022. The re-establishment of the partnership was felt to be a good move, particularly following the withdrawal of the Bakewell Neighbourhood Plan, and Members were keen to be involved.

The Head of Planning advised that Officers were in further discussion with the applicant regarding the wider future of the Newholme Hospital site, following the granting of planning permission for a new health centre last year.

3. Key Questions

A discussion took place around key themes and questions which had been circulated prior to the meeting.

The key questions were:

A. What is the vision for Bakewell? Are the spatial objectives set out in the Core Strategy right for the next plan period?

B. Should we look again at the development boundary? Does it need to give more room for growth?

C. What should a town centre policy for Bakewell aim to achieve? Where is the town centre?

D. Should we use the local plan process to work with local communities to find new green spaces and/or designate local green space?

E. Should we use the list of green spaces and non-designated heritage assets that were proposed in the Neighbourhood Plan and consider designating them in the local plan?

4. Discussion of Key Questions

A. What is the vision for Bakewell? Are the spatial objectives set out in the Core Strategy right for the next plan period?

The objectives set out in the Core Strategy for Bakewell were as follows:

- Explore and identify the potential for new affordable homes
- Retain and provide community facilities and services
- Co-locate jobs and homes
- Support the development of appropriate recreation and tourism facilities
- Consolidate Bakewell's role as a tourist centre and a hub from which to explore other attractions
- Enable a new hotel
- Retain and enhance the role of Bakewell as a market town and a centre for agricultural business
- Safeguard employment sites in suitable locations.

It was noted that permission had been granted for a new hotel in Bakewell. Members asked whether there was a need for further bed space in addition to this given the financial benefits of encouraging day visitors to stay overnight. Members wondered what the community view might be on this.

With regards to affordable housing, Members were keen for the elderly and down sizers, to be taken into consideration as well as people setting up home for the first time.

Members emphasised that with regards to employment in Bakewell, it was important to know what the demand is for business expansion and for employment. The Policy Team Manager advised that colleagues would be working on this during the coming year.

Other issues raised by Members were:

- Nature recovery and climate change and the need to incorporate sustainability as a priority for future policies for Bakewell
- Bakewell's future as a market town (its market town status being its USP) and the future of the market (it was noted that there is a waiting list for stalls).
- Transport and the need to consider congestion in the town- does the town need a public transport hub?
- Flood resilience and mitigation, and the desirability of making this a core strategy objective.

Member Steer:

> The vision as set out in the Neighbourhood Plan is a good starting point. We should work with the Town Council and residents to update this and to include the 'missing' elements, for example sustainability, climate change, flood alleviation and nature recovery.

B. Should we look again at the development boundary? Does it need to give more room for growth?

Members were shown a map of the development boundary from the withdrawn Neighbourhood Plan (See Appendix 1).

It was agreed that there is a necessity to establish what the demand is for the growth of employment space i.e. by surveying whether existing units are full to capacity. Whilst a study by DDDC suggested that there is no additional demand for retail space, further work could be done regarding office and other employment space.

The difficulty of finding new sites for employment was acknowledged. Expansion of existing sites is also not straight forward. Further work may need to be done on this if it is decided that the work undertaken as part of the withdrawn Neighbourhood Plan is not sufficient.

Members questioned whether there is sufficient land within the development boundary to meet the high need for affordable housing. Officers advised that there is, if the extension areas proposed in the withdrawn Neighbourhood Plan are taken into account. Otherwise strategic changes to Bakewell's shape will have to be considered.

It was agreed that Members and Officers would remain open minded regarding the development boundary.

Member Steer:

We need to understand more about the land use requirements for new employment and housing. When we do we can make a decision about whether the existing boundary is sufficient. If it is not, we should look for opportunities to expand the boundary, acknowledging the difficulty of this due to Bakewell's topography and landscape setting.

C. What should a town centre policy for Bakewell aim to achieve? Where is the town centre?

Members were shown a map of the Bakewell Central Shopping Area. (See Appendix 2)

Officers and Members agreed that the town centre policy should aim to achieve a thriving and sustainable town both for locals and visitors, which retains its market. Residents views regarding the town centre are outlined in the Neighbourhood Plan, but the policies are no longer applicable due to the changes to the Use Class Order and permitted development rights.

Officers asked Members whether they thought there were any areas outside the town centre, which should actually be included in it. Discussion took place regarding the Riverside Business Park site and whether there was an opportunity to create a “corridor” between there and the town centre. It was suggested that this could focus on artisan food businesses.

Members felt that Riverside should be considered to be outside the town centre due to it being beyond reasonable walking distance for many people, and that the attractive town centre with its historic shop fronts, history and cultural heritage, is a large part of what draws visitors to Bakewell so it is important that this is preserved. This is less evident at the Riverside site. A comparison was drawn with the detrimental effect Meadowhall may have had on Sheffield City Centre, and the need to avoid a similar situation.

It was also felt to be important to avoid a situation where the development of Riverside leads to the town effectively having two centres, which would encourage visitors to park twice.

