YORKSHIRE DALES
National Park Authority

Please note start time

AGENDA

MEETING: **AUDIT AND REVIEW COMMITTEE**
[Membership: Judith Donovan, Neil Heseltine, Robert Heseltine, David Ireton, Allen Kirkbride, Jim Munday, Margaret Pattison, Yvonne Peacock, Neil Swain, Caroline Thornton-Berry, Cosima Towneley and Richard Welch].

VENUE: **The National Park Authority Office, Yoredale, Bainbridge**

DATE/TIME: **Tuesday 14 November 2017 at 11.00am**

✧ **Please see the attached "*NOTES FOR MEMBERS OF THE PUBLIC AND AUTHORITY MEMBERS*"** ✧

BUSINESS

Part One – "Procedural items		***Indicative Duration***	***Page No***
1.	Minutes of the meeting held on 11 July 2017		***1***
2.	Public Questions / Statements		
3.	Apologies for absence		
4.	Declarations of lobbying		
Part Two – Items/Reports which require a decision from Members			
5.	Performance Review - Income Generation Strategy	*(20 mins)*	***3***
6.	Progress on Corporate Plan – 2017/18 Half Year report	*(25 mins)*	***23***
7.	Member Parish Forums: Performance Review	*(10 mins)*	***41***
8.	Annual Review of the effectiveness of the arrangements for Risk Management	*(5 mins)*	***47***
9.	Annual Governance Report	*(5 mins)*	***59***
10.	Internal Audit: Audit Charter and 2017/18 Audit Plan	*(5 mins)*	***79***

		Indicative Duration	***Page No***
Part Three – Items/Reports which are for Members to note			
11.	Annual Audit Letter	*(5 mins)*	***97***
12.	Appointment of the External Auditor	*(5 mins)*	***121***
13.	Mid-year Treasury Management review: report of the Treasurer	*(5 mins)*	***123***

✧✧✧✧✧✧✧✧✧✧✧✧✧✧✧✧✧✧✧

14. Urgent business – where the Chairman has agreed that there are special circumstances

David Butterworth
Chief Executive
National Park Office,
Yoredale, Bainbridge
2 November 2017

Note:

- *Tea/coffee will be available a quarter of an hour before the meeting.*
- *Lunch will be available after the meeting for members who sit on Planning Committee.*

Audit & Review Committee Terms of Reference

To act on behalf of the Authority as follows:

a) reviewing the Authority's performance in pursuing its policies and objectives, in particular those in the Corporate Plan; and reporting to the Authority, its Committees or Sub-Committees, as appropriate;
b) acting as the lead Committee on the implementation and monitoring of the Authority's performance assessment process;
c) leading on improvement planning and learning from major projects and on-going programmes;
d) instigating a programme of reviews in areas where the Authority is under-performing, needs to reduce costs, and/or needs to improve value for money, and report back to the Authority;
e) advising the Authority on its corporate governance policies and agenda, and implementing and managing the Authority's agreed policies in this area including overseeing its risk management strategy and considering the Annual Governance Statement;
f) arranging for the audit, both internal and external, of the Authority's affairs, including financial controls and accounts;
g) receiving all external and internal audit plans and reports, and monitoring the implementation of audit recommendations;
h) monitoring the Authority's complaints procedure, and as appropriate, determining any claims of maladministration and appropriate remedies;
i) scrutinising the Authority's Treasury Management strategies, policies and day-to-day activities.

NOTES FOR MEMBERS OF THE PUBLIC AND AUTHORITY MEMBERS

1. Declarations of Interest:

Authority Members should make any declarations of interest at the start of the appropriate item.

2. Public Questions/Statements:

The National Park Authority has allocated up to 15 minutes at the start of meetings to allow members of the public the opportunity to ask questions and/or to make statements that relate to the work of the Authority or the appropriate Committee. Anyone wishing to ask a question or make a statement **must 'register'** that intention with the Chief Executive by 12 noon on the working day before the meeting. More detailed guidance is available from the Authority's Committees Officer. (This procedure is in addition to the opportunity to speak on planning applications at the Planning Committee.)

For anyone registered to speak at today's meeting – the Chairman will call you at the appropriate time – each Speaker will have up to three minutes.

3. Filming/Recording of Meetings:

The National Park Authority routinely records all full Authority and Planning Committee Meetings. Filming/recording of Authority meetings, Committee and sub-committee meetings is permitted provided it does not disrupt the smooth running of the meeting.
The Chairman reserves the absolute right to ask for filming or recording of a meeting to cease if, in his/her opinion, continuing to film/record would be disruptive to, or prejudice, proceedings. Ultimately the Chairman may suspend or adjourn the meeting.
Anyone filming a meeting is asked only to focus on those actively participating. Those attending National Park Authority meetings should be aware that they may be filmed and that attendance at the meeting signifies agreement to this.
The Authority cannot accept responsibility for the content of any recording made, once it has been taken away from the Authority's premises.

4. Health & Safety:

All members of the public **and** Authority members should sign the Visitors Book on entering and leaving the building – this is necessary in order that, if the building has to be evacuated, all persons can be accounted for.

In the event of the fire alarms being activated, all those present at the meeting should leave the building by the main entrance (if possible), go straight across the car park (with the central wall on your left) and assemble at the far right-hand side of the lower part of the car park by the Fire Assembly Point. Please go **straight** to the Assembly Point as not doing so may delay checks that everyone is accounted for.

5. Meeting Room(s) Hearing Loop:

As well as using a conference sound system at Authority and Planning Committee meetings, each of the rooms used for formal meetings of the Authority and its Committees has an induction loop system fitted.
If you have a hearing aid with a 'T' setting, please switch it to 'T'.

6. Agenda Papers:

The agenda and all public reports for meetings of the Authority (and each of its Committees) are normally available for public inspection five working days before the meeting. The papers are also posted on the Authority's website and a **limited** number of copies are available for reference at each meeting.

If you have any general enquiries/comments about the above or the way in which the Authority's decision-making processes operate, please contact the Committees Officer by post (to Yoredale, Bainbridge, Leyburn, DL8 3EL); telephone 0300 456 0030; or email: secretariat@yorkshiredales.org.uk.

Committee Membership and Member Champions

as at 30 Sept 2017

Member	Appointing body	Planning	Audit & Review	Finance & Resources	Standards
M'ship/Quorum→		*17/7*	*12/6*	*13/6*	*5/3*
Blackie John	NYCC	✓		✓	
Clark Chris	SoS(P)	✓		✓	
Cotton Nick	CCC	S2		✓	
Donovan Judith	SoS		✓		✓
Foster Richard	CDC	S1		✓	✓
Gray Brenda	SLDC	✓		✓	
Heseltine Neil	SoS(P)	S1	✓		✓
Heseltine Robert	CDC	✓	✓		
Ireton David	NYCC	S1	✓		✓
Kendall Valerie	EDC	✓		✓	
Kirkbride Allen	SoS(P)	✓	✓		S
Lis Carl	CDC	S2		✓	
Macaré Steve	SoS	S1		✓	
Manners-Armstrong Jocelyn	SoS	✓		✓	✓
Martin Julie	SoS	✓		✓	
McPherson Ian	SoS(P)	✓		✓	
Munday Jim	SoS	✓	✓		
Pattison Margaret	LCyC	✓	✓		
Peacock Yvonne	RDC	✓	✓		
Quinn Gillian	NYCC	✓		✓	
Sedgwick Karin	NYCC			✓	
Swain Neil	SoS	✓	✓		
Thornton-Berry Caroline	RDC	✓	✓		
Towneley Cosima	LCC	✓	✓		
Welch Richard	NYCC	✓	✓		

CDC= Craven District Council; EDC= Eden District Council; LCyC= Lancaster City Council;
RDC=Richmondshire District Council; SLDC=South Lakeland District Council;
CCC=Cumbria County Council; LCC= Lancashire County Council; NYCC= North Yorkshire County Council;
SoS=Secretary of State; SoS(P)=Secretary of State (Parish);

CHAIRMEN AND DEPUTY CHAIRMEN		
Date elected	***Chairman***	***Deputy Chairman***
Authority (27/06/17)	Carl Lis	Ian McPherson
Planning (11/07/17)	Caroline Thornton-Berry	Julie Martin
Audit and Review (11/07/17)	Yvonne Peacock	Jim Munday
Finance and Resource (12/9/17)	Jocelyn Manners-Armstrong	Nick Cotton
Standards (01/11/16)	Jocelyn Manners-Armstrong	-

MEMBER CHAMPIONS		
Area of responsibility	***Member appointed***	***Term of appointment***
Natural Environment	Ian McPherson	Nov15 – Nov18
Cultural Heritage	Julie Martin	Sep17 – Sep20
Recreation Management	Nick Cotton	Dec16 – Dec19
Promoting Understanding	Judith Donovan	June17 – June20
Development Management	Robert Heseltine	June15 – June18
Sustainable Development	Chris Clark	Sept16 – Sept19
Corporate Management	Steve Macaré	June15 – June18

YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 1**
AUDIT AND REVIEW COMMITTEE

Minutes of the meeting held at Yoredale, Bainbridge on Tuesday 11 July 2017.

Present:

Judith Donovan, Robert Heseltine, David Ireton, Allen Kirkbride, Jim Munday, Margaret Pattison, Yvonne Peacock, Neil Swain, Caroline Thornton-Berry, Cosima Towneley and Richard Welch.

COPIES OF ALL DOCUMENTS CONSIDERED ARE IN THE MINUTE BOOK

10/17 MEMBERSHIP OF THE COMMITTEE

The report of the Committees Officer was noted.

11/17 ELECTION OF CHAIRMAN

Yvonne Peacock was nominated unopposed as Chairman and duly elected.

RESOLVED –

That Yvonne Peacock be elected Chairman of the Audit and Review Committee, to hold office until the first meeting of the Committee following the annual meeting of the Authority in 2018.

YVONNE PEACOCK IN THE CHAIR

12/17 ELECTION OF DEPUTY CHAIRMAN

Jim Munday was nominated unopposed as Deputy Chairman and duly elected.

RESOLVED –

That Jim Munday be elected Deputy Chairman of the Audit and Review Committee, to hold office until the first meeting of the Committee following the annual meeting of the Authority in 2018.

13/17 MINUTES

RESOLVED -

That the minutes of the meeting held on 11 April 2017, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

14/17 PUBLIC QUESTIONS/STATEMENTS

No notifications of public questions or of the intention to make a statement had been received.

15/17 APOLOGIES FOR ABSENCE

Apologies were received from Neil Heseltine.

16/17 DECLARATIONS OF LOBBYING

No declarations of lobbying were made at the meeting.

18/17 REVIEW OF AUTHORITY PERFORMANCE IN 2016/17

CONSIDERED – the report of the Director of Conservation and Community.

RESOLVED –

That the Authority's performance in 2016/17 be noted.

19/17 INCOME GENERATION STRATEGY – PERFORMANCE REVIEW

CONSIDERED – the report of the Chief Executive.

RESOLVED –

That a small task and finish group be established to examine the implementation of the Authority's Income Generation Strategy 2016-18 and produce recommendations to help frame the revised strategy 2018-20. Members on the group to be: Judith Donovan, Steve Macaré and Jim Munday.

20/17 TREASURY MANAGEMENT PERFORMANCE: 2016/17

CONSIDERED – the report of the Treasurer.

RESOLVED –

That the report be noted.

YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 5**

Committee: **AUDIT AND REVIEW**
Date: **14 November 2017**

Report: **PERFORMANCE REVIEW OF THE IMPLEMENTATION OF THE AUTHORITY'S INCOME GENERATION STRATEGY**

RECOMMENDATION

1. That the Audit and Review Committee consider the attached report and agree the recommendations, as the basis for officers to develop detailed proposals for a new Income Generation Strategy to be adopted by the Authority in March 2018.

Purpose of the report

2. To report back to Audit and Review Committee on the conclusions and recommendations of the review group looking at the implementation of the Authority's Income Generation Strategy.

Strategic Planning Framework

3. The information and recommendation contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework:

> ***Corporate Plan Objectives***
> *24. 'Plan and manage all aspects of the Authority's business so as to make the most effective use of our resources, and develop our capacity for income generation to maintain annual income at £6.6 million'.*

Background

4. At the Audit and Review Committee meeting in April, Members agreed that there would be two Member-led 'performance reviews' undertaken in 2017/18. The first of these was to look at the effectiveness of the implementation of the Authority's Income Generation Strategy, which was adopted in 2015.

5. The timing of this review means that its conclusions and recommendations can be fed into the production of a new Income Generation Strategy to cover the period from 2018-21.

The review

6. As agreed by the Committee in July, the review team comprised of three Members and three officers:
   - Audit and Review Committee Members – Judith Donovan; Jim Munday
   - Member Champion – Steve Macaré
   - Director of Corporate Services – Richard Burnett
   - Director of Conservation and Community – Gary Smith
   - Committees Officer – Julie Payne

7. The review team's report is **attached to this report**, and follows the agreed format for such reviews. The review team has made a number of recommendations and these are set out in paragraph 31.

Conclusion

8. Overall, the Authority's approach to the implementation of the Income Generation Strategy has been very successful – the objective has been achieved each year, and is likely to be exceeded by £1 million in the current financial year. The conclusion, therefore, is that the current approach is broadly right, and that the next IGS should focus on 'steady growth' that builds on the income streams already identified.

9. There are a number of practical changes that could be made to improve the effectiveness of the Authority's approach further. Other similar national park authorities have been equally successful in generating income, and it is likely that there are still opportunities from which the Authority can learn in developing its new strategy.

Gary Smith
Director of Conservation and Community
30 October 2017

PERFORMANCE REVIEW OF THE IMPLEMENTATION OF THE AUTHORITY'S INCOME GENERATION STRATEGY

THE ISSUES

What are the specific performance issues that the review has been set up to tackle?

1. The review was set up to look at the effectiveness of the implementation of the 2015-2018 Income Generation Strategy, in particular whether the Authority is:
    a. On course to achieve its overall income objective;
    b. Delivering on the two priority income areas (grants, sponsorship) versus the other income areas
    c. Making the necessary cultural shift within the organisation

Why do the issues matter?

2. Between 2010 and 2016, the Government's grant to the Authority fell by 40% in real terms. As a result, the Authority found itself in a situation where it was forced to make very difficult decisions: ending or substantially reducing some of its work programmes; and making significant cuts in staffing.

3. By 2015, with further funding cuts expected, the Authority had reached a position where it either had to continue to make cuts to its objectives and work programmes, or change the way it operated — putting a greater emphasis on finding and using other ('external') sources of funding to deliver our objectives. The Authority decided to adopt the latter approach, and the Income Generation Strategy (March 2015) set out the means by which this change would be delivered.

4. The strategy identified the particular importance of securing 'unrestricted' income (as opposed to income that can only be spent on specific activity). Projects that deliver our objectives *and* contribute to supporting existing staff costs and running costs will be increasingly important to the Authority's survival. This reality is part of the cultural shift that has to take place in the NPA.

5. A new Income Generation Strategy will need to be adopted in March 2018. This review will be a critical part of the evidence on which that strategy will be based.

CURRENT PERFORMANCE

How is the service currently being delivered?

6. The Authority's work to boost income generation was kick-started by the establishment of a 'Commercial Acumen Group (CAG)' in the spring of 2014. This comprised a core group of 5 officers (including the Chief Executive and Director of Corporate Services).

7. The group met regularly (usually monthly) from spring 2014 to the end of 2015 (20 meetings), and carried out a number of strategic activities, including: widespread consultation with staff and volunteers; carrying out a staff 'skills audit'; attending and organising corporate training events and a Policy Development Forum with Members to consider options.

8. The key output from this period was the development of the Income Generation Strategy (originally the Fundraising Strategy), which was adopted by the Authority in March 2015. Following publication of the Strategy, the CAG continued to meet for 6 months to oversee/monitor progress. The Senior Policy and Performance Officer was also given a specific role for 12 months to assist the Chief Executive and other senior Authority officers to implement and refine the approach to income generation, including assisting other officers to write funding bids and helping to share ideas across the organisation.

9. Putting aside this initial strategic support, the day-to-day implementation of the Strategy has been based on the following approach:
    a. all work to secure new forms of income has come from within *existing* roles (i.e. no dedicated external funding officers);
    b. income generation should involve staff from across all areas of the Authority's work;
    c. cross-directorate groups have been set up to put together major grant bids; and,
    d. the Authority's partnership with the Yorkshire Dales Millennium Trust has been reinvigorated to access charitable funding.

What are we *supposed* to be achieving (i.e. current objectives, targets etc?)

10. The original objective set out in the Income Generation Strategy was to maintain the Authority's overall budget spending at the 2014-15 levels (in the face of expected further grant cuts). This objective was subsequently revised in light of the extension to the National Park boundary in 2016 and the corresponding increase in core grant (see **Annex A** for detailed explanation). The current objective, which retains the intent of the original strategy, was approved by Members in September 2016:

    "*Plan and manage all aspects of the National park Authority's business to make the most effective use of our resources, and develop our capacity for income generation to maintain annual income at £6.6 million*"

11. As well as this overall objective, the Income Generation Strategy includes a number of other targets:
    a. Rebalance income away from reliance on Defra grant so that 40% of income comes from other sources by 2020;
    b. Secure:
        i. significant increases in funding from grants and sponsorship;
        ii. modest increases in funding from: Trusts and Foundations; and, legacies;

iii. small increases in funding from charges for services; asset realisation; and, donations.

c. Organisational change – a range of actions to improve:
   i. External engagement;
   ii. Internal engagement;
   iii. Capacity building

d. Specific projects – the Strategy identified 13 proposed income-generation projects for development over the 3 years from 2015-2018

What are we *actually* achieving?

12. The overall objective has been exceeded each year and is forecast to be bettered by over £1 million in the current financial year:

	2015/16, £'000	**2016/17 £'000**	**2017/18 £'000**
Overall Expenditure Target	5,354	5,987	6,620
Defra grant	4,070	4,541	5,054
Other income we need to generate	1,284	1,446	1,566
Other income actually generated	2,030	2,073	2,656
Actual expenditure	**6,100**	**6,614**	**8,170**[1]

13. In relation to the balance between Defra and non-Defra funding:

	Gross Expenditure (£'000)	**Non-Defra income**		
		£'000	**%**	**% (without boundary extension)**
2012/13	6,420	1,602	**25%**	
2013/14	6,123	1,595	**26%**	
2014/15	5,902	1,760	**30%**	
2015/16	6,100	2,030	**33%**	
2016/17	6,614	2,073	31%	**33%**
2017/18	8,170[1]	2,656	32%	**36%**

14. In recognition of the extension of the National Park boundary, the Authority's core Defra grant (and total income) has increased by £833k. This masks what would

[1] Current budget projection but total spend likely to be c£400k less based on previous years' underspends.

otherwise have been steady growth in the *proportion* of income from non-Defra sources.

15. In looking at the different sources of income highlighted in the strategy, the Working Group has analysed all additional income secured[2] from the start of 2015 through to 2022. The measures taken to date will already generate new income of over £5.5 million over that period. The split of the income between different sources is shown below:

Source	**Income**
Grants	£3,956,589
Fees and charges	£1,097,000
Trusts	£564,000
Donations	£217,863
Asset rent/sale	£151,000
Legacies	£106,000
Trading	£47,000
Sponsorship	£0
Total	**£6,140,052**

16. In terms of categorising the income:

    a. 19% is 'unrestricted' (i.e. can be spent on anything);

    b. 34% is being spent outside the National Park (primarily through the National Trails programme, which the Authority manages);

    c. 65% is providing funding for pre-existing Authority work programmes, with 35% going on new activity.

    d. 76% is linked to activity in the Authority's 4 priority programmes.

17. In relation to organisational change, significant progress has been made with most of the identified activity:

    a. External engagement – there was initial strong communication with partner bodies and the public (through e.g. press releases). The relationship with YDMT was reinvigorated through a new Memorandum of Understanding. Over 60% of all additional income has come from working in partnership with other bodies. The external message about our need to raise funding has been less explicit in recent months (outside of direct fund-raising projects like 3 Peaks).

    b. Internal engagement – again, there were initially very high levels of engagement with staff, Members and (to a slightly lesser extent) volunteers. There has been regular and widespread internal communication throughout, via the 'Money Matters' newsletter. 78% of staff say they know how we're getting on with

[2] Only includes external grants etc that have already been approved

achieving our objective; and, 67% say they feel able to contribute to achieving it - both very slightly down on the December 2014 survey (see **Annex B**);

c. Capacity building – there was a flurry of initial activity across the organisation. Income Generation is now firmly embedded in the corporate planning cycle (Corporate Plan; Action Plan; individual staff appraisals) and in job descriptions. However, little use has been made to date of the contacts/expertise of Members, nor of the information gleaned from the 'staff skills audit'. There has been little, if any, relevant staff training in the last year.

18. The Review Team also looked at the SWOT analysis that was produced as part of the Strategy. It was notable that, of the 12 'weaknesses' originally identified, only two were still considered weaknesses now (see **Annex C**)

19. In terms of the 13 potential income-generation projects identified in the original strategy, seven have been successfully taken forward – the most significant of which is the £3.5 million Westmorland Dales Landscape Partnership. Three others have been partially implemented but not to the level originally envisaged (**Annex D**).

THE EVALUATION

How much is it costing?

20. It would be extremely difficult and disproportionately expensive to attempt an accurate measure of the costs of implementing the Authority's chosen approach. This is because:

    a. The vast majority of the cost is in staff time, and the work to generate income is part of the day-to-day role of many staff, spread right across the Authority.

    b. No additional staff were recruited specifically to generate income, so the costs are essentially opportunity costs (i.e. that the staff could have been doing something else);

    c. The financial contributions to match-fund grant bids etc. all came from within existing budgets.

21. However, it is possible to provide some indication of the 'start-up' staff costs of the Authority's drive to increase income generation. These are set out in more detail in **Annex E** but in total amount to:

    a. Staff costs of £38,000.

    b. Support for establishment of National Parks Partnership of £20,000.

    c. Training costs of £2,000.

22. In terms of the 'opportunity costs' of the staff time that has gone into securing new income, the impact can only really be assessed by reference to the Authority's performance in achieving its other objectives. As reported to Audit and Review Committee in July, overall performance had declined over the 3-year period leading up to the publication of the strategy (presumably a reflection of the ongoing cuts to our

core grant). However, overall performance stabilised in 2015/16 and improved in 2016/17. This combined with the Authority's performance on the National Park Family performance indicators in 2016-17, suggests that there has been no material negative impact from efforts to secure additional funding. However, that should not disguise the fact that there have been some capacity issues created as a result of all the additional work that the Authority is now committed to as a result of securing funding for new projects. These fall into two categories:

a. unsustainable short-term workload issues within specific teams as a result of rapid expansion in income generation (e.g. Farm Conservation team);

b. general slippage in delivery of project expenditure (as evidenced in the carry-over budget and underspend at the end of 2017-18)

23. The Strategy identified the expected *relative* levels of time/resources that would go into developing each of the 8 potential sources of funding, and the expected relative levels of income that would result:

Income source	Income generated		Resource input	
	Predicted	Actual	Predicted	Actual
Grants	£££	£££		
Sponsorship	£££	-		
Trusts and Foundations	££	££		
Trading activity	£	£		
Fees and charges	£	£££		
Asset realisation/rental	£	£		
Legacies	££	£		
Donations	£	££		

24. The significant variations from the original strategy are highlighted in the table:

a. Sponsorship was expected to be a significant source of new income but has been largely unproductive – despite a major commitment of staff time:

i. At a local level, the Authority has not generated any income that would meet the definition of sponsorship (although it has secured several significant donations from private sector companies). A whole range of local and regional sponsors were approached but success was confined

to sponsorship by Rohan of the 3 Peaks project and Damart supplying clothing to the Ranger Service. What began as a fairly clumsy 'give us your money and you can use our brand' approach turned into quite a sophisticated, bespoke approach to potential sponsors. This involved a significant time input from the Chief Executive (see **Annex E**).

ii. At a national level, the Authority invested £20,000 over two years to support the establishment of 'National Parks Partnership'. This has yet to result in any direct income for the Authority. However, NPP has secured a sponsorship deal with Columbia to provide clothing for each NPA – with an estimate indirect value of around £70,000 to the Authority.

b. Additional income from fees and charges has been significantly more than originally expected – and at no additional cost in staff time. This is largely a reflection of the cumulative impact of changes to fees and charges in future years (i.e. new charges provide additional income every year, unlike grant programmes which generally last no more than 3 years);

c. Legacies were a little less than expected

d. Donations were slightly higher than expected – reflecting the fact that companies wishing to support activity in the National Park are more likely to provide one-off donations (of funding or materials) rather than longer term sponsorship.

How do our current costs and performance compare to other bodies?

25. As noted above, the day-to-day costs of the Authority's approach are extremely difficult to separate out from core costs of delivering each of our services. This problem is compounded when trying to make meaningful cost comparisons with other national park authorities: each of whom have taken different approaches (and account for those costs in different ways). The review team concluded early on that the work necessary to attempt such comparisons would be wholly disproportionate to the usefulness of the information.

26. In terms of performance, we have assessed the Authority against three other NPAs (Dartmoor, Exmoor, North York Moors). These authorities were selected as being the most similar to the Dales in terms of their size, scale of asset holdings, and not having any 'unusual' features (such as the Broads Authority's very large 'navigation fees' income). The results of the comparison are set out in **Annex F**.

27. In 2016/17, YDNPA generated the second largest amount of 'other' income but only the third largest as a proportion of total income. However, it should be noted that YDNPA started from the lowest baseline in 2011/12 (only 15% of total income from non-Defra sources). The evidence suggests that, while the Authority has made strong progress on income generation, its performance is not out of the ordinary for the English NPAs.

Are the current objectives realistic given the current priority of the programme and any funding decisions already taken?

28. Income generation is not a programme in itself but rather a means to support the Authority's programmes. As such, it does not form part of the Authority's formal prioritisation processes. Nonetheless, it is self-evident that – at the time the Income Generation Strategy was adopted – generating additional income was considered to be critical to the future of the Authority and the National Park itself.

29. The current overall objective is clearly realistic and will be achieved. Performance to date has significantly exceeded expectations, and this needs to be reflected in setting the financial objectives for the new strategy.

30. Achieving 40% of income from other sources by 2020 has been made much more challenging as a result of the increase in Defra grant following the extension of the National Park boundary in 2016. On current budget projections, the Authority would need to be generating almost £3.5 million per year in other income by 2020 (i.e. almost £1 million more than currently projected for 2017/18). Again, this will need to be reflected in the objectives for the new strategy.

What are the potential options for alternative ways of delivering the service to improve performance - given the current priority of the programme and any funding decisions already taken?

31. There are a number of ways in which the *current* approach could be improved as part of implementing any new strategy:
    a. The focus should now shift to 'steady growth' building on the income streams already identified;
    b. Any new objectives for overall income need to reflect both the better than predicted performance to date, and the impact of the increase in Defra core grant.
    c. The new strategy should take account of the updated SWOT analysis at **Annex G**
    d. Local sponsorship - the time and effort required to establish and develop relationships is immense and, the 'reward' for this effort is only likely to come years down the line (something that it is difficult for any public sector organisation to deal with). It is, therefore, recommended that the Authority no longer proactively pursue local sponsorship, other than where an obvious opportunity presents itself;
    e. It would be more helpful in making the best use of the Authority's assets to draw a distinction between income generated from the two primary sources of unrestricted income: fees (for staff time/services) and charges (for land/assets – e.g. toilets; car parks; retail)
    f. Simplify the monitoring of the primary sources of restricted income by removing the distinction between 'Trusts' and 'Grants' (the former just being a sub-set of the latter)

g. Reconsider the Authority's internal and external communication – don't forget that we still need to 'keep making the case' for additional funding (especially given the possible perception that the 'extra' money for the boundary extension means everything is now fine)

h. Ensure that – wherever it's practicable to do so – the Authority is setting proper commercial rates for 'management fees'

i. Revisit the 'staff skills audit' and either use it or get rid of it;

j. Ensure that annual processes are in place that embed and encourage consideration of income generation ideas, including opportunities for training

k. Identify the best income-generation ideas from other national park authorities and learn from them.

Are there any other options (e.g. ending the service, reducing quality etc)?

32. The main alternatives for delivering income generation are set out in **Annex H** along with brief notes to explain why this conclusion has been reached.

33. The view of the review group is that the current approach is broadly right, and that the next IGS should focus on 'steady growth' that builds on the income streams already identified.

FUTURE ACTION

34. Subject to Members' views, the outcome of this review will be used by officers to develop proposals for a new Income Generation Strategy, which will be brought to Members for consideration at the March 2018 NPA meeting.

Explanation of changes to our overall income generation objective

1. In 2015, the Income Generation Strategy set an objective to maintain the Authority's overall spending at 2014-15 levels (£5.35 million), on an assumption of further cuts in the Authority's core Defra grant. With the announcement of the extension of the National Park, Defra increased our grant from 2016/17 onwards, and they also included a small inflationary increase to the grants of all English NPAs.

Year	13/14	14/15	15/16	16/17	17/18	18/19
Defra grant (£'000) – projected	4,528	4,142	4,070	3,867	3,663	3,450
Defra grant (£'000) - actual	4,528	4,142	4,070	4,540	5,054	5,141

2. The large jump between our grant for 2016/17 and 2017/18 is accounted for by the timing of the extension (which happened part way through 2016/17, so a full year's 'extension' money wasn't added until 2017/18). The increase in grant linked to the extension was a straightforward 23.6% (equivalent to the increase in the size of the National Park).

3. One result of this was that our objective became capable of being achieved without needing to generate any new income. However, the result of that would have been a substantial dilution of our resources in real terms (because the 24% 'extra' grant was only maintaining the *status quo* given that the Park is now 24% bigger than it was). To address this problem, the F&R Committee revised the objective based on a combination of:

    a. still seeking to maintain expenditure at the same level as 2014/15 but based on the amount per km^2 (so the objective is increased to match the increase in the area of the Park; and,

    b. allowing for inflation to preserve the *real* value of what our spending actually achieves.

4. For **2017/18**, therefore, meeting the revised objective requires us to generate around **£6.62m** (though the exact figure is dependent on inflation). This has meant that the relationship between the two elements of our income (Defra grant; and, income we generate ourselves) has changed. For example, comparing 2015/16 with 2017/18:

	2015/16, £'000	2017/18 £'000	Change	
			£'000	%
Defra grant	4,070	5,054	984	24%
Other income we need to generate	1,284	1,566	282	22%
Income Target	**5,354**	**6,620**	**1,266**	**24%**

Defra Grant Ratio

5. The Income Generation Strategy included the ambition to change the ratio between the Defra grant and income generated from our own sources to 60:40 by 2020. The figure in 2014/15 was 77/23%. Again, the new target was based on an assumption of (at best) static grant settlements, and the aspiration to become less dependent on the Defra core grant.

6. As it stands, the projected ratio for 2017/18 is the same as that for 2014/15, despite the target for self-generated income increasing by £282k in cash terms. To put that into context, if the Defra grant had not been increased, the ratio this year would be 68:32.

RESPONSE TO STAFF ATTITUDE SURVEY - NOVEMBER 2014

Question	2014
I am fully aware of what the Authority is trying to do in relation to income generation	4.2
I feel well informed of progress on how YDNPA is achieving its income generation targets	4.1
I feel able to contribute to issues related to income generation	4.0
I am fully engaged with helping YDNPA change the way it works in order to become more self sufficient	4.1
Mean	**4.1**

Sum of multiple choice answers: Strongly agree (5); Agree (4); Neither agree nor disagree (3); Disagree (2); Strongly disagree (1)

RESPONSE TO STAFF ATTITUDE SURVEY - SEPTEMBER 2017

Question	2017
I understand why the Authority is trying to increase income generation	4.6
I understand what the Authority is trying to do to increase income generation	4.1
I know what progress the Authority has been making towards achieving its income generation targets	3.9
I feel able to contribute to the Authority's efforts to generate more income	3.8
I support the Authority's efforts to become more self-sufficient	4.2
(103 responses) ***Mean***	**4.1**

Sum of multiple choice answers: Strongly agree (5); Agree (4); Neither agree nor disagree (3); Disagree (2); Strongly disagree (1)

Analysis of original (2015) SWOT analysis

Strengths	**Weaknesses**
• Clear organisational strategy and direction • Stable organisation and culture • Good working relationships within Authority: relatively high morale; officer commitment to Park. • Technical skills and knowledge • Contacts and working in partnership • Communication and Presentation skills? • History of Project Management • Individual successes in securing bids, and a growing ownership amongst staff of this agenda • English National Parks network? • Strong evidence base, and huge bank of detailed information / surveys / data etc. describing the Park • Large 'delivery' presence (National Park Centres, Museum, Rangers) • Strong Brand • Opportunities Fund, as source of match funding • General Reserves	• ~~No organisational culture of fundraising – 'it's not my job'~~ • ~~Work-force in place for relatively long time: used to "that's the way it is"; historical 'baggage'~~ • Two offices: communication challenge • ~~Recognition as a 'legitimate' fundraising organisation?~~ • ~~Proactiveness in looking for funding~~ • Skills in approaching sponsors~~/funders~~ • ~~Too slow to respond to opportunities~~ • ~~Cross-organisational approach to fundraising underdeveloped (e.g. 'multi-activity' bids)~~ • Conflict between 'public sector services' and 'commercial' approaches • ~~Lack of focus on income generating: 'scatter gun' effect~~ • ~~Risk-averse~~ • ~~Tendency to be over-bureaucratic~~
Opportunities	**Threats**
• Media focus on Yorkshire and the Yorkshire Dales • Huge public affection for the Dales • E-audience: web and social media followers? • Biodiversity offsetting, companies social responsibility and what we can offer • Providing information / experiences 'money can't buy' • Large number of officers with unique knowledge of the area – right down to very local levels • Untapped personal skills of officers? • Officer development potential, to 'own' a project and take it forward • Different delivery models (e.g. using short term contracts for new projects, rather than permanent staff) • Working with other National Park Authorities gives a much broader 'offer'? • ~~Untapped Member and Volunteer resources?~~ • Relationship with Friends of Dales Countryside Museum charity • Boundary extension • ~~Potential to access new and untested funding sources~~	• More government cuts, reducing our capacity still further • ~~Reorganisation, leading to loss of momentum~~ • Legal constraints on what we can do • Inability to maximize benefits from partnerships (e.g. the LEP) • ~~Moving away from core purposes because that's where funding is~~ • ~~Internal friction, different parts of the Authority moving into income generation at different speeds and momentums~~ • Competitors, including registered charities • ~~Boundary extension: if approved, could lead to loss of focus on fundraising~~ • Fatigue: objective is a continually moving target • Limited capacity – resource issues in terms of successfully applying for funding then delivering • Time consuming element of satisfactorily complying with all elements of a successful bid • Volatility of bidding processes making budgeting more complex

ORIGINAL PROPOSED GRANT PROJECTS FOR DEVELOPMENT 2015-18

2015/16	**Progress**	
Cycling	Swale Trail underway with funding from: LEADER, RDC economic growth fund, YDNPA (Opps fund), and Pennine National Trails partnership	
Parish Wildlife	Successful HLF bid; project ongoing	
Swaledale Barns	Underway; legacy + YDMT + successful HLF bid for 'Every Barn Tells a Story Potential Defra-funded barn restoration programme	
Wensleydale Project	Underway: national RBAPS pilot funded by Natural England; Dormice woodlands funded by YDMT; Woodland Trust and PTES; forthcoming bid for cultural heritage of dairy industry	
Woodfuel	Abandoned – no funding sources that would generate income for YDNPA	
2016/17		
Barns re-use	Not yet commenced	
Consultancy services	Small amount of work bringing in income; e.g. legal	
'Down the Mine' – industrial heritage	Underway: successful HLF bid for Earby Mining Collection at DCM	
Farm business advice	Successful pilot project funded by NYLEP in 2014 but no 'calls for funding' yet that would allow wider roll-out	
National Trails development	Small amount for C2C from Tesco	
Orton Fells/Howgills Landscape	Westmorland Dales HLF bid first stage grant awarded (£3.5 million). Development stage bid now being prepared. YDNPA will be 'accountable body'	
2017/18		
'Bainbridge Get Digging' – community archaeology	Underway – but funded by YDNPA's Sustainable Development Fund	
Dales and Rivers for the future (LIFE bid)	Several related projects underway (CS Facilitation Fund for natural flood management) or in active development (Upper Aire NFM; Tees-Swale HLF bid)	

ESTIMATED COSTS OF INITIAL INCOME GENERATION WORK

Commercial Acumen Group

20 x meetings of 5 people for 2 hours = 200 hours of staff time
Average grade of staff involved equates to top of Band A
Full commercial hourly rate at top of Band A = £34.64
Total cost = 200 x £34.64 = **£6,928**

Chief Executive

Half day per week for 12 months = 0.5 x 46 = 23 days
Full commercial daily rate = £447.61
Total cost = 23 x £447.61 = **£10,295**.