The Head of Planning advised that most of the Riverside Site has recent permissions. The new bridge is largely in place, but the slip road has not yet been completed. The construction of the Premier Inn was delayed but will commence this year. Changes to use class orders could mean that parts of Riverside could be changed to retail use without planning permission. If this was the case, it would be important to create pedestrian links.

Members raised whether the Agricultural Business Centre should be incorporated into the town centre as it is where the majority of people park.

Member Steer:

Town centre policy should aim to achieve:

- a thriving and sustainable town both for local people and visitors, which retains its market
- better pedestrian/cycle links to the Riverside Business Park
- sustainable transport/recreation hub
- flood resilience and mitigation
- green space provision.

The town centre should remain largely as currently defined, but we should also consider including the Agricultural Business Centre. If ‘out of town centre’ retail is developed due to permitted development rights, policy should focus on the creation of pedestrian links to the town centre.

D. Should we use the local plan process to work with local communities to find new green spaces and/or designate local green space?

Officers advised that green spaces had been a very important part of the withdrawn Neighbourhood Plan.

Members agreed that the new Local Plan would be a good opportunity to take this up again and to increase the quality of the green spaces by making a link to nature recovery and biodiversity enhancement and engagement with the natural environment, as well as recreational use. With four schools in the town it was felt that the retention and enhancement of green spaces would provide an opportunity to increase educational opportunities.

Officers suggested that Bakewell would benefit from having a “Town Centre Manager” and that potentially a bid for funding this could with worked out with constituent authorities.

Member Steer:
Yes. Importance of green space for biodiversity, recreation and education. Also should be for the benefit of local people and visitors. Obvious tie-up with NP's nature recovery ambition, tree-planting targets, etc. Should be a close relationship with the town's 4 schools over this, especially Lady Manners.

E. Should we use the list of green spaces and non-designated heritage assets that were proposed in the Neighbourhood Plan and consider designating them in the local plan?

Members were very supportive of this.

Member Steer:
Yes.