Senior Policy Performance Officer

2 days per week for 12 months (minus holidays) = 2 x 46 = 92 days
Full commercial daily rate at top of Band B = £223.27
Total cost = 92 x £223.27 = **£20,540**

Other one-off costs

A number of staff attended training, conferences and workshops = £2,000.

National Parks Partnership

£10,000 per year for 2 years = **£20,000**.

North York Moors

Year	Gross Expenditure (£'000)	Funded by Defra Grant (£'000)	Funded by other income (£'000)	% of expenditure funded by other income
2011/12	6,947	4,936	2,011	**29%**
2012/13	6,560	4,845	1,715	**26%**
2013/14	6,955	4,553	2,402	**35%**
2014/15	6,208	4,165	2,043	**33%**
2015/16	6,059	4,093	1,966	**32%**
2016/17	6,366	4,163	2,203	**35%**

Exmoor

Year	Gross Expenditure (£'000)	Funded by Defra Grant (£'000)	Funded by other income (£'000)	% of expenditure funded by other income
2011/12	4,786	3,765	1,021	**21%**
2012/13	4,703	3,551	1,152	**24%**
2013/14	4,722	3,337	1,385	**29%**
2014/15	5,267	3,053	2,214	**42%**
2015/16	4,539	3,000	1,539	**34%**
2016/17	4,922	3,051	1,871	**38%**

Dartmoor

Year	Gross Expenditure (£'000)	Funded by Defra Grant (£'000)	Funded by other income (£'000)	% of expenditure funded by other income
2011/12	5,348	4,484	864	**16%**
2012/13	4,975	4,230	745	**15%**
2013/14	4,881	3,975	906	**19%**
2014/15	4,844	3,637	1,207	**25%**
2015/16	4,886	3,574	1,312	**27%**
2016/17	4,827	3,635	1,192	**25%**

Yorkshire Dales

Year	Gross Expenditure (£'000)	Funded by Defra Grant (£'000)	Funded by other income (£'000)	% of expenditure funded by other income
2011/12	6,025	5,108	917	**15%**
2012/13	6,420	4,818	1,602	**25%**
2013/14	6,123	4,528	1,595	**26%**
2014/15	5,902	4,142	1,760	**30%**
2015/16	6,100	4,070	2,030	**33%**
2016/17	6,614	4,541	2,073	**33%**

Updated SWOT analysis to inform new strategy

Strengths	**Weaknesses**
• Clear organisational strategy and direction • Good working relationships within Authority: relatively high morale; officer commitment. • Technical skills and knowledge • Contacts, and working in partnership • Communication and presentation skills • History of project management • Individual successes in securing bids, and a growing ownership amongst staff of this agenda • Strong evidence base and huge bank of detailed information / surveys / data etc. • Large 'delivery' presence (National Park Centres, Museum, Rangers) • Strong brand • Opportunities Fund, as source of match funding • General Reserves • Partnership with YDMT	• Conflict between 'public sector services' and 'commercial' approaches • Split across several sites: communication challenges • Skills in approaching sponsors • Little use of Members' experience or contacts • No 'commercial department'/lack of experience in commercial management of assets. • Legal constraints on what we can do and capacity to 'take risks' with public money.
Opportunities	**Threats**
• Media focus on Yorkshire and the Yorkshire Dales • Huge public affection for the Dales • E-audience: web and social media followers • Biodiversity offsetting and CSR • Brexit - potential redesign of agri-env schemes • Providing information / experiences 'money can't buy' • Many officers with unique knowledge of the area – down to very local levels • Untapped personal skills of officers – especially new employees including new posts which are orientated specifically for areas where funding is available • Officer development potential, to 'own' a project and take it forward • Different delivery models (e.g. using short term contracts for new projects, rather than permanent staff) • English National Parks network - gives a much broader 'offer' • Relationship with Friends of Dales Countryside Museum charity • Providing specialist advice/services for other organisations.	• More government cuts, reducing our capacity still further • Inability to maximize benefits from partnerships (e.g. the LEP) • Increasing competition, including registered charities • Fatigue: objective is a continually moving target and need to fundraise will always be there • Limited capacity – resource issues in terms of successfully applying for funding then delivering • Time-consuming element of preparing complex bids that may be unsuccessful; • Time-consuming element of satisfactorily complying with all elements of a successful bid • Volatility of bidding processes making budgeting more complex • Fewer income sources – e.g. EU (post-Brexit) reduction in HLF, cuts to partner bodies etc • Larger grant resulting from boundary extension leads to complacency • Any reputational damage could act as a barrier to fund-raising • Inflation • Loss of key specialist/experienced staff • Reversion to a more silo mentality – missed opportunities, less effective projects

ALTERNATIVE OPTIONS FOR FUTURE INCOME GENERATION

Option 1	**Abandon attempts to increase income generation** Retain existing ongoing fees/charges but otherwise revert to reliance on core Defra grant.	Little immediate impact because of commitments already in pipeline. But within 3 years would see income drop back to around £6 million – significantly reducing impact in the NP and require major programme of redundancies etc.
Option 2	**Retain the existing objective** Retain existing fees and charges, supplemented with occasional external grant bids.	Would be very 'comfortable' and, in short term, would free up staff time to focus solely on delivery. But longer term would significantly reduce impact in the NP and require reorganisation/redundancies
Option 3	**Set a higher objective that reflects what's been achieved so far**	Would increase impact in the NP. Would continue to require significant amounts of staff time but not at same level as the last 3 years.
Option 4	**Seek to maximise income from all sources** A fully 'commercial' approach – charging commercial rates for all goods and services (where not prohibited)	Not compatible with public sector ethos. Likely to lose connection to delivering NP purposes + sour relationships with local communities and businesses.

YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 6**

Committee: **AUDIT AND REVIEW**
Date: **14 November 2017**

Report: **PROGRESS ON CORPORATE PLAN – 2017/18 HALF YEAR REPORT**

Purpose of Report

1. To inform the Audit and Review Committee of progress towards achieving the objectives set out in the 2017/18 Corporate Plan at the half year point, and in particular to identify:
    - major achievements;
    - areas of work where progress is not on track.

Recommendation

2. That Members consider and note the 6 month update on the Authority's performance.

Strategic Planning Framework

3. The information and recommendation contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework:
    - ***Corporate Plan objective***
      Ensure a robust and transparent Performance Management Framework is in place and is driving improvement, so that at least 75% of the National Park Authority's objectives are achieved or remain 'on-course' each year.

Background

4. This report sets out the progress made towards achieving the:
    - 28 **objectives** in the Corporate Plan for 2017–20.
    - 209 **actions** that will help achieve those objectives (in the 2017/18 Action Plan).

Progress

5. The overall summary of progress is as follows:
    - 23 of the 28 objectives (82%) have been achieved or are 'on-course';
    - 5 objectives are not 'on-course';

6. **Appendix 1** shows progress on all the objectives. As previously requested by Members, objectives that relate to the four priority programmes have been highlighted (in green).

7. For each objective, the relevant lead officers were asked to provide a 6 month progress update and to predict the likely end of year position. All figures, estimates and predictions have been 'signed off' by the relevant Director.

8. The 23 objectives that are **achieved or 'on-course'** include:
   - **Objective 6** – 'on-course to achieve the 8% (170km) of public rights of way suitable for users of all ages and abilities;
   - **Objective 9** – around 2,000 volunteer days provided;
   - **Objective 11** – 299 outdoor session places already provided this year for local disadvantaged people;
   - **Objective 15** - 42 sites are now being managed for nature by local community or volunteer groups with a further 2 in development;
   - **Objective 16** – over 400 ha of new native woodland has been planted since 2013. 22 ha funded so far this year, with another 48 ha expected;
   - **Objective 19** – continuing to meet national targets for dealing with planning applications
   - **Objective 20** – appointing 4 new apprentices in a range of functions across the Authority;
   - **Objective 24** – on course to exceed our annual income target by at least £1 million;
   - **Objective 27** – completed initial public consultation on a new National Park Management Plan

9. The 5 objectives that are **not on course** are:
   - **Objective 2** – little or no change in reducing the number of listed buildings, scheduled monuments and conservation areas 'at risk';
   - **Objective 3** – positive measures have been implemented through the new local plan but the Swaledale-Arkengarthdale Barns and Walls Conservation Area will still be 'at risk' for the foreseeable future;
   - **Objective 5** – 88% of PRoW are currently estimated to be 'Easy to Use', narrowly missing the target of 90%;
   - **Objective 14** - 84% of priority habitats are in 'good condition', just below the target of 85%;
   - **Objective 22** – the expected total for affordable or local market dwellings built since in 2013 is 115, compared to the target 0f 150.

Actions

10. Most of the actions that were scheduled for completion by 30 September have been done. These are listed in **Appendix 2**. Significant actions completed in the first 6 months include:

- publishing a new Design Guide for Development Management;
- repairing two Listed Buildings;
- retaining the Customer Service Excellence award for the 8th time;
- organising the first Yorkshire Dales Cheese Festival;
- working with North Pennines AONB to resurface a stretch of the Coast-to-Coast Path at Nine Standards Rigg;
- working with YDMT to deliver the second year of the Ingleborough Dales Landscape Partnership programme, including a range of conservation, access and interpretation projects;
- publishing a practical guide for farmers to install natural flood management measures;
- restoring two traditional barns through the Muker Barns project;
- supporting the local community and Broadband for the Rural North to roll-out hyperfast broadband to Sedbergh;
- securing a new cycle route through Greenfield Forest;

11. To date, 11 actions have been rescheduled to be completed later this year. These are all identified in **Appendix 2** with a brief explanation for the change.

12. Four new actions have already been approved by the Authority this year (see **Appendix 3**), and several further actions are likely to be approved by the F&R Committee in December. These will be added to the Action Plan for the remainder of the year.

Conclusion

13. The Authority is continuing to make good progress on its objectives, and delivering a number of significant, externally-funded programmes and projects that will have a positive impact on the National Park and its communities. As always, there are still a few areas where progress has been slower – notably affordable housing, and Conservation Areas.

Gary Smith
Director of Conservation & Community

27 October 2017

A distinctive living, working cultural landscape that tells the story of generations of people interacting with their environment

Objective	March 2018	Progress	Status
1. Support delivery of large-scale projects that enhance and promote the National Park's distinctive landscape, geology and cultural heritage, including the 'Ingleborough Dales Landscape Partnership' (by 2019) and 'Westmorland Dales Landscape Partnership' (by 2021).	IDLP year 2 programme complete	IDLP year 2 programme remains on course to meet its targets. WDLP – work ongoing to develop 'Stage 2' bid to HLF by July 2018. YDNPA leading Natural Environment, Cultural Heritage and Tourism and Interpretation task groups.	✓
2. Help people to conserve, enhance and bring back into use the most important historic sites, buildings and structures in the National Park so that no more than 70 listed buildings (LBs), 15 scheduled monuments (SMs) and no conservation areas (CAs) are 'at risk' by 2020.	65 LBs 5 SMs 3 CAs	67 LBs currently at risk. Two buildings repaired this year and several projects underway that should take the number back below 65. 4 SMs at risk (no change). 4 CAs still at risk. Discussions underway with Historic England about status of Starbotton CA.	X
3. Secure the contribution that traditional field barns and drystone walls make to the National Park, including establishing a local partnership to identify and implement positive measures to enhance the Swaledale-Arkengarthdale Barns and Walls Conservation Area so that by 2019 it is no longer considered 'at risk'.	Evaluate impact of new barns policies	Positive policy measures have been implemented through adoption of the new Local Plan (barn conversions; more flexible re-use etc). 2 barns have been restored this year through the Muker Barns project, with contracts let for 3 more. However, even with these measures the Conservation Area will be 'at risk' for the foreseeable future.	X
4. Use the Historic Environment Record to research, record and promote the stories of the National Park area, and carry out and co-ordinate regular surveys of important historic structures and landscapes.	All surveys up to date	Survey programme for Listed Buildings and Scheduled Monuments at risk BAR and MARs has bee rolled out to new area of NP. Supported survey and excavation work in e.g. Thorns/Southerscales and Asby/Little Asby.	✓

A friendly open and welcoming place with outstanding opportunities to enjoy its special qualities

Objective	March 2018	Progress	Status
5. Maintain and promote public rights of way – including the Pennine Way, Pennine Bridleway and other recognised regional routes and trails − so that, on average, 90% are 'easy to use' each year.	90%	Survey currently being conducted. Initial results suggest 88% easy to use. Too small a sample for any specific conclusion to be drawn at this stage	X
6. Carry out works to improve access on appropriate routes so that 170km (8%) of public rights of way are suitable for users of all ages and abilities by 2018, and introduce five short, waymarked walks from Aysgarth, Grassington, Hawes, Malham and Reeth.	170km (8%)	163 km (7.6%) at March 2017. Currently seeking funding for Embsay Reservoir route. On course to reach 8% target by March 2018. Final two walk leaflets (Reeth and Hawes) being printed.	✓
7. Maintain and keep under review appropriate measures to manage the use of recreational motor vehicles on sensitive green lanes, and continue to work with enforcing agencies as required.	90% compliance with TROs	Vehicle logger data and condition surveys show no significant variation to normal patterns. Green Lanes Framework revised and out to consultation.	✓
8. Develop a range of new opportunities for people to explore the National Park by bicycle, including creating 3 new routes for family-friendly cycling by 2018.	2 new routes	Swale Trail route construction is well underway and will be open by end of March. New bridleways created in Greenfield Forest.	✓
9. Give people from all backgrounds an opportunity to enjoy and make a difference to the National Park by providing at least 5,000 volunteer days per year, with 10% coming from under-represented groups by 2018.	5,000 volunteer days	On course to achieve the 5,000 volunteer days target. Approx 2,000 days recorded so far (and most data records come in towards the end of the financial year).	✓
10. Work with organisers of large-scale events to ensure they are well run and provide benefits for local communities and businesses, and establish a fund to cover full cost of maintaining the '3 Peaks' route.	Raise £20,000	£16,820 has been raised to date through a range of initiatives. It is anticipated that the target will be achieved if not surpassed.	✓
11. Make the Yorkshire Dales National Park accessible and relevant to a diverse range of groups, including providing 200 session places a year for local disadvantaged people.	200 session places	299 session places already provided this year.	✓
12. Provide accessible, high quality information services so that at least 70% of users of National Park Centres are satisfied with the service and have increased their understanding of the special qualities of the National Park.	70%	Surveys to date this year show satisfaction levels at 94%, and those who have also increased their understanding at 72%.	✓
13. Increase the proportion of visitors to the free National Park Centre who opt to enter the paid museum attraction at Dales Countryside Museum from 11% in 2012 to 19% in 2018.	17%	By the end of September, 23% of all visitors to the NPC had opted to enter the paid museum.	✓

Home to the finest variety of wildlife in England

Objective	March 2018	Progress	Status
14. Support farmers and landowners to get 85% of the area covered by priority habitats into 'good condition' by 2016, and then maintain at least that level.	85%	As at end of 2016, 84% of priority habitats were in 'good condition'.	X
15. Work with parish councils, local community groups and landowners to increase from 20 to 45 the number of sites being managed for nature by local community or volunteer groups by 2018.	45 sites	42 Parish Wildlife Projects were underway at the end of 2016, and two new projects are in development at Austwick and Hetton.	✓

Resilient and responsive to the impacts of climate change, storing more carbon each year than it produces

Objective	March 2018	Progress	Status
16. Support farmers and landowners to create at least 400 hectares of new native woodland by 2020, to strengthen habitat networks, increase carbon storage and help to reduce flooding.	300ha	448 ha created by March 2017. Further 22 ha funded so far this year, with a further 48 ha expected.	✓
17. Ensure that at least 66% of all woodland is in active management by 2018, and develop a locally-based woodfuel initiative.	66%	This objective was achieved last year however the figure will be confirmed again this year.	✓
18. Make semi-natural habitats more resilient and adaptable to the uncertainties of climate change and the risks from new pests and diseases by helping farmers and landowners to 'buffer' or link together key gaps between priority sites by 2018.	Map key gaps in extension area	Ecological networks in the new area of the NP have been mapped using (limited) existing data. Detailed habitat surveys have been programmed for 2018-19 and 2019-20 to improve the data. The Tees-Swale habitat network project bid is being re-submitted to HLF in December 2017.	✓

Providing an outstanding range of benefits for the nation based on its natural resources, landscape and cultural heritage, which underpin a flourishing local economy

Objective	March 2018	Progress	Status
19. Provide an efficient development management service that supports appropriate opportunities for economic and community development whilst helping to conserve and enhance the special qualities of the National Park, including ensuring that 65% of minor and 80% of 'other' planning applications are being determined within eight weeks and at least 80% of applicants are satisfied with the service provided.	65%/80% 80% of applicants satisfied	93% of applications approved 100% of major applications determined in 13 weeks 79% of minor applications determined in 8 weeks 90% of 'other' applications determined in 8 weeks 104 enforcement cases closed	✓
20. Take on at least 6 apprentices in countryside management and heritage skills by 2019.	8 apprentices	8 apprentices appointed (2 through the YDMT Green Futures Project; 2 through the Ingleborough Dales Landscape Partnership; and 4 recruited directly (Comms, Historic Environment, Wildlife Conservation, and Development Management)	✓
21. Improve the quality, variety and marketing of the tourism 'offer' based on the local distinctiveness within the National Park to increase the number of overnight visitors and increase the value of tourism by 20% in real terms by 2020 (compared to 2012).	15% increase	16% increase in economic impact (indexed) for 2016 compared to 2012.	✓

Home to strong, self-reliant and balanced communities with good access to the services they need

Objective	March 2018	Progress	Status
22. Support construction of at least 75 affordable dwellings and 75 'local market' dwellings by 2018.	150 dwellings	89 affordable or local market dwellings had been built by March 2017. Expect the total to reach 115 by March 2018. Over same period, total number of permissions granted is likely to reach 220.	X
23. Use the Sustainable Development Fund (SDF), New Homes Bonus and other funding sources to support at least 20 new projects each year that bring economic, social and environmental benefits.	20 local projects	15 applications for local projects have been approved so far this year, with a further 4 currently being processed.	✓

An effective organisation, providing high quality services

Objective	March 2018	Progress	Status
24. Plan and manage all aspects of the National Park Authority's business to make the most effective use of our resources, and develop our capacity for income generation to maintain annual income at £6.6 million.	£6.6 million	Current budget projects gross expenditure of £8.17m, supported by equivalent total income. Likely to be some underspend/carry-over but will still comfortably exceed the objective this year.	✓
25. Provide high quality, efficient and effective services and communications to the public and in doing so maintain the 'Customer Service Excellence' (CSE) standard every year.	CSE standard retained	Standard was retained, following reassessment on 2 October 2017	✓
26. Operate corporate governance and financial arrangements that are fit for purpose, as evidenced through the Annual Governance Statement, the Annual Governance Report and an unqualified audit opinion.	Unqualified audit opinion	AGS and AGR completed. Unqualified audit opinion gained on 26 September 2017	✓
27. In partnership with key organisations, and in consultation with local communities, update the National Park Management Plan, by 2018 to take into account the needs and opportunities of the extended National Park.	Completed consultation	Initial public consultation on issues completed. Drafting groups staring to consider new objectives. Public consultation on full draft Plan scheduled for February 2018.	✓
28. Ensure a robust and transparent Performance Management Framework is in place and is driving improvement, so that at least 75% of the National Park Authority's objectives are achieved or remain 'on course' each year.	75%	82% of objectives are achieved or currently on course to be achieved.	✓

2	**Help people to conserve, enhance and bring back into use the most important historic sites, buildings and structures in the National Park so that no more than 70 listed buildings (LBs), 15 scheduled monuments (SMs), and no conservation areas (CAs) are 'at risk' by 2020.**		
2.1	Facilitate a feasibility study into the possible future use of Yore Mill listed building at risk	Jul	***Achieved***

3	**Secure the contribution that traditional field barns and drystone walls make to the National Park, including establishing a local partnership to identify and implement positive measures to enhance the Swaledale-Arkengarthdale Barns and Walls Conservation Area so that by 2019 it is no longer considered 'at risk'.**		
3.1	Extend the Historic England funded farmstead characterisation project to cover the new area of the National Park (p)	Sep	***Achieved***

4	**Use the Historic Environment Record to research, record and promote the stories of the National Park area, and carry out and co-ordinate regular surveys of important historic structures and landscapes.**		
4.1	Develop an online 'hub' for community heritage groups	Jun	***Achieved***
4.2	Update the HER action plan, to clear the backlog of records within 2 years (p)	Jun	***Achieved***

6	**Carry out works to improve access on appropriate routes so that 170km (8%) of public rights of way are suitable for users of all ages and abilities by 2018, and introduce five short, waymarked walks from Aysgarth, Grassington, Hawes, Malham and Reeth.**		
6.1	Install cycle racks and promote alternatives to accessing Smardale by car	Jun	***Achieved***
6.2	Work with North Pennine AONB to conduct vegetation restoration and surfacing of a 380m section of the Coast to Coast Path on Nine Standards Rigg	Jun	***Achieved***
6.3	Identify 4 short walks in the new area of the National Park and publicise on our website (p)	Jun	***Achieved***

7	**Maintain and keep under review appropriate measures to manage the use of recreational motor vehicles on sensitive green lanes, and continue to work with enforcing agencies as required.**		
7.1	Review the CRoW Act open access fire restrictions across the National Park	Jun	***Achieved***

9	**Give people from all backgrounds an opportunity to enjoy and make a difference to the National Park by providing at least 5,000 volunteer days per year, with 10% coming from under-represented groups by 2018.**		
9.1	Review the training programme for staff and volunteers leading activities 'away from the road'	Jun	***Achieved***
9.2	Review the volunteer-led guided walks programme	Sep	***Achieved***

10	**Work with the organisers of large-scale events to ensure they are well run, and provide benefits for local communities and businesses, and establish a fund to cover the full cost of maintaining the '3 Peaks' route.**		
10.1	Support the Tour de Yorkshire 2017 where it passes through the National Park	Apr	***Achieved***

11	**Make the Yorkshire Dales National Park accessible and relevant to a diverse range of groups, including providing 200 session places a year for local disadvantaged people.**		
11.1	Establish a strategy and action plan for developing our education, learning and engagement work	May	***Achieved***
11.2	Attend 4 large and 10 smaller agricultural shows	Sep	***Achieved***
11.3	Pilot a Wild Wednesday event at Tebay Westmorland Services	Sep	***Achieved***

14	**Support farmers and landowners to get 85% of the area covered by priority habitats into 'good condition' by 2016, and then maintain at least that level.**		
14.1	Launch the 'Wensleydale Strategy' with local partners (p)	May	***Achieved***

14.2	Through the NUCLNP, and in partnership with the Foundation for the Common Land, set up the Hill Farming Training Project (p) and employ a Co-ordinator	Jul	*Re-scheduled*[1]
14.3	Produce and updated 'Trends and Status Report' to show progress in implementing the Biodiversity Action Plan (p)	Jul	***Achieved***

15	**Work with parish councils, local community groups and landowners to increase from 20 to 45 the number of sites that are being managed for nature by local community or volunteer groups by 2018.**		
15.1	With RSPB, run the Peregrine viewpoint at Malham Cove	Aug	***Achieved***

16	**Support farmers and landowners to create at least 400 hectares of new native woodland by 2020, to strengthen habitat networks, increase carbon storage and help to reduce flooding.**		
16.1	Submit a bid to the Cumbria Floods Partnership for a programme of measures to improve natural flood management in the Upper Lune Catchment	Jun	***Achieved***
16.2	With funding from the People's Trust for Endangered Species, undertake a hedgerow survey in mid-Wensleydale	Sep	***Achieved***

17	**Ensure that at least 66% of all woodland is in active management by 2018, and develop a locally-based woodfuel initiative.**		
17.1	Advise on 6 new or renewed Countryside Stewardship Agreements in order to identify areas for woodland creation and the management of existing woodlands	Sep	***Achieved***

[1] Hopefully on course for completion of setting up phase with farmers trained by end of March 2018, but dependent on LNP board approval and NNPA. Still discussing whether it should be a franchise from the FfCL.

18	**Make semi-natural habitats more resilient and adaptable to the uncertainties of climate change and the risks from new pests and diseases by helping farmers and landowners to 'buffer' or link together key gaps between priority sites by 2018.**		
18.1	Work with the North Pennines AONB and other partners to develop a revised Stage I bid to the Heritage Lottery Fund for a 5-year programme to restore and connect natural habitats across Swaledale and Arkengarthdale	Sep	*Rescheduled*[2]

19	**Provide an efficient development management service that supports appropriate opportunities for economic and community development whilst helping to conserve and enhance the special qualities of the National Park, including ensuring that 65% of minor and 80% of 'other' planning applications are being determined within eight weeks and at least 80% of applicants are satisfied with the service provided.**		
19.1	Review land charge search service and bring it into line with constituent councils	Jun	***Achieved***
19.2	Publish the Design Guide (p)	Jul	***Achieved***
19.3	Review the Planning Enforcement Policy to introduce a system of proactive monitoring and compliance	Sep	***Achieved***
19.4	Introduce a more-streamlined system for monitoring and reporting performance	Sep	***Achieved***

20	**Take on at least 6 apprentices in countryside management and heritage skills by 2019.**		
20.1	Take on 4 other apprentices across the Authority (in planning; communications; wildlife; heritage) (p)	Sep	***Achieved***

21.	**Improve the quality, variety and marketing of the tourism 'offer' based on the local distinctiveness within the National Park to increase the number of overnight visitors and increase the value of tourism by 20% in real terms by 2020 (compared to 2012).**		
21.1	Explore using the Viewranger app to make walking routes available digitally	Jun	*Re-scheduled*[3]
21.2	Establish the costs and benefits of the National Park becoming a 'Dark Skies Reserve'	Sep	***Achieved***

[2] Rescheduled to December 2017 to re-submit bid to National HLF
[3] Will carry out this work during winter due to prioritising other work areas

22.	**Support construction of at least 75 affordable dwellings and 75 'local market' dwellings by 2018**		
22.1	Promote the new housing policies and the allocated sites to builders, developers, agents and landowners (p)	Jun	***Achieved***
22.2	Determine whether to confirm the proposed Article 4 direction (removing permitted development rights for change of use light industrial buildings to open market housing)	Jun	***Achieved***
22.3	Publish the Annual Monitoring Report showing progress in implementing the Local Plan	Jun	***Achieved***
22.4	Publish the final 'publication' version of the Local Plan and associated maps	Jun	*Re-scheduled*[4]
22.5	Publish and respond to examiner's report, Carr House Neighbourhood Development Order, Mallerstang	Jun	***Achieved***
22.6	Establish an indicative target for new dwellings in the new area of the National Park, based on the existing Local Plans (p)	Jul	*Re-scheduled*[5]
22.7	Support the development of a York, North Yorkshire and East Riding Spatial Plan	Sep	***Achieved***

23	**Use the Sustainable Development Fund (SDF), New Homes Bonus and other funding sources to support at least 20 new projects each year that bring economic, social and environmental benefits to the National Park.**		
23.1	Review the Sustainable Development Fund to make process easier for very small grant applications	Apr	***Achieved***

24	**Plan and manage all aspects of the Authority's business to make the most effective use of our resources and develop our capacity for income generation to maintain our annual income at £6.6 million.**		
24.1	Contract for and then roll-out replacement car park ticket machines	May	***Achieved***
24.2	Procure a new phone system and roll this out across the Authority's premises (p)	Jul	*Re-scheduled*[6]
24.3	Migrate the 'office' suite of IT applications to Microsoft 365	Jul	*Re-scheduled*[7]

[4] Delayed because of other commitments eg. publishing Dales newspaper. Now estimated December 2017
[5] This will be delivered through the Management Plan review
[6] Phone system procurement was put on hold pending investigation into a potential shared service with the Peak District NPA
[7] This needed considerable work on our current system before an upgrade could be started. Progress is being made but it's currently on-going. To be completed by January 2018.

24.4	Review the Authority's approach to travel expenses	Sep	*Re-scheduled*[8]
24.5	Update the IT servers, back up devices and storage, to ensue they remain fit for purpose	Sep	*Re-scheduled*[9]

25	**Provide high quality, efficient and effective services and communications to the public and in doing so maintain the 'Customer Service Excellence' (CSE) standard every year.**		
25.1	Review the Media Procedure & Protocol	Jun	***Achieved***
25.2	Retain the CSE standard following the annual re-accreditation process	Aug	***Achieved***
25.3	Publish and distribute 2 editions of the 'Dales' newspaper to all properties in the National Park	Sep	*Re-scheduled*[10]
25.4	Ensure the Authority maintains 'Investor in People' status	Sep	***Achieved***
25.5	Review and replace the car park signs at Authority sites	Sep	*Re-scheduled*[11]

26	**Operate corporate governance and financial arrangements that are fit for purpose, as evidenced through the Annual Governance Statement, the Annual Governance Report, and an unqualified audit opinion.**		
26.1	Produce an Annual Governance Statement	Apr	***Achieved***
26.2	Review the Member Code of Conduct	Jun	***Achieved***
26.3	Review the Data Protection Policy	Aug	***Achieved***
26.4	Review the Authority's Financial Regulations	Sep	***Achieved***
26.5	Produce the Statutory Accounts for 2016/17, and achieve an unqualified external audit opinion	Sep	***Achieved***
26.6	Review the Anti-Fraud & Corruption Policy	Sep	***Achieved***

[8] Re-scheduled due to staff resourcing issues. Should be done by December.
[9] The requirements for our on premises storage requirements was closely linked to 24.3. This is now finalised and the replacement project is now underway. To be completed by January 2018.
[10] It was agreed that from this year Spring and Summer Dales would become Summer and Winter, so the second one will be published in November instead of September.
[11] Good progress has been made, however, it hasn't been completed yet, but it will be by February 2018.

27	**In partnership with key organisations, and in consultation with local communities, update the National Park Management Plan by 2018 to take into account the needs and opportunities of the extended National Park.**		
27.1	Establish a new NPMP Steering Group, to include representation from the new area of the National Park	Apr	***Achieved***
27.2	Produce a report showing the existing provision of 'Ecosystem Services' in the National Park	May	***Achieved***
27.3	Publish the NPMP Steering Group's Annual Report	Jun	***Achieved***
27.4	Carry out initial public consultation on the big issues that will need to be tackled in an updated NPMP (p)	Jun	***Achieved***
27.5	Prepare a set of detailed evidence reports to inform the drafting of the updated NPMP	Aug	***Achieved***

28	**Ensure a robust and transparent performance management framework is in place and is driving improvement, so that at least 75% of the Authority's objectives are achieved or remain 'on course' each year.**		
28.1	Publish the Corporate Plan 2017-20	Apr	***Achieved***
28.2	Produce a detailed Action Plan to deliver the Authority's objectives in 2017/18	May	***Achieved***
28.3	Publish a detailed report on the Authority's performance in 2016/17	Jul	***Achieved***
28.4	Carry out a fundamental review of the Authority's priorities	Sep	***Achieved***

A distinctive living, working cultural landscape that tells the story of generations of people interacting with their environment

Determine the Authority's approach to dealing with the Yore Mill listed building at risk.	Dec
Develop initial proposals for how a National Park FARM scheme could be applied in the Yorkshire Dales National Park	Dec

A friendly open and welcoming place with outstanding opportunities to enjoy its special qualities

Install boundary signs to delineate the new area of the National Park (postponed from 2016/17)	Nov
Introduce a new IT system to support and make the most effective use of volunteers	Mar

YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 7**

Committee: **AUDIT AND REVIEW**
Date: **14 November 2017**

Report: **MEMBER PARISH FORUMS: PERFORMANCE REVIEW**

Purpose of the report

1. To establish a small, Member-led group to examine the effectiveness of the two-year pilot of the Member Parish Forums.

RECOMMENDATION

2. That Members approve the establishment of a small task and finish group to examine the Member Parish Forum pilot and produce recommendations for the future.

Strategic Planning Framework

3. The information and recommendation(s) contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework:

   - ***Corporate Plan objectives***
     Objective 25: "Provide high quality, efficient and effective services and communications to the public…"

Background

4. Members considered a paper at the Authority meeting in December 2014 on future Member engagement with Parish Councils. At the heart of this issue was a recognition that — outside of Authority meetings — it was often unclear whether Members were speaking on behalf of the Authority or wearing one of their other political 'hats'. As a consequence, the Authority approved the establishment of two new 'Parish Forums', and set out arrangements for how they would operate. These details are shown in **Appendix 1.** It was agreed that the operation of the new Parish Forums should be reviewed after they had been in place for 2 years.

5. The first two Parish Forums ('north' and 'south') took place in September 2015. As a result of the extension of the National Park boundary, a further 'western' Parish Forum was established in 2016 (made up of 3 of the Cumbrian parishes that were in the northern forum and the new parishes that joined the Park in August 2016).

6. The establishment of the pilot Parish Forums was an attempt by the Authority to engage more widely and more successfully, with the many Parish Council and Parish Meetings within the National Park. In effect, the Authority was providing a 'vehicle' with which to engage with Parish Councils but the success or otherwise of the venture would be determined by the Parish Councils themselves.

Membership

7. Performance Review teams are usually led by a Member from the Audit and Review Committee and the Member Champion for the area of work involved. In this case, there is no relevant Member Champion. As the initiative is obviously 'political' in nature, it is suggested that this role is carried out by the Chairman of the Authority, who has attended all meetings as a matter of course. This leaves the need to appoint a Member from this Committee. It would be helpful if this appointment was not one of the two parish Members who sit on this Committee (because those Members have been directly involved in *delivering* the Parish Forums).

8. The officers on the team will be as follows:
   - David Butterworth Chief Executive
   - Julie Payne Committees Officer & Principal administrator for the pilots
   - Peter Stockton Head of Sustainable Development

Timetable

9. There is a difficulty with proposing any timetable for the review because the next meeting of the Audit and Review Committee is not until April. The role of this Committee is to carry out a review; the decision on whether or not to continue with the Parish Forums rests with the Authority. Thus, the first meeting at which the Authority could consider that issue would be June 2018. This gives a difficulty in the sense that the next round of parish forum meetings would normally take place in spring 2018. In order to deal with this problem it is suggested that approval be sought from the NPA at the December meeting to extend the current pilot to include meetings in the spring of 2018.

Issues for consideration

10. Since 2011, these Member-led performance reviews have focussed on delivering efficiency savings. This emphasis on the need to consider value for money, either by reducing costs whilst retaining quality or getting more from the resources available is a theme within the current 'framework' for reporting 'performance reviews' [attached as **Appendix 2**]. This sets out the core questions that need to be considered by such reviews.

11. The review group itself will have a number of ideas about the areas that it needs to look at but there are a number of areas that are considered essential:
    - What are the views of Parish Councils who took part in the Forums?

- What are the views of Parish Councils who did not take part, and why did they not want to take part?
- What was the cost of delivering the Parish Forums?
- What are the views of the YDNP Parish Members who led the events?
- What data do we have on attendance?
- What are the views of the officers who attended the events?
- What were the views of those other Members of the Authority who attended the events?

12. All of this should give a solid body of evidence in answering the fundamental question: are the Parish Council Forums a cost-effective and efficient way for the Authority to engage with the Parish Councils within the National Park?

13. There is already a considerable body of evidence which the working group can consider. This includes detailed information and appraisals from parish councillors and the Members and officers who attended each individual parish forum. These were collected at the time and it would be useful to share this evidence.

14. It was also suggested that a questionnaire can be sent out to all the National Parks parish councils and parish meetings seeking their views on the initiative.

David Butterworth
Chief Executive

5 October 2017

Appendix 1

Parish Forum Initiative

Two new Parish Forums should be established. (one covering the Craven Parishes and one covering the Richmondshire and South Lakeland Parishes). The following principles would guide the detailed arrangements:

a. The Forums should be genuinely '2 way' and would be run in partnership with Parish Councils. Meetings could be chaired by a representative of the Parish Councils, and agendas would be agreed in advance, to include items requested by Parish Councils;

b. The Forums would be supported by officers but the Authority's input would be led by the Members;

c. Authority representation at the Forums would include the Chairman, Deputy Chairman and the two relevant 'Parish Members';

d. Authority Members would attend Parish Forums as representatives of the Authority (i.e. not wearing any of their other 'hats');

e. The Forums could cover all and any issues related to the National Park Management Plan (i.e. not limited to issues for which the NPA is the lead body);

f. Other organisations would be invited to attend where there were specific items of relevance to their statutory responsibilities;

g. Each Forum would meet twice a year (with each Forum meeting in alternate quarters).