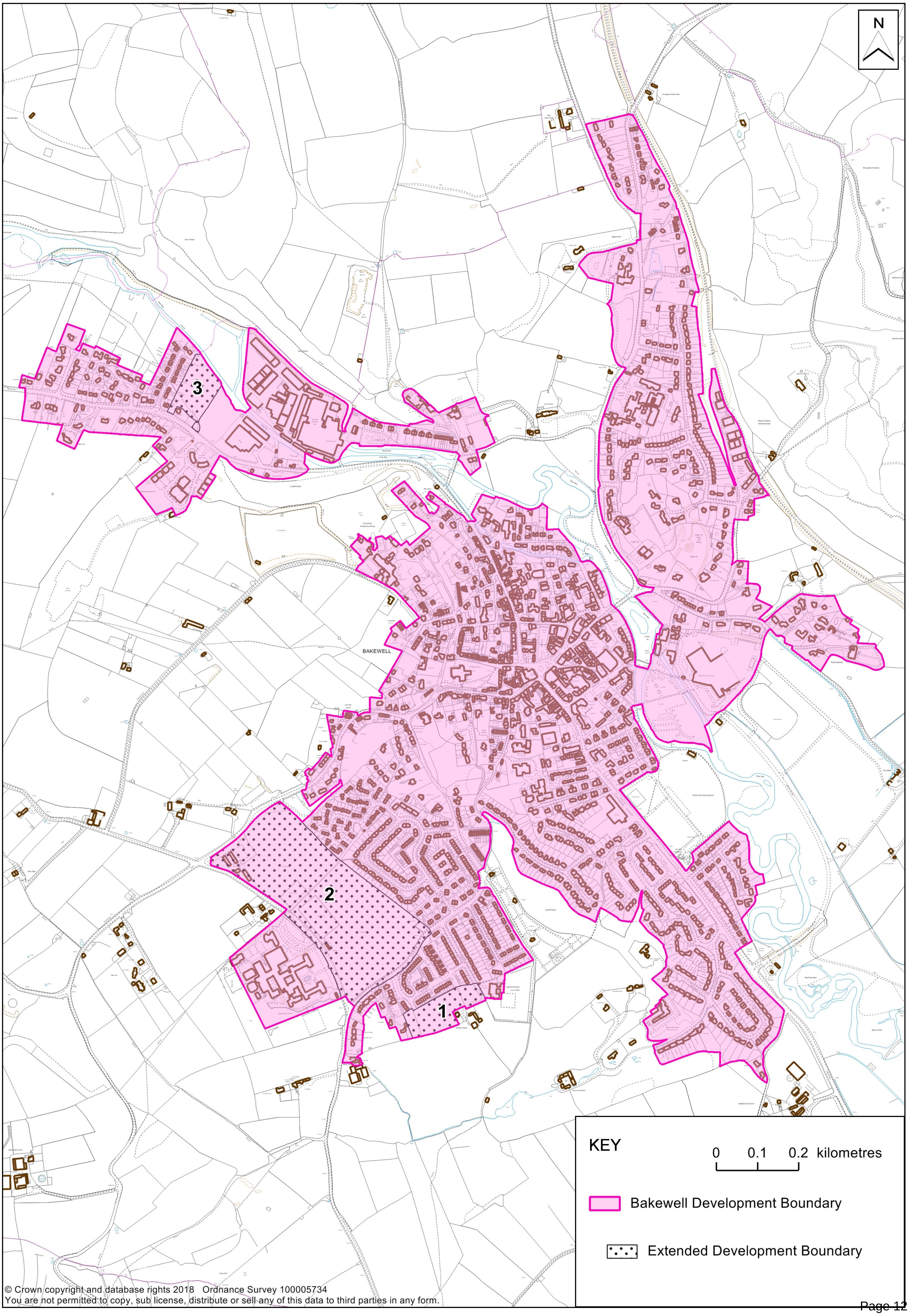
5. Next Steps

A draft survey for parishes will be sent out for comments from Members in the next couple of weeks.

6. Date of next meeting

21st February 2022 at 10am – Farming and Economy.

Appendix 1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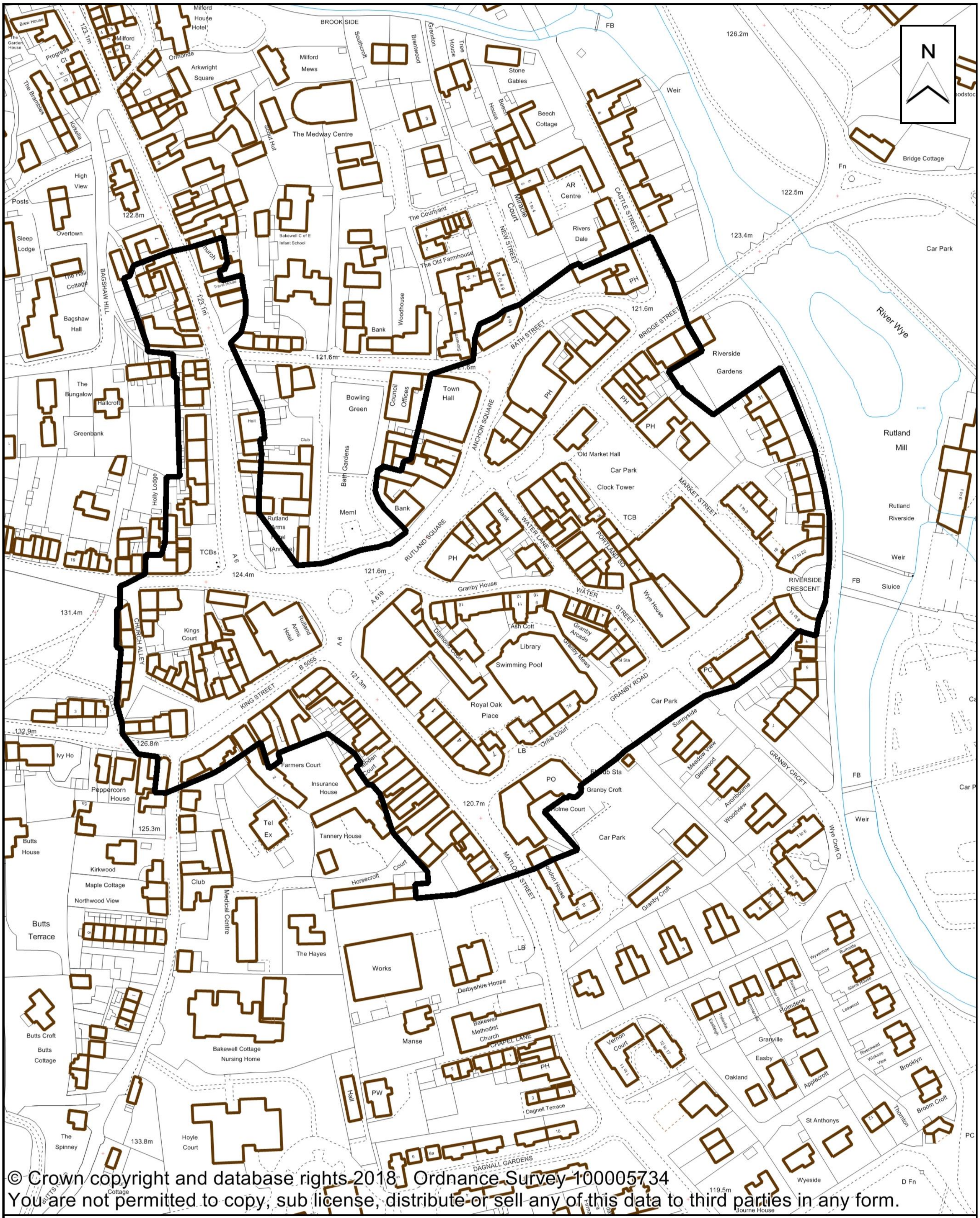

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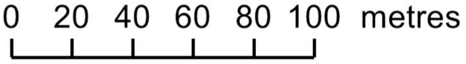
▭ Bakewell Central Shopping Area



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