Members agreed that the review of the operation of the new Parish Forums should take place 2 years after they commenced.

Appendix 2

FRAMEWORK FOR REPORTING PERFORMANCE REVIEWS

1. The issues

a) What are the specific performance/cost issues that the review has been set up to tackle?

b) Why do the issues matter?

2. Current performance

a) How is the service currently being delivered?

b) What are we *supposed* to be achieving (i.e. what are our current objectives, targets, standards etc)?

c) What are we *actually* achieving?

d) How much is it costing?

3. The evaluation

a) How do our current costs and performance compare to other bodies (NPAs and/or other bodies providing the same type of service)?

b) Are the current objectives realistic given the current priority of the programme and any funding decisions already taken?

c) What are the potential options for alternative ways of delivering the service to improve value for money - given the current priority of the programme and any funding decisions already taken?

d) Are there any other options (e.g. ending the service, reducing quality etc)?

4. Future action

a) Recommended action plan

b) Future funding/resourcing implications

c) Timetable for implementation

YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 8**

Committee: **AUDIT AND REVIEW**
Date: **14 November 2017**

Report: **ANNUAL REVIEW OF THE EFFECTIVENESS OF THE ARRANGEMENTS FOR RISK MANAGEMENT**

Purpose of report

1. To provide Members with the opportunity to review the effectiveness of the arrangements for risk management, in line with the Authority's Risk Management policy.

Recommendations

2. That Members:

(a) agree that the Strategic Risk Register contains all identifiable higher level risks which the Audit & Review Committee requires to be monitored.
(b) Note the other content of this report.

Strategic Planning Framework

3. The information and recommendations contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework, and in particular to operate corporate governance and financial arrangements that are fit for purpose (Objective 26, Corporate Action Plan 2017/18).

Background

4. The Authority's Risk Management Policy applies a tiered approach involving:

- an **Annual Risk Management Plan**, to demonstrate to our 'Corporate Plan' audience that we are aware of, and have plans to manage, the risks that could otherwise defeat the delivery of our priorities;

- a **Strategic Risk Register ,** to demonstrate to the members of this committee that there is an active process of identifying and managing truly strategic risks;

- an **Operational Risk Register** (designed to hold the details about how each risk, and its components, are controlled), to demonstrate to other audiences that we have a detailed but proportionate approach to all of the various components of risk. These 'other audiences' include the external and internal auditors, UNISON and our insurers.

5. Paragraph 30 of the Risk Management Policy states that:

> *"The Audit & Review Committee will, on an annual basis (at their autumn meeting), evaluate the effectiveness of the arrangements for risk management. This evaluation will be based on a report to the Committee by the Director of Corporate Services, which will address the following issues:*
>
> - *The latest Annual Governance Statement, and any issues arising from it;*
> - *Whether Audit and inspection reports received since the last annual evaluation highlight any particular strengths or weaknesses;*
> - *Any major incidents which have occurred since the last evaluation;*
> - *Any developments in good practice in this area; and*
> - *The extent to which risk management is becoming embedded in organisational processes.*
>
> *This report will include copies of the Strategic Risk Register and the Annual Risk Management Plan."*

6. The Annual Risk Management Plan (**Appendix 1**) was prepared by the Senior Management team, based on the Authority's priorities as set out in the 2017/18 Corporate Action Plan. The Strategic Risk Register (**Appendix 2**) has been reviewed by the Senior Management Team, most recently in October 2017, to ensure that it remains valid.

Discussion

7. The Authority's most recent **Annual Governance Statement** (AGS), as appended to the 2016/17 Annual Accounts, identified a number of areas to be addressed in 2017/18 (**Appendix 3**). Whilst this list makes no specific mention of risk, it is clear that failing to complete these actions to a satisfactory level will present varying levels of risk.

8. The **External Auditors Opinion**, covering all aspects of the Authority's work on its annual report and accounts (for the auditing cycle examining the accounts for the year ended 31 March 2017) concluded with an unqualified opinion on the way in which the Authority conducts and controls its activities. No additional material risks were identified.

9. All **Internal Audit reports** completed in 2017 by our contracted-out internal auditors have been presented to Members (this committee, 11 April 2017). None of the reports identified significant weaknesses, and the 'level of assurance' over the controls examined remains good. Whilst these internal audits recommended some improvements to the systems operated (which have now been implemented), there were no findings that added to either the Strategic or Operational Risk Registers. As also reported to this committee in April, the overall opinion on the adequacy of the controls operated by the Authority is that they provided High Assurance.

10. No new strategic risks have been identified in the past year; this is to be distinguished from issues or events affecting the assessment or control of existing risks.

11. Risk management processes are continuing to be further embedded within the Authority's work:

- The Senior Management Team has completed their scheduled reviews of the Operational Risk Register (in line with the Risk Management Policy; May and October 2017).
- Scheduled meetings are taking place with our insurance advisers, to make sure that we identify new risks as they emerge.

Richard Burnett
Director of Corporate Services
23 October 2017

Annual Risk Management Plan 2017/18

This plan considers the Authority's four priorities for 2017/18, as recorded in the Corporate Action Plan. The main activities contributing to each of these priorities has been considered and an overall risk assessment made, looking at the impact of the risk should it occur and the likelihood of the occurrence. Reviewed and updated by SMT, 6 October 2017.

	RISK			COUNTER MEASURES		
Priority objective for 2017/18	*Causes*	*Effects*	*Risk rating*	*Taken (controls in place)*	*Planned*	*Residual Risk*
Land Management and Biodiversity						
17.Support farmers and landowners to get 85% of the area covered by priority habitats into 'good condition' by 2016, and then maintain at least that level.	Introduction of new agri-environment scheme from 2015 Funding cuts Brexit	Long-term reduction in funding for habitat restoration and management outside SSSIs	Manageable (short term)	YDNPA led process to validate targeting data for new scheme. High Nature Value farming pilot project 'Results-based agri-environment scheme pilot in Wensleydale	HLF bid for habitat restoration project with North Pennines AONB	Material
19. Support farmers and landowners to create at least 400 hectares of new native woodland by 2020.	None: already achieved					
20. Ensure that at least 66% of all woodland is in active management by 2018.	Boundary extension	More woodland that is not yet in active management	Manageable	Partnership with FC/YDMT and Woodland Trust – secured additional funding for woodlands		Manageable
22. Make semi-natural habitats more resilient and adaptable by helping farmers and landowners to 'buffer' or link together key gaps between priority sites by 2018.	Introduction of new agri-environment scheme from 2015	Long-term reduction in funding for habitat restoration and management outside SSSIs	Severe	Priority sites identified and relevant policies included in Local Plan. Individual projects e.g. Dormouse woodland network in Wensleydale.	HLF bid for habitat restoration project with North Pennines AONB	Material

	RISK			COUNTER MEASURES		
Priority objective for 2017/18	*Causes*	*Effects*	*Risk rating*	*Taken (controls in place)*	*Planned*	*Residual Risk*
Rights of Way (Objective 8) – Maintain and promote the network of public rights of way – including the Pennine Way, Pennine Bridleway and other recognised regional routes and trails − so that, on average, 90% are 'easy to use' each year.	Less money available to employ contractors, so rights of way staff are now undertaking larger projects on individual routes to the detriment of some routine maintenance across the whole area. One new access ranger post created for Cumbria, post extension, however several access rangers now have bigger areas and more rights of way to cover. Retirement of experienced staff, so less able to significantly increase capacity through using volunteers Also little option of employing additional staff to cover an area when someone on extended sick leave – due to physical nature of the work. Rights of way staff are accommodating additional duties other than rights of way work (eg building plinths for boundary signs). With respect to National Trails work Natural England grant is under scrutiny so could be cut further, or withdrawn completely and an alternative body (similar to NPP) set up.	Poor feedback from user groups if any delay to undertaking works Long-term reduction in standard of the rights-of way network, and Pennine National Trails	Material Severe	Flexibility in Rangers work plan, and regular meetings with user groups give opportunity to explain progress on projects. Targets for each area, and regular monitoring together with extensive use of volunteers, helps to keep on top of routine work within each area. An additional access ranger post was created through the reorganisation, A further post was split between areas to help with backlog. Natural England has set up a working group to look at alternatives models for providing funding e.g. setting up a trust. An application is being made to HLF's resilience fund.	See 'Taken'. No further actions planned at this time, but arrangements are being kept under review	Material Material
Volunteers and Apprentices a) Give people from all backgrounds an opportunity to enjoy and make a difference to the National Park by providing at least 5,000 volunteer days per year, with 10% of individuals coming from under-represented groups by 2018. (Objective 12)	Only a finite number of people live in close proximity to the National Park, and of those only a limited proportion are willing to volunteer, and/or are from under represented groups. Lack of willingness of staff to engage with volunteers to help with their work	Number of volunteer days remains static Individuals are put off by what is seen as a lengthy and bureaucratic induction process.	Material	Recruit volunteers living in close proximity to the National Park as vacancies arise Volunteering has been widened out so all volunteers are no longer required to undertake a year long induction to become Dales Volunteers', people can volunteer for specific activities.	Strategy has been reviewed and is now starting to be implemented. Volunteer supervisor handbook will be produced	Manageable

	RISK			COUNTER MEASURES		
Priority objective for 2017/18	*Causes*	*Effects*	*Risk rating*	*Taken (controls in place)*	*Planned*	*Residual Risk*
b) increase from 20 to 45 the number of sites that are being managed for nature by local groups by 2018. (Objective 18)	Funding cuts	Insufficient resources to deliver.	Severe	National lobbying via ENPAA Project group set up to secure external funding.	External funding bids	Material
Development Management 23. Provide an efficient development management service that supports appropriate opportunities for economic and community development whilst helping to conserve and enhance the special qualities of the National Park, including ensuring that 65% of minor and 80% of 'other' planning applications are being determined within eight weeks and at least 80% of applicants are satisfied with the service provided	Shortage of qualified planning staff	Insufficient staff to deliver quality/timely service	Material	Created and filled two new 'career grade' posts Use of consultants and staff from other parts of the Authority Staff overtime etc.	Benchmarking of salaries with other bodies Review of effectiveness of re-organisation	Manageable

APPENDIX 2

Strategic Risk Register

This register records the 'higher level' or strategic risks facing the Authority and identifies who is responsible for managing them. Full details of how each risk is managed are included in the Operational Risk Register.

Category of Risk	Description	Risk Assessment	Owner	Entry on Operational Risk Register
Strategic & Commercial risks				
1. Reputation damage	Damage that undermines relationships with key partners, sponsors or the workforce, to the extent that the Authority's objectives become undeliverable.	Severe	Members / CEO	1
2. Partnerships	Failure to achieve objectives in an efficient / effective / economic manner or to identify joint liabilities.	Material	Members / CEO	2
Economic & Financial risks				
3. Failure of Defra Grant	Further significant cut (>5%) in Defra core grant, necessitating additional operational cut-backs.	Severe	CEO/ SMT	4
4. Other Funding Risks	Failure (i.e. absence or shortfall) of External 'Grant' Funding; Ineffective partnership with YDMT; Bad Debts; Shortfalls in earned income.	Severe	CEO/ SMT	4
Organisational management & human factors				
5. Ineffective management	Failure to complete projects / meet targets; failure to follow agreed Policies and Strategies (procedural, operational and legal risk).Potential to lose focus on delivery, and consequent failure to deliver Corporate Plan actions; exposure to personnel-related issues when agreed policies are not adhered to.	Material	CEO/ SMT	13
6. Loss of Key Staff	Inability to deliver corporate objectives or to maintain services at agreed / accepted levels.	Material	CEO/ SMT	15
7. Health & Safety	Risk to staff, Members, volunteers and the public where proper procedures are not followed.	Material	CEO/ Directors/ Dept Heads	17

Category of Risk	Description	Risk Assessment	Owner	Entry on Operational Risk Register
Political and societal factors				
8. Public liability	Professional advice (e.g. planning, agricultural-related) given proves to be inadequate, leaving the Authority with significant exposure should such an instance materialise. Also, public liability in relation to works undertaken by the Authority that provides services or recreational opportunities to the public.	Material	MO/ DoCS	11
Environmental factors				
9. Climate Change	Long term risk to Park itself and to Authority operations	Severe	Members / SMT	25
Technical, operational and infrastructure risks				
10. Loss of IT system and records	Arising through either failure of communication network, or systematic failure of server environment, or of the maintenance capacity of either; leads to inability of Authority to operate.	Severe	HoFR/ Snr IT Officer	26

Significant Governance Issues

Extract from the Authority's Annual Governance Statement, published on 26 September 2017; comments on subsequent activity are shown in bold text.

The review of effectiveness has identified the following areas to be addressed over the next 12 months:

- Review of National Park Management Plan. There is a statutory duty to review the National Park Management Plan "at intervals of not more than five years" (s66 of the Environment Act 1995).

  The National Park Circular (statutory guidance) makes clear that the National Park Management Plan is the single most important document for the management of the National Park. It guides the work and plans of a range of organisations and provides the framework for a number of other key strategy documents, including the Local Plan. The Plan will set out a long term vision for the National Park through to 2040 and a series of specific objectives for the next five years. Approximately 95% of the area of the National Park is in private ownership, so it is important that the NPMP engages with local people, and is responsive to their interests – as well as the wider 'national' interest. The next review, which should be completed by March 2018, will provide the first opportunity to further engage with residents and organisations particularly in the new area of the National Park and get a clear view of their hopes and aspirations.

  The Steering Group has been operational since May; drafting groups have been established and the initial consultation has been completed. The draft plan is due to be published in February, and we are currently on target for its launch, scheduled for July 2018.

- Changes to accounting and reporting processes. The Treasurer will need to consider changes to reporting standards which require a closer link to be made between the year-end and management accounts. The shortening of the timetable for preparing the annual accounts in 2018 (from September to July) will require a revision to the Authority's annual timetable of meetings.

  This issue has now been resolved: Members have agreed to an additional meeting at the end of July each year (from 2018 onwards).

- Reviews of corporate documents (strategies and policies), in line with the 5 year cycle of planned reviews.
  - Complaints Policy (April)
  - Financial Regulations (May)
  - Media Procedure & Protocol (June)
  - Member Code of Conduct (June)
  - Access to Information Policy (August)
  - Data Protection Policy (August)
  - Anti Fraud and Corruption Policy (September)
  - Planning Code of Good Practice (November)

All of these documents have now been reviewed and revised, excepting the Planning Code of Good Practice, the review of which is scheduled to take place in November.

- Performance reviews and major project reviews for 2017/18. A performance review of income generation and two major project reviews - into the implementation of the boundary extension, and charging for toilets - will be undertaken. A performance review of parish forums will follow the performance review of income generation, giving the new parish forum for the western area a chance to establish itself.

  At the date of this report, the reviews of income generation and charging for toilets were underway.

YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 9**

Committee: **AUDIT & REVIEW**
Date: **14 November 2017**

Report: **ANNUAL GOVERNANCE REPORT**

Purpose of the report

To present the Annual Governance Report setting out how the Authority has complied with the Local Code of Corporate Governance during the past twelve months and in particular on how the effectiveness of the governance arrangements has been monitored; and to recommend updates to the Local Code.

Recommendation

That the Committee receives this Annual Governance Report and approves the updates to the Local Code.

Strategic Planning Framework

The information and recommendation contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework:

Corporate Plan 2016/19

> Objective 26: Operate corporate governance and financial arrangements that are fit for purpose, as evidenced through the Annual Governance Statement, the Annual Governance Report, and an unqualified audit opinion.

Background

"Governance" is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

The Authority has based its corporate governance arrangements on the "Good Governance Standard" produced in 2005 by the Independent Commission on Good Governance in Public Services. This document was subsequently customised for local government into the Framework "Delivering Good Governance in Local Government", by CIPFA (The Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives). The Framework was first produced in 2007, adopted by the Authority in 2008 and revised in 2012.

A fundamental review of the Framework was undertaken by CIPFA and SOLACE in April 2016. This review changed the core principles and sub principles which underpin the governance arrangements at all local authorities. In November 2016 the Authority

adopted a revised Local Code of Corporate Governance (the Local Code) as attached at **Annex A,** which incorporated the Authority's Corporate Governance Policy and the new core principles and sub principles of the revised CIPFA/SOLACE Framework.

The Local Code is intended to assist authorities, individually, in reviewing and accounting for their own unique approach and helping local government to take responsibility for developing and shaping an informed approach to governance to achieve the highest standards in a measured and proportionate way. The overall aim is to ensure:

- *that resources are directed in accordance with agreed policy and according to priorities*
- *that there is sound and inclusive decision making, and*
- *that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities*

The Local Code should be maintained/reviewed on an annual basis.

This Authority has adopted a cyclical approach to its corporate governance arrangements which is illustrated by the diagram at **Annex B**. This report should not be seen in isolation, but in conjunction with the processes which operate as part of the Authority's governance arrangements.

These include:

- the priorities-setting process;
- production of the annual Budget and Corporate Plan to reflect those priorities;
- the regular monitoring and reporting in public of performance against objectives, targets, and performance indicators;
- the annual report of progress in relation to the National Park Management Plan;
- performance appraisal of staff, including the setting of actions designed to deliver the objectives in the Corporate Plan;
- the maintenance of the strategic risk register and the operational risk management register (see separate report on risk management, on the agenda for this meeting);
- the continual refreshment, through review, of the Authority's suite of policy and strategy documents;
- the extensive training delivered through the year to Members and to officers;
- the external accreditation of the Authority's people management (IIP) and customer services (Customer Services Excellence) processes;
- External and Internal Audit;
- Regular monitoring of targets and financial performance by SMT.

Review of Existing Arrangements

This process includes:

a) Maintenance of the Local Code (see **Annex A**) through annual review. Following on from the adoption of the Local Code in 2016, minor changes are suggested as highlighted in yellow.

b) Monitoring of progress in relation to the actions identified in the April Annual Governance Statement. An update is provided for Members in Appendix 3 of the separate report on Risk Management elsewhere on the agenda. For the purposes of this report, however, Members should note that good progress has been made and there are no matters to highlight for attention.

c) Consideration of issues and achievements since November 2016. Again, good progress has been made and there are no issues to highlight for attention. Members should note that, In addition to the programmed review of corporate documents as shown in the Risk Management report mentioned above, work has been carried out on the following:

- Adoption of the Local Plan, December 2106 ;
- Review of the Statement of Community Involvement (Local Plan) ;
- Preparing the Authority for the implementation of the General Data Protection Regulation in May 2018. The updated Data Protection Policy, along with supplementary guidance on key changes, was circulated to Members and officers in June 2017 and will be kept under review as required. The Monitoring Officer has been designated as Data Protection Officer.

- Equality : a progress report on compliance with the Equality Duty was approved by SMT in October following the annual meeting of the Equality Working Group. The report highlighted, in particular, the increase in use of equality impact assessments for new projects and policies over the past twelve months. Training on the Equality Duty was provided for, and well attended by, Members and officers in June of this year.

- The Risk Management Policy has been reviewed (see previous comment in this report).

- Following the adoption of the Member Code of Conduct, guidance was re-circulated to Members in June 2017 on the requirement to maintain the accuracy of the Register of Interests . Guidance was also circulated to members explaining the restrictions which operated in relation to publicity in the period which is generally known as “purdah” before the County Council Elections;

- A review of the Authority’s performance was considered by the Audit & Review Committee in July;

- In September Members considered the impact of legislative changes to the date by when accounts must be approved, and agreed arrangements to deal with the approval of the Authority’s accounts;

- Members approved the revised Anti Fraud, Bribery & Corruption Policy. In 2014, the Chartered Institute of Public Finance & Accountancy produced a voluntary code of practice for public bodies “ Managing the Risks of Fraud and Corruption. Each year the Authority’s arrangements are reviewed in this annual report. Accordingly, having considered all the principles, I am satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

- Training on both the appraisal process and recruitment was held for officers during the summer.

c. The following actions are programmed to take place between now and March 2018:

- Continuation of work on the National Park Management Plan, through to adoption
- A review of the Scheme of Delegation to Officers and Committees
- A review of the Planning Code of Good Practice
- Completion of the performance review on the Income Generation Strategy and two major project reviews (the implementation of the boundary extension; charging for toilets).
- An update to the Independent Persons Protocol (in progress)

Sources of Assurance

In corporate governance terms, Authority Members need to look for assurance that proper governance arrangements are in place. This report is part of that process. The other sources of assurance are as follows:

- The annual report of the external auditor, Ernst & Young (EY) which was considered by the Authority at its meeting on 27th September 2017. EY is required to issue a conclusion on the arrangements made by the Authority in relation to securing economy, efficiency, effectiveness and value for money in its use of resources. The external auditor has now issued an unqualified audit opinion on the 2016/17 Statement of Final Accounts.

- The external auditor has also issued a positive audit opinion as a conclusion to their value-for-money review, which is based on an assessment of whether the Authority has proper arrangements for securing financial resilience, and proper arrangements for challenging how economy, efficiency and effectiveness are secured.

- Internal Audit (Veritau) concluded that the Authority has embedded risk management arrangements within the organisation which operate effectively; and that the Authority's corporate governance arrangements are sound.

- The three statutory officers of the Authority (the Chief Executive, Chief Finance Officer and Monitoring Officer) have independent legal obligations which include reporting on any matters where the probity or legality of the Authority's actions or proposed actions are at stake. To date no such reports have been necessary.

Update on Ombudsman complaints.

The Local Government Ombudsman (the Ombudsman) investigates complaints of injustice arising from maladministration by councils and other authorities, including National Park Authorities.

Each year, the Ombudsman publishes a summary of statistics on complaints received during the previous twelve months. The summary, in the form of an Annual Letter, is specific to individual authorities and includes the number of enquiries and complaints received, and the decisions made, as well as a breakdown of any upheld investigations and how they were remedied.

The Annual Letter for 2016/17, published in July this year and which can be viewed online at www.lgo.org.uk, summarises the complaints and enquiries relating to the Yorkshire Dales National Park Authority received by the Local Government Ombudsman in the year to 31 March 2017. Members should note that, during this period, the Ombudsman received one complaint (planning related) which was subsequently investigated and not upheld. No other enquiries were received.

Conclusion

Other than as detailed in this report, there are no other significant developments in public sector governance that I need to bring to the attention of the Authority. Members should note that there is a Corporate Plan commitment to review the size, membership and appointment to the Authority within the next three years.

Gill Cooper
Solicitor/Monitoring Officer
October 2017

ANNEX A

Yorkshire Dales National Park Authority
LOCAL CODE OF CORPORATE GOVERNANCE

1. Introduction

Every local government body operates through a governance framework that brings together an underlying set of legislative requirements, governance principles and management processes. Corporate governance arrangements encompass all of the policies and procedures that determine and control the way the authority operates.

Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes from the service provided .

The foundation of the Authority's corporate governance arrangements can be traced directly to the "Good Governance Standard for Public Services" published by the Independent Commission on Good Governance in Public Services in January 2005, and subsequently refined for local government through a framework promulgated in 2007 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

In March 2008, the Authority adopted its own governance principles, customised to its own needs and circumstances from this framework.

Since then, local government has been subject to continued reform to improve local accountability and engagement, and in 2016 CIPFA and SOLACE produced a revised framework "Delivering Good Governance".

This framework defines the principles that should underpin the governance of each local government body, and provides a structure which should assist individual authorities with their governance arrangements.

The Core Principles are:

- **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values , and respecting the rule of law;**
- **Principle B: Ensuring openness and comprehensive stakeholder engagement;**
- **Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits;**
- **Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes;**
- **Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it;**
- **Principle F: Managing risks and performance through robust internal control and strong public financial management;**
- **Principle G: Implementing good practice in transparency, reporting and audit to deliver effective accountability.**

In addition to the ***overarching requirements for acting in the public interest*** in Core Principles A and B, achieving good governance also requires a commitment to Core Principles C to G. In order to translate

these principles into practice, the Authority has adopted this ~~Corporate Governance Policy supported by a~~ Local Code of Corporate Governance.

2. The Authority's Values

The Authority has adopted six Values, which apply to all its work:

- Improvement
  We will continually strive to improve our performance in delivering National Park purposes and welcome feedback to help us do this.

- Accountability
  We will explain and take responsibility for our decisions and actions.

- Commitment
  We will do what we say we will do.

- Integrity
  Our relationships with the public, partners and each other are built on honesty, transparency, equality, impartiality and consistency. We welcome and respect diversity and demonstrate equality in working relationships.

- Involvement
  We are open and approachable, and are proactive in encouraging wider and diverse participation in achieving our statutory purposes.

- Valuing People
  We value the people who work for us and will ensure that they are equipped and empowered to provide professional services to the public.

3. Responsibilities

All Members of the Authority are collectively and individually responsible for good governance; Members are the governors. ~~The Members who are first among equals in this responsibility are as follows:~~

- ~~the Chair of the Authority, who has a unique leadership role in ensuring the development of a culture within the organisation which reflects its values;~~
- ~~the Chair of the Audit & Review Committee; and~~
- ~~the Member Champion for Corporate Management.~~

Primary responsibility rests with the Chair of the Authority who has a key role in ensuring there is a culture within the organisation which reflects its values. The Chair is supported in this role by all Members, but in particular the Deputy Chair, the Committee Chairs, and the Member Champion for Corporate Management.

The Audit & Review Committee is responsible for advising the Authority on its corporate governance policies and agenda, and implementing and managing the Authority's agreed policies in this area. It receives an annual corporate governance report from the Monitoring Officer.

The Standards Committee has an important role in the ethical governance of the Authority since it deals with complaints of breach of the Code of Conduct by a Member, and also with applications by Members for dispensations to speak, or to speak and vote, when they have a disclosable pecuniary interest. The Committee has the power to make recommendations to the Authority on issues of Member conduct, where these arise out of its consideration of complaints or applications for dispensations.

At officer level, good governance is first and foremost the responsibility of the Authority's three **"Statutory Officers",** namely the **Chief Executive, the Treasurer, and the Monitoring Officer.** Amongst their responsibilities is leadership in promoting a culture and practice of good governance throughout the staff of the Authority, so that all employees understand and promote the value.

The **lead officer on governance issues is the Monitoring Officer** who is responsible in particular for:

- monitoring the operation of this policy, ensuring that it remains up to date, and that any significant developments in public sector governance are brought to the attention of the Authority and, if appropriate, that recommendations for action are considered by Members;

- ensuring that the Authority's structures, policies and procedures are kept under review through the maintenance of a Local Code of Corporate Governance, which will be reviewed annually by the Senior Management Team and by the Audit & Review Committee; and

- drawing any concerns to the attention of the other statutory officers and, if necessary, to Members.

The Authority's **internal and external auditors** also assess the Authority's governance arrangements, and their work provides an important part of the assurance to Members that governance arrangements are sound. Details of these and other assurance arrangements are published annually by the Authority as part of an Annual Governance Statement which accompanies the Statement of Financial Accounts.

This Local Code of Governance has been produced to show how the Yorkshire Dales National Park Authority will implement the core principles and sub principles of the CIPFA/ SOLACE framework and demonstrate full compliance with it.

Local Code of Corporate Governance

Good Governance means …

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
Supporting Principles	**What Evidence/Assurance is in place at YDNPA**
Behaving with integrity Ensuring Members and Officers behave with integrity and lead a culture where acting in the public interest is visibly demonstrated thereby protecting the reputation of the Authority. Ensuring Members and Officers take a lead in establishing specific standard principles or values for the organisation (based on seven Nolan Principles) Leading by example and using the principles as framework for all actions and decisions Demonstrating, communicating and embedding the standard operating principles through appropriate policies and processes, which are regularly reviewed to ensure effectiveness **Demonstrating strong commitment to ethical values** Seeking to establish, monitor and maintain the Authority's ethical standards and performance Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the Authority's culture and operation Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values Ensuring that external providers of services on behalf of the Authority act with the integrity and ethical standards expected by the Authority **Respecting the rule of law** Ensuring Members and Officers demonstrate strong commitment to the rule of law Creating the conditions for the three Statutory Officers and Members to fulfil their regulatory responsibilities	• Mission and Core Values Statement • Member Code of Conduct • Officer Code of Conduct • Member Employee Protocol • Scheme of Delegation, and records of delegated decisions • Standing Orders • Financial Regulations • Local Code of Corporate Governance • Role of Audit & Review Committee and Standards Committee. • Arrangements for dealing with complaints about Member conduct • Appointment of Independent Persons to Standards Committee • Roles and Responsibilities of Members • Job Descriptions for Chairman and Members ; • Member Champion Protocol • Staff Appraisal process linked to Core Values • Equality and Diversity Policy; the Equality Working Group • Annual report on Equality Compliance to SMT or Audit & Review Committee as appropriate • HR policies in place to maintain ethical values and deal with issues concerning conduct • Complaints procedure • Anti Fraud and Corruption Policy • Confidential Reporting (Whistleblowing) procedures • Role of three Statutory Officers • Role of Monitoring Officer to report on illegality • Role of Chief Financial Officer to report on unlawful expenditure • Appointment of Internal and External Auditors and reporting arrangements in place to Audit and Review Committee with statements in annual reports to the Authority • Annual Governance Report and Annual Governance Statement reporting on effectiveness and significant issues • Register of Members Interests, updated regularly and published on the YDNPA website • Register of Officer Interests • Registration of Related Party Transactions

Striving to optimise the use of full powers available for the benefit of stakeholders Dealing effectively with breaches of legal or regulatory provisions Ensuring corruption and misuse of powers are dealt with effectively	• Declarations of lobbying and declarations of interests at committee meetings • Transparency about business dealings between the Authority, Members and senior Staff

Core Principle B: Ensuring openness and comprehensive stakeholder engagement	
Supporting Principles	**What Evidence/Assurance is in place at YDNPA**
<u>Openness/ensuring an open culture</u> Ensuring an open culture through demonstrating, documenting and communicating our commitment to openness. Making decisions that are open and transparent; presumption against confidentiality without justification Providing clear reasoning and evidence relating to actions and decisions, and ensuring the impact and consequences are clear Using formal and informal consultation and engagement to determine the most appropriate courses of action	• Authority and Committee meetings held in public; Authority and Planning Committee meetings and recorded • Publication of agendas , reports and minutes for the Authority and its Committees, plus audio recordings where appropriate. • Reports include legal, financial, and human resources (HR) equality implications where necessary • Opportunities for public speaking at committee meetings • Access to Information arrangements • Agreed actions to comply with the Openness of Local Government Regulations 2014 • Agreed actions to implement the requirements of the Data Transparency Code and arrangements for the information to be available on the website • Adoption of the ICO's standard Publication Scheme

<u>Engaging comprehensively with institutional stakeholders</u>
 	
Ensuring that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.
 	
Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.
 	
Ensuring that partnerships are based on trust, a shared commitment to change, and a culture that promotes and accepts challenge among partners; the added value of partnership is explicit
	• Formal and informal consultation
	  ○ NPMP steering group
	  ○ Local plan consultations
	  ○ Stakeholder consultations
	  ○ Parish Forums
	• Yorkshire Dales Local Access Forum
	• Yorkshire Dales Biodiversity Forum
	• Customer and Residents surveys
	
	• Dales Newspaper for residents
	• The Visitor
	• Press releases
	• Use of Social Media and websites
	• Performance and Service reviews reported to Audit and Review Committee

<u>Effective engagement with individual citizens and service users</u> Establishing a clear policy on consultation with stakeholders to ensure service provision contributes to intended outcomes Ensuring communication methods are effective in relation to community engagement Encouraging, collecting and evaluating the views of stakeholders including reference to future needs Implementing effective feedback mechanisms and ensuring inclusivity of all feedback	• Published strategies, codes and protocols • Procedures for regular review of strategies , codes and protocols • Agenda reports and minutes; codes and protocols published on Authority website. • Comprehensive and accessible YDNPA website, publications • Review of Partnerships ~~Strategy~~ – a review is undertaken every two years (last review March 2017) • State of the Park Report: information updated and published annually on the Authority's website as part of monitoring progress towards achieving NPMP objectives • Annual monitoring report on the impact of the Yorkshire Dales Local Plan. • Annual Corporate Plan: progress regularly reviewed by the Senior Management Team (SMT) and reported twice a year to the Audit & Review Committee. • National park performance indicators for benchmarking

Balancing feedback from more active stakeholder groups with other groups to ensure inclusivity. Taking account of impact of decisions on future generations of taxpayers/service users	• Satisfaction surveys are carried out in relation to the main 'promoting understanding' services (NPCs, website) annually, and in relation to the planning service every two years • In 2010, the Authority achieved the Government's Customer Service Excellence (CSE) Standard and this has been retained every year since last reassessed /confirmed in October 2017.

Core Principle C. Defining outcomes in terms of sustainable benefits	
Supporting Principles	**What Evidence/Assurance is in place at YDNPA**
Defining Outcomes Having a clear vision as an agreed formal statement of the Authority's purpose and intended outcomes Specifying the intended impact on stakeholders Delivering defined outcomes on a sustainable basis within resources Identifying and managing risks to the achievement of outcomes Managing service users expectations with regard to determining priorities	• The Authority's role defined by the two statutory purposes and the Mission Statement. • The Authority's National Park Management Plan: developed together with partner organisations - sets 20 year vision and 5 year objectives on communities , economy and environment. The NPMP is currently being reviewed which will take account of the extension to the Park. A Steering Group of key partners has been established to oversee the drafting, with a view to adoption of the final Plan in 2018. • The Authority sets its own objectives in its Corporate Plan (many of them taken directly from the Management Plan. A detailed review of the Authority's priorities is carried out every 3 years, with a light touch review annually • The annual Action Plan refines the objectives into specific activity each year • ~~Work on developing~~ The new Local Plan (15 year period) has been published following extensive public consultation • Defined quality measures, and information on performance in relation to them. • Risk Management Policy . • Strategic Risk Register biannual reviews of operational risk by SMT, annual report to Members in relation to strategic risks
Sustainable economic, social and environmental benefits Consider and balance the combined economic social and environmental benefits Taking a long term view with regard to decision making, taking account of risk and acting transparently in the face of conflict of interest Determining the wider public interest when balancing conflicting interests, through consultation where possible Ensuring fair access to services	• In 2017 external audit gave an unmodified conclusion that the Authority had appropriate arrangement for securing economy efficiency and effectiveness in its use of resources. • The Customer Services Excellence final report in 2017 confirmed that the Authority has systems in place to monitor the outcomes of its services and to measure the degree of satisfaction that customers have with them.

Core Principle D. Determining the interventions necessary to optimise the achievements of the intended outcomes	
Supporting Principles	**What Evidence/Assurance is in place at YDNPA**
Determining Interventions Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating associated risks, thereby ensuring best value is achieved Considering feedback from citizens and service users when making service improvements in order to prioritise competing resource demands	• Explicit statement of the criteria, rationale and relevant considerations on which decisions are based. • National Park purposes considered for all decisions. • National and local planning policies (Local Plan / Local Development Framework) for planning decisions. • All Committee Reports address conformity of the subject matter with the Authority's strategic planning framework. • "Guidance on Good Decision Making" developed and circulated in 2006. • Recent Performance Improvement 'Review of Committee arrangements and resourcing' which was reported to the Authority June 2014. • Reporting cycles for Corporate Plan objectives, priorities , financial budget, corporate governance and risk management in place • State of the Park, visitor, users and residents survey
Planning Interventions Establishing and maintaining robust planning and control cycles for plans, priorities and targets Engaging with stakeholders in relation to planning and delivery; considering and monitoring risks facing each partner when working collaboratively, including shared risks Ensuring arrangements are flexible and adaptable to changing circumstances Establishing key performance indicators; and ensuring capacity exists to generate information needed to review service quality regularly	• Risk Management Policy . • Strategic Risk Register biannual reviews of operational risk by SMT, annual report to Members in relation to strategic risks • All key systems are reviewed cyclically by Internal Audit. • External Audit relies in part on the work of Internal Audit and augments this with additional testing and review work where a significant risk is perceived. This work covers all transactional activity for which the Authority is an accountable body.
Prepare budgets in accordance with objectives, strategies and the medium term financial plan Inform medium and long term resource planning through a sustainable funding strategy	• All key systems reviewed cyclically by Internal Audit. • Regular review of assets and property strategy. • Annual use of resources assessment undertaken by External Audit
Optimising achievement of intended outcomes Ensuring the budget process is all-inclusive of full cost of operations over medium and longer term Ensuring medium term financial strategy is responsive to external circumstances to optimise resource usage/integrates and balances resource constraints Ensuring the achievement of "social value" through service planning	• Regular budget monitoring reports to SMT and Finance & Resources Committee. • No separate capital programme; regular review of assets and property strategy • Budgeting processes examined each year by Internal and External Audit. • Reserves maintained in line with guidance from the Audit Commission (contingency reserve) and with CIPFA capital accounting guidelines. • Medium Term Financial Plan • Service plans • Annual budget and quarterly management monitoring plans • Annual Statement of Accounts • Audit reports (Internal and External)

Core Principle E. Developing the Authority's capacity including the capability of leadership and individuals	
Supporting Principles	**What Evidence/Assurance is in place at YDNPA**
Developing capacity	
Reviewing operations and resources to ensure continued effectiveness Improving allocation of resources so that defined outcomes are achieved effectively and efficiently Recognising the benefits of partnership working where added value can be achieved Developing and maintaining an effective workforce plan to enhance allocation of resources	• People Management Strategy • IT Strategy • Internal and external audit of processes • NPMP review cycle • Corporate Plan and Action Plan review cycle • Setting priorities linked to Appraisal process • Budgetary control reported to SMT • Reports to Finance & Resources Committee including long term budget setting • YDMT Memorandum of Understanding • Annual Review of Partnerships • Income Generation Strategy – quarterly updates to F&R committee
Developing capability of leadership	
Developing protocols to ensure that shared understanding of roles and responsibilities is maintained Publishing a statement that specifies the types of decisions Ensuring Chairman and CEO have clearly defined roles Developing capabilities of Members and Senior Management by giving access to induction and ongoing training; Members and Officers have appropriate skills and support to fulfil roles and this is kept updated; development through shared learning and learning from identified weaknesses Ensure structures in place to encourage public participation in development Taking steps to ensure leadership's effectiveness through peer reviews and appraisals Holding staff to account through performance reviews Ensuring arrangements in place to maintain physical and mental wellbeing of Officers	• Staff and Management restructure approved • Training and Development programmes for Members and Officers • Authority ~~Staff Development~~ Days for officers and Members • Bi-annual All Staff Meetings • Role/Protocols of Statutory Officers • Clear Members Roles and Responsibilities • Member Champion role • Scheme of Delegation • Delegated decisions published through Open Data • Role of Chairman Job Descriptions • Member and Officer Appraisals; including CEO • Peer reviews for senior management • IIP accreditation • Annual review of Customer Service Excellence • Access to Occupational Health scheme • Employees Assistance Programme in place • Active Health & Safety Working Group

Core Principle F. Managing risk and performance through robust internal control	
Supporting Principles	**What Evidence/Assurance is in place at YDNPA**
Managing risk Ensuring risk management is an integral part of all decision making Implementing robust and integrated risk management Ensuring individual responsibilities for managing risk are clearly allocated	• The Authority has adopted a three tiered approach to risk management: Annual Risk Management Plan; Strategic Risk Register; Operational Risk Register . • A Risk Management Policy was approved by Audit & Review Committee in November 2010. The Committee reviews risk management on an annual basis • The Risk Management Policy and Strategic Register are reviewed by SMT; views of external audit and internal audit are included • The Annual Risk Management plan is prepared by the Senior Management Team and is based on the Authority's priorities. • SMT undertake scheduled reviews of risks and Directors maintain logs within their own Directorates • SMT undertakes biannual reviews of operational risk, and there is an annual report to Members in relation to strategic risks • Scheduled risk meetings with insurers • Internal Audit: Veritau role
Managing performance Monitoring service delivery effectively Making decisions based on clear and relevant objective analysis including risks Encouraging effective and constructive challenge and debate on policies and objectives Providing Members and SMT with regular reports on service delivery Ensuring consistency between specification stages and post implementation reporting	• ~~Compliments,~~ A comprehensive Complaints ~~and Comments~~ procedure is in place, as reviewed and approved in April 2017 • The Authority's own performance in delivering its services is measured through a range of corporate objectives set out in the annual Corporate Plan. Progress is regularly reviewed by the Senior Management Team (SMT) and reported twice a year to the Audit & Review Committee. Performance Improvement reviews are carried out by small member/officer teams including the relevant Member Champion and a member of the Audit & Review Committee ensuring there is Member input in the process. In 2010, the Authority achieved the Government's Customer Service Excellence (CSE) Standard and this has been retained every year since • Complaints that Members have breached the Code of Conduct are made to the Monitoring Officer. Procedures to deal with complaints were approved in June 2012, and an Independent Person (and reserve) appointed to advise in relation to such complaints in accordance with a Protocol adopted in September 2013 (currently being updated) • State of the Park information is updated and published annually on the Authority's website as part of the information that monitors progress towards achieving all the objectives in the NPMP. There is also an annual monitoring report on the impact of the Yorkshire Dales Local Plan.
Robust internal control Aligning risk management strategy and policies Evaluation and monitoring risk management Ensuring counterfraud and anti-corruption measures in place Ensuring additional assurance through effective internal audit Ensuring audit committee independent of the executive	
Managing data Ensuring effective arrangements for safe collection and use of data including sharing of personal data Effective arrangements for sharing data with other bodies Regularly reviewing and auditing quality and accuracy of data used in decision making	• Data Protection Policy; internal audit on DP compliance carried out every three years • Nominated Data Protection Officer and Senior Information Risk Owner • An updated Access to Information ~~Policy~~ Statement approved August 2017 • Data Sharing arrangements included in Data Protection Policy. • Anti Fraud, Bribery & Corruption policy • Compliance with Payment Card Industry Standard

and performance monitoring **<u>Strong public financial management</u>** Well developed financial management to support long term and short term financial and operational performance Ensuring financial management is integrated at all levels of planning and control	• Money laundering advice • Regular budget monitoring reports to SMT, and Finance & Resources Committee. • No separate capital programme • Regular review of assets and property strategy.

Core Principle G. Implementing good practice in transparency, reporting and audit	
Supporting Principles	**What Evidence/Assurance is in place at YDNPA**
Good Practice in Transparency Writing and publishing reports in a balanced, understandable and easily accessed style Striking a balance with regard to the amount of information provided	• All committee business published on website • FoI/EIR compliance • Publication Scheme • Open Government requirements (including delegations),publishing expenditure / contract details
Good Practice in Reporting Reporting at least annually on performance, value for money and stewardship of resources in a clear, timely way Ensuring members and officers take "ownership" of the reported results Ensuring robust arrangements for assessing the principles in this framework are applied, including an action plan for improvement Ensure this framework is applied to joint working/shared services Ensuring that performance information accompanying the financial statements is prepared on a consistent and timely basis and allows for comparison with similar organisations	• A&R/F&R committee • PIs • Action plan 6-monthly updates on progress • Annual review of performance across all aspects of work • Internal and external audit • Arrangements for end of year A&R Governance Statement • External Audit Ernst &Young • Arrangements in place with Internal Audit Veritau regular audits undertaken and reported to Audit & Review Committee; recommendations actioned • The Authority has adopted clear criteria as to when partnership working is appropriate; a bi~~-annual~~ ennial review of Partnerships is reported to ~~Audit & Review Committee~~ the Authority • Review of governance arrangements undertaken by Monitoring Officer; bi-annual report to SMT
Assurance and accountability Ensuring that recommendations for corrective action made by external audit are acted on Ensuring an effective internal audit service is in place Welcoming peer challenge and regulatory inspections and acting on recommendations Gaining assurance on risks delivered through third parties and ensuring that this is evidenced in the annual governance statement When working in partnership, ensuring arrangements for accountability are clear.	

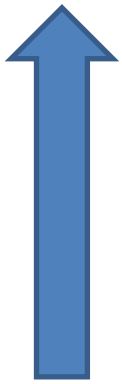
Adopted **March 2008**
Reviewed **April 2014; November 2016; November 2017**

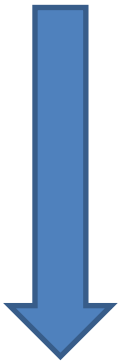
Lead Officer: **Gill Cooper**

Annex B

Corporate Governance:
Annual cycle of planning, reviewing and learning

	Planning	Reviewing	Budget Setting
April	Corporate Plan published Proposed programme of reviews confirmed	Major project review results to Audit & Review	
May	Action Plan published	End of year performance reports prepared Submission of "Family" PIs	Year end financial outturn to F&R, identifying carry-forward budgets
June		NPMP end-of-year report End-of-year report on Corporate Plan Objectives	
July	ToR for performance reviews to Audit & Review	Comprehensive end of year performance report to Audit & Review	Finalisation of annual accounts to F and R
August			
September	Authority reviews priorities		3-month financial progress report to F&R with preliminary income projections
October	SMT/section heads discuss progress and looking ahead	6-month progress report on Objectives and Actions from Section Heads to SMT	
November	NPMP Steering Group meet re programme implementation	6-month progress report to A&R	SMT budget discussions Draft budget to F & R.
December	Objectives for year ahead to Authority		6-month financial progress report to F&R Final approval of budget for next year.
January			
February	Section heads draft Action Plan		Draft budget to F&R
March	Annual appraisals	Setting individual objectives and targets, and reviewing performance	Final budget approved by Authority





YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 10**

Committee: **AUDIT AND REVIEW**
Date: **14 November 2017**

Report: **INTERNAL AUDIT: AUDIT CHARTER and 2017/18 AUDIT PLAN**

Purpose of report

1. To present the 2017/18 Internal Audit Plan and the Internal Audit Charter.

Recommendation

2. Members are asked to note the plan, and to approve the Internal Audit Charter.

Strategic Planning Framework

3. The information contained in this report is consistent with the Authority's approved and adopted strategic planning framework:' Each NPA is required to maintain an adequate and effective internal audit of the Authority (Financial Regulations, paragraph 17.1.1 (iii))' and 'The Internal Auditor shall determine the scope of any internal enquiries or investigations' (Financial Regulations, paragraph 17.2.5)

Internal Audit Plan for 2017/18

4. A copy of the 2017/18 Plan, to be delivered by the Authority's internal auditor, Veritau Ltd, is attached at **Appendix 1**.

5. The Plan covers the key systems of internal control, including financial control, following risk assessment of the Authority's processes by Veritau.

The Internal Audit Charter

6. The proposed Charter is attached at **Appendix 2**. This sets out how internal audit at the Authority will be provided in accordance with proper practice, including defining the relationship between the internal Auditors and the Authority. Members are asked to approve this Charter, in line with paragraph 3 (ii) of Appendix 2 of the Charter.

Richard Burnett
Director of Corporate Services

24 October 2017

APPENDIX 1

Yorkshire Dales National Park Authority

Internal Audit Plan 2017/18

Audit Manager: Ian Morton
Head of Internal Audit: Max Thomas

Circulation List: Members of the Audit and Review Committee
Management Team (including the S151 Officer)

Date: 14 November 2017

Introduction

1 This document sets out the planned 2017/18 programme of work for internal audit, provided by Veritau for the Yorkshire Dales National Park Authority.

2 The work of internal audit is governed by the Public Sector Internal Audit Standards. In accordance with those standards, the Head of Internal Audit is required to provide an annual internal audit opinion to the Authority based on an objective assessment of the framework of governance, risk management and control. Our planned audit work includes coverage of all three areas.

3 The internal audit plan has been prepared on the basis of a risk assessment. This is intended to ensure audit resources are prioritised towards those systems which are considered to be the most risky and/or which contribute the most to the achievement of the Authority's priorities and objectives. The content of the internal audit plan has been subject to consultation with directors and other senior officers.

4 The internal audit plan is submitted for formal approval by the Audit and Review Committee who are responsible for monitoring progress against the plan and overseeing the work of internal audit. Changes to the plan will be agreed with the Director of Corporate Services and will be notified to the Committee. Proposed work is also discussed with the Authority's external auditors to ensure there is no duplication of effort. We will provide regular updates on the scope and findings of our work to the Audit and Review Committee throughout 2017/18

5 The plan for 2017/18 comprises 26 days coverage.

2017/18 Audit Plan

6 The plan includes the following:

- **Strategic risks:** this work involves reviewing areas highlighted as specific risks in the Authority's corporate risk register.
- **Financial systems:** to provide assurance on the key areas of financial risk. This work will help provide assurance that the controls for the key financial systems are adequate and effective. The work will also support the work of the external auditors.
- **Technical / Projects:** to provide assurance on specific processes or key projects.
- **Client support, advice and follow up:** this is an allocation of time to support the delivery of the plan and provide assurance on ad-hoc matters.

7 As a result of staffing changes within the finance function during the year, the audit plan for this year includes a greater emphasis on the main financial systems to provide assurance that these have continued to opperate effectively and to ensure processes are suitably clear and defined for future years. Details of the 2017/18 plan are set out in Appendix A.

Appendix A

Proposed Plan for 2017/18

Audit Area	Notes	Days
Risk Management	Audit review of the risk management process in order to provide an opinion on the effectiveness of those arrangements (requirement of the PSIAS)	2
Cyber Security	This audit will look at the Authority's arrangements for managing cyber security risks including IT controls such as firewalls and malware protection as well as access control and rights management.	5
Creditors	A review of the arrangements and processes for ordering and paying for goods and services. The audit will also test for potential duplicate payments using data matching software	4
Debtors	To review controls within the system to ensure that all credit income due is invoiced for in accordance with legislation and agreed policy, and that debt recovery procedures are applied effectively	3
Payroll	To review the controls within the payroll system designed to prevent and/or detect fraud, irregularity or error, and to ensure that payments are made in accordance with policy and legislation	4
Main Accounting	A review of the main systems and processes in place to ensure the reliability of financial and accounting information. This will include a review of control accounts, reconciliations, journal transactions and budget management.	4
Management (including follow up)	Liaison with management, external audit, attendance at Audit Committee, training, etc. Follow up of agreed actions from previous year	4
Total		26

APPENDIX 2

Yorkshire Dales National Park Authority
Internal Audit Charter

14 November 2017

1 Introduction

1.1 There is a statutory duty on the National Park Authority to undertake an internal audit of the effectiveness of its risk management, control and governance processes. The Accounts and Audit Regulations 2015 also require that the audit takes into account public sector internal auditing standards or guidance. The Chartered Institute of Public Finance and Accountancy (CIPFA) is responsible for setting standards for proper practice for local government internal audit in England.

1.2 From 1 April 2017 CIPFA adopted revised Public Sector Internal Audit Standards (PSIAS)[1] compliant with the Institute of Internal Auditors' (IIA) International Standards. The PSIAS and CIPFA's local government application note for the standards represent proper practice for internal audit in local government. This charter sets out how internal audit at Yorkshire Dales National Park Authority will be provided in accordance with this proper practice.

1.3 This charter should be read in the context of the wider legal and policy framework which sets requirements and standards for internal audit, including the Accounts and Audit Regulations, the PSIAS and application note, and the Authority's constitution, regulations and governance arrangements.

2 Definitions

2.1 The standards include reference to the roles and responsibilities of the "board" and "senior management". Each organisation is required to define these terms in the context of its own governance arrangements. For the purposes of the PSIAS these terms are defined as follows at Yorkshire Dales National Park Authority.

"Board" – the Audit and Review Committee fulfils the responsibilities of the board, in relation to internal audit standards.

"Senior Management" – in the majority of cases, the term senior management in the PSIAS should be taken to refer to the Director of Corporate Services in his role as s151 officer. This includes all functions relating directly to overseeing the work of internal audit. In addition, senior management may also refer to any other director of the National Park Authority individually (including the Chief Executive) or collectively as Senior Management Team (SMT) in relation to:

- having direct and unrestricted access for reporting purposes
- consulting on risks affecting the National Park Authority for audit planning purposes
- approving the release of information arising from an audit to any third party.

[1] The PSIAS were adopted jointly by relevant internal audit standard setters across the public sector.

2.2 The standards also refer to the "chief audit executive". This is taken to be the Head of Internal Audit (Veritau).

3 Application of the standards

3.1 In line with the PSIAS, the mission of internal audit at Yorkshire Dales National Park Authority is:

"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight."

3.2 The Authority requires that the internal audit service aspires to achieve the mission through its overall arrangements for delivery of the service. In aiming to achieve this, the Authority expects that the service:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

3.3 The PSIAS defines internal audit as follows.

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

3.4 The National Park Authority acknowledges the mandatory nature of this definition and confirms that it reflects the purpose of internal audit at the Authority. The Authority also requires that the service be undertaken in accordance with the code of ethics and standards set out in the PSIAS.

4 Scope of internal audit activities

4.1 The scope of internal audit work will encompass the National Park Authority's entire control environment[2], comprising its systems of governance, risk management, and control.

[2] For example the work of internal audit is not limited to the review of financial controls only.

4.2 The scope of audit work also extends to services provided through partnership arrangements, irrespective of what legal standing or particular form these may take. The Head of Internal Audit, in consultation with all relevant parties and taking account of audit risk assessment processes, will determine what work will be carried out by the internal audit service, and what reliance may be placed on the work of other auditors.

5 Responsibilities and objectives

5.1 The Head of Internal Audit is required to provide an annual report to the Audit and Review Committee. The report will be used by the Committee to inform its consideration of the National Park Authority's annual governance statement. The report will include:

- the Head of Internal Audit's opinion on the adequacy and effectiveness of the Authority's framework of governance, risk management, and control
- any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
- any particular control weakness judged to be relevant to the preparation of the annual governance statement
- a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies
- an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme
- a statement on conformance with the PSIAS (including the code of ethics and standards) and the results of the quality assurance and improvement programme.

5.2 To support the opinion the Head of Internal Audit will ensure that an appropriate programme of audit work is undertaken. In determining what work to undertake the service should:

- adopt an overall strategy setting out how the service will be delivered in accordance with this Charter
- draw up an indicative risk based audit plan on an annual basis following consultation with the Audit and Review Committee and senior management; the audit plan will also reflect the requirements of the Charter, the strategy, and proper practice
- consider trends and emerging issues that may impact the organisation.

5.3 In undertaking this work, responsibilities of the internal audit service will include:

- providing assurance to the board and senior management on the effective operation of governance arrangements and the internal control environment operating at the National Park Authority[3]
- objectively examining, evaluating and reporting on the probity, legality and value for money of the Authority's arrangements for service delivery
- reviewing the Authority's financial arrangements to ensure that proper accounting controls, systems and procedures are maintained and, where necessary, making recommendations for improvement
- helping to secure the effective operation of proper controls to minimise the risk of loss, the inefficient use of resources and the potential for fraud and other wrongdoing
- acting as a means of deterring all fraudulent activity, corruption and other wrongdoing; this includes conducting investigations into matters referred by members, officers, and members of the public and reporting findings to directors and members as appropriate for action
- advising the Authority on relevant counter fraud and corruption policies and measures.

5.4 The Head of Internal Audit will ensure that the service is provided in accordance with proper practice as set out above and in accordance with any other relevant standards – for example National Park Authority policy and legal or professional standards and guidance.

5.5 In undertaking their work, internal auditors should have regard to:

- the mission of internal audit, core principles and standards as set out in the PSIAS and reflected in this charter
- the code of ethics in the PSIAS[4]
- the codes of any professional bodies of which they are members
- standards of conduct expected by the National Park Authority
- the Committee on Standards in Public Life's *Seven Principles of Public Life*.

6 Organisational independence

6.1 It is the responsibility of directors and service managers to maintain effective systems of risk management, internal control, and governance. Auditors will have no responsibility for the implementation or operation of systems of control and will remain sufficiently independent of the activities audited to enable them to exercise objective professional judgement.

[3] where third parties place reliance on the assurance provided then they do so at their own risk
[4] Veritau has adopted its own code of ethics which fulfil the requirements of the PSIAS.

6.2 Audit advice and recommendations will be made without prejudice to the rights of internal audit to review and make further recommendations on relevant policies, procedures, controls and operations at a later date.

6.3 The Head of Internal Audit will put in place measures to ensure that individual auditors remain independent of areas they are auditing for example by:

- rotation of audit staff
- ensuring staff are not involved in auditing areas where they have recently been involved in operational management, or in providing consultancy and advice [5]

7 Accountability, reporting lines, and relationships

7.1 Internal audit services are provided under contract to the National Park Authority by Veritau Limited. The company is a separate legal entity[6]. Staff undertaking internal audit work will be employed by Veritau or another Veritau group company. The Director of Corporate Services acts as client officer for the contract, and is responsible for overall monitoring of the service.

7.2 In its role in providing an independent assurance function, Veritau has direct access to members and senior managers and can report uncensored to them as considered necessary. Such reports may be made to the:

- National Park Authority, Corporate Board, or any Committee (including the Audit and Review Committee)
- Chief Executive
- Director of Corporate Services (S151Officer)
- Solicitor/Monitoring Officer
- other directors and service managers.

7.3 The Director of Corporate Services has a responsibility for ensuring that the National Park Authority has an effective system of internal audit in place. In recognition of this, a protocol has been drawn up setting out the relationship between internal audit and the Director of Corporate Services). This is included in Appendix 1.

7.4 The Head of Internal Audit will report independently to Audit and Review Committee[7] on:

[5] auditors will not be used on internal audit engagements where they have had direct involvement in the area within the previous 12 months

[6] Veritau is a shared service which provides internal audit services to a number of public sector organisations.

[7] The committee charged with overall responsibility for governance at the National Park Authority.

- proposed allocations of audit resources
- any significant risks and control issues identified through audit work
- their annual opinion on the Authority's control environment.

7.5 The Head of Internal Audit will informally meet in private with members of the Audit and Review Committee, or the committee as a whole as required. Meetings may be requested by committee members or the Head of Internal Audit.

7.6 Audit and Review Committee will oversee (but not direct) the work of internal audit. This includes commenting on the scope of internal audit work and approving the annual audit plan. The Committee will also protect and promote the independence and rights of internal audit to enable it to conduct its work and report on its findings as necessary[8].

8 Fraud consultancy services and non-audit services

8.1 The primary role of internal audit is to provide assurance services to the National Park Authority. However, the service may also be required to undertake fraud investigation and other consultancy work to add value and help improve governance, risk management and control arrangements.

8.2 The prevention and detection of fraud and corruption is the responsibility of directors and service managers. However, all instances of suspected fraud and corruption should be notified to the Head of Internal Audit, who will decide on the course of action to be taken in consultation with relevant service managers and/or other advisors (for example human resources). Where appropriate, cases of suspected fraud or corruption will be investigated by Veritau.

8.3 Where appropriate, Veritau may carry out other consultancy related work, for example specific studies to assess the economy, efficiency, and effectiveness of elements of service provision. The scope of such work will be determined in conjunction with service managers. Such work will only be carried out where there are sufficient resources and skills within Veritau and where the work will not compromise the assurance role or the independence of internal audit. Details of all significant consultancy assignments completed in the year will be reported to the Audit and Review Committee.

8.4 Where Veritau provides non-audit services (for example information governance), appropriate safeguards will be put in place to ensure audit independence and objectivity are not compromised. These safeguards include the work being performed by a separate team with different line management arrangements. Separate reporting arrangements will also be maintained. The Head of Internal Audit will report any instances where audit independence or objectivity may be compromised to the Director of Corporate Services, and the

[8] The relationship between internal audit and the Audit and Review Committee is set out in more detail in Appendix 2.

Audit and Review Committee. The Head of Internal Audit will also take steps to limit any actual or perceived impairment that might occur (for example by arranging for the audit of these services or functional activities to be overseen externally).

9 Resourcing

9.1 As part of the audit planning process the Head of Internal Audit will review the resources available to internal audit, to ensure that they are appropriate and sufficient to meet the requirements to provide an opinion on the National Park Authority's control environment. Where resources are judged to be inadequate or insufficient, recommendations to address the shortfall will be made to the Director of Corporate Services, and to the Audit and Review Committee.

10 Rights of access

10.1 To enable it to fulfil its responsibilities, the National Park Authority gives internal auditors employed by Veritau the authority to:

- enter all Authority premises or land, at any reasonable time
- have access to all data, records, documents, correspondence, or other information - in whatever form - relating to the activities of the Authority
- have access to any assets of the Authority and to require any employee of the Authority to produce any assets under their control
- be able to require from any employee or member of the Authority any information or explanation necessary for the purposes of audit.

10.2 Directors and service managers are responsible for ensuring that the rights of Veritau staff to access premises, records, and personnel are preserved, including where the National Park Authority's services are provided through partnership arrangements, contracts or other means.

11 Review

11.1 This charter will be reviewed periodically by the Head of Internal Audit. Any recommendations for change will be made to the Director of Corporate Services and the Audit and Review Committee, for approval.

Appendix 1: Relationship between the Director of Corporate Services and internal audit

In recognition of the responsibilities of the National Park Authority's Director of Corporate Services (the Director) for internal audit, this protocol has been adopted to form the basis for a sound and effective working relationship between the Director and internal audit.

(i) The Head of Internal Audit (HoIA) will seek to maintain a positive and effective working relationship with the Director.

(ii) Internal audit will review the effectiveness of the National Park Authority's systems of control, governance, and risk management and report its findings to the Director (in addition to the Audit and Review Committee).

(iii) The Director will be asked to comment on those elements of internal audit's programme of work that relate to the discharge of his/her responsibilities. In devising the annual audit plan and in carrying out internal audit work, the HoIA will give full regard to the comments of the Director.

(iv) The HoIA will notify the Director of any matter that in the HoIA's professional judgement may have implications for the Director in discharging their responsibilities.

(v) The Director will notify the HoIA of any concerns that he/she may have about control, governance, or suspected fraud and corruption and may require internal audit to undertake further investigation or review.

(vi) The HoIA will be responsible for ensuring that internal audit is provided in accordance with proper practice.

(vii) If the HoIA identifies any shortfall in resources which may jeopardise the ability to provide an opinion on the National Park Authority's control environment, then he/she will make representations to the Director, as well as the Audit and Review Committee.

(viii) The HoIA will report to the Director (and the Audit and Review Committee) any instances where internal audit independence or objectivity is likely to be compromised, together with any planned remedial action.

(ix) The HoIA will report to the Director (and the Audit and Review Committee) any instances where audit work has not conformed to the code of ethics and/or the standards. This includes the reasons for non-conformance and the possible impact on the audit opinion.

(x) The Director will protect and promote the independence and rights of internal audit to enable it to conduct its work effectively and to report as necessary.

Appendix 2: Relationship between the Audit and Review Committee and internal audit

1. The Audit and Review Committee plays a key role in ensuring the National Park Authority maintains a robust internal audit service and it is therefore essential that there is an effective working relationship between the Committee and internal audit. This protocol sets out some of the key responsibilities of internal audit and the Committee.

2. The Committee will seek to:

(i) raise awareness of key aspects of good governance across the organisation, including the role of internal audit and risk management

(ii) ensure that adequate resources are provided by the Authority so as to ensure that internal audit can satisfactorily discharge its responsibilities

(iii) protect and promote the independence and rights of internal audit to conduct its work properly and to report on its findings as necessary.

3. Specific responsibilities in respect of internal audit include the following.

(i) Oversight of, and involvement in, decisions relating to how internal audit is provided.

(ii) Approval of the Internal Audit Charter.

(iii) Consideration of the annual report and opinion of the Head of Internal Audit (HoIA) on the Authority's control environment.

(iv) Consideration of other specific reports detailing the outcomes of internal audit work.

(v) Consideration of reports dealing with the performance of internal audit and the results of its quality assurance and improvement programme.

(vi) Consideration of reports on the implementation of actions agreed as a result of audit work and outstanding actions escalated to the Committee in accordance with the approved escalation policy.

(vii) Approval (but not direction) of the annual internal audit plan.

1. In relation to the Audit and Review Committee, the HoIA will:

(i) attend its meetings and contribute to the agenda

(ii) ensure that overall internal audit objectives, work plans, and performance are communicated to, and understood by, the Committee

(iii) provide an annual summary of internal audit work, and an opinion on the Authority's control environment, including details of unmitigated risks or other issues that need to be considered by the Committee

(iv) establish whether anything arising from the work of the Committee requires consideration of the need to change the audit plan or vice versa

(v) highlight any shortfall in the resources available to internal audit or any instances where the independence or objectivity of internal audit work may be compromised and make recommendations to address these to the Committee

(vi) report any significant risks or control issues identified through audit work which the HoIA feels necessary to specifically report to the Committee; this includes risks which management are failing to address but which the HoIA considers are unacceptable for the Authority

(vii) report any actual or attempted interference in the performance or reporting of internal audit work

(viii) participate in the Committee's review of its own remit and effectiveness

(ix) discuss the outcomes of the quality assurance and improvement programme, and consult with the board on how external assessment of the internal audit service will be conducted (required once every five years).

2. The HoIA will informally meet in private with members of Audit and Review Committee, or the committee as a whole as required. Meetings may be requested by committee members or the HoIA.

YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 11**

Committee **AUDIT AND REVIEW**
Date: **14 November 2017**

Report: **ANNUAL AUDIT LETTER**

Purpose of the report

1. To present the External Auditor's Annual Audit Letter to Members, summarising the significant issues arising from the 2016/17 audit.

Recommendation

2. Members are requested to note this report.

Strategic Planning Framework

3. The information and recommendation contained in this report are consistent with the Authority's statutory purposes and it's approved strategic planning framework:

- **Corporate Plan**, Objective 26: Operate corporate governance and financial arrangements that are fit for purpose, as evidenced through the Annual Governance Statement, the Annual Governance Report, and an unqualified audit opinion.

Background

4. A copy of the Annual Audit Letter, issued on 25 October 2017, is **attached** to this report. As explained in the 'Executive Summary' section of the letter, no problems were identified in relation to the 2016/17 audit, and an unqualified audit opinion was given. This provides a level of assurance over the adequacy of the systems used in preparing the annual accounts.

5. The process of issuing such a letter enables the external auditor to bring directly to Members attention any issues that they might identify during their audit work. This 'direct line' for reporting helps to strengthen the Authority's approach to corporate governance.

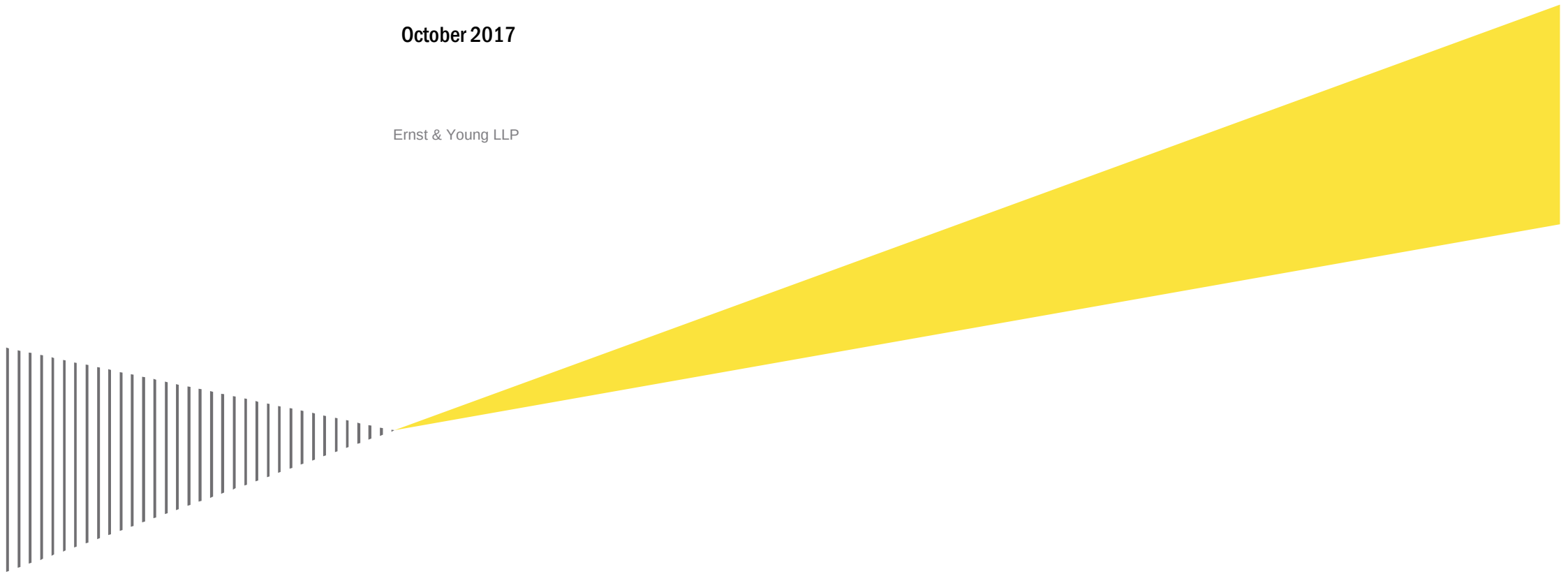
Richard Burnett
Director of Corporate Services
25 October 2017

Yorkshire Dales National Park Authority

Annual Audit Letter for the year ended 31 March 2017

October 2017

Ernst & Young LLP



Building a better working world

Contents

Executive Summary 2

Purpose 4

Responsibilities 6

Financial Statement Audit 9

Value for Money 143

Other Reporting Issues 176

Public Sector Audit Appointments Ltd (PSAA) have issued a ‘‘Statement of responsibilities of auditors and audited bodies”. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment (updated 23 February 2017)” issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Executive Summary

Executive Summary

We are required to issue an annual audit letter to Yorkshire Dales National Park Authority (the Authority) following completion of our audit procedures for the year ended 31 March 2017.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Authority's: ► Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended
► Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts
Concluding on the Authority's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources

Area of Work	Conclusion
Reports by exception:	
► Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Authority.
► Public interest report	We had no matters to report in the public interest.
► Written recommendations to the Authority, which should be copied to the Secretary of State	We had no matters to report.
► Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Authority's Whole of Government Accounts return (WGA).	The Authority is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Authority communicating significant findings resulting from our audit.	Our Audit Results Report was presented at the Authority meeting on 28 September 2017
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 28 September 2017.

We would like to take this opportunity to thank the Authority's staff for their assistance during the course of our work.

Hassan Rohimun
Associate Partner
For and on behalf of Ernst & Young LLP

Purpose

Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Authority.

We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the Audit and Review Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Authority.

Responsibilities

Responsibilities

Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we issued on 11 April 2017 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- Expressing an opinion:
  - On the 2016/17 financial statements; and
  - On the consistency of other information published with the financial statements.
- Forming a conclusion on the arrangements the Authority has to secure economy, efficiency and effectiveness in its use of resources.
- Reporting by exception:
  - If the annual governance statement is misleading or not consistent with our understanding of the Authority;
  - Any significant matters that are in the public interest;
  - Any written recommendations to the Authority, which should be copied to the Secretary of State; and
  - If we have discharged our duties and responsibilities as established by thy Local Audit and Accountability Act 2014 and Code of Audit Practice.

The Authority is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Authority

The Authority is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the AGS, the Authority reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Financial Statement
Audit

Key Issues

The Authority's Statement of Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Authority's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 28 September 2017.

Our detailed findings were reported to the September 2017 Audit and Review Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
Management override of controls A risk present on all audits is that management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to respond to this risk by testing the appropriateness of journals, testing accounting estimates for possible management bias and obtaining an understanding of the business rationale for any significant unusual transactions.	• We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements; • We tested a sample of journal entries across the year based on appropriate risk based criteria to identify potential manipulation of revenue; • We reviewed accounting estimates for evidence of management bias as identified in the response to revenue recognition; • We evaluated the business rationale for any significant unusual transactions. No such transactions were identified; and • We reviewed the accounting adjustments processed and disclosed in the Movement in Reserves Statement and supporting notes We did not identify any material weaknesses in controls or evidence of material management override. We did not identify any instances of inappropriate judgements being applied. We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business
Revenue and expenditure recognition	

Auditing standards also required us to presume that there is a risk that revenue and expenditure may be misstated due to improper recognition or manipulation. We respond to this risk by reviewing and testing material revenue and expenditure streams and revenue cut-off at the year end.	• We reviewed and tested revenue and expenditure recognition policies; • We reviewed accounting estimates for evidence of management bias. This included testing of expenditure accruals and provisions; • We reviewed the financial statements for evidence of significant or unusual transactions. No such transactions were identified; • We tested a sample of income and expenditure transactions from material revenue streams including year-end debtor and creditor balances; • We tested cut-off of income and expenditure at the year-end; and • We conducted testing to identify any unrecorded liabilities at the year-end. Our testing did not reveal any material misstatements with respect to revenue and expenditure recognition. Overall our audit work did not identify any issues or unusual transactions which indicated that there had been any misreporting of the Authority's financial position.

The Authority's Statement of Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £134k (2016: £118k), which is 2% of gross expenditure reported in the accounts of £6,733k We consider gross expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Authority.
Reporting threshold	We agreed with the Authority that we would report all audit differences in excess of £6.7k (2016: £5.1k)

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits. For these areas we have set materiality as £1k or to the extent and error may change relevant reported bandings,

- Related party transactions. For any errors identified in related parties we have considered the concept of the materiality of transactions and balances as would be relevant to the related individual or organisation.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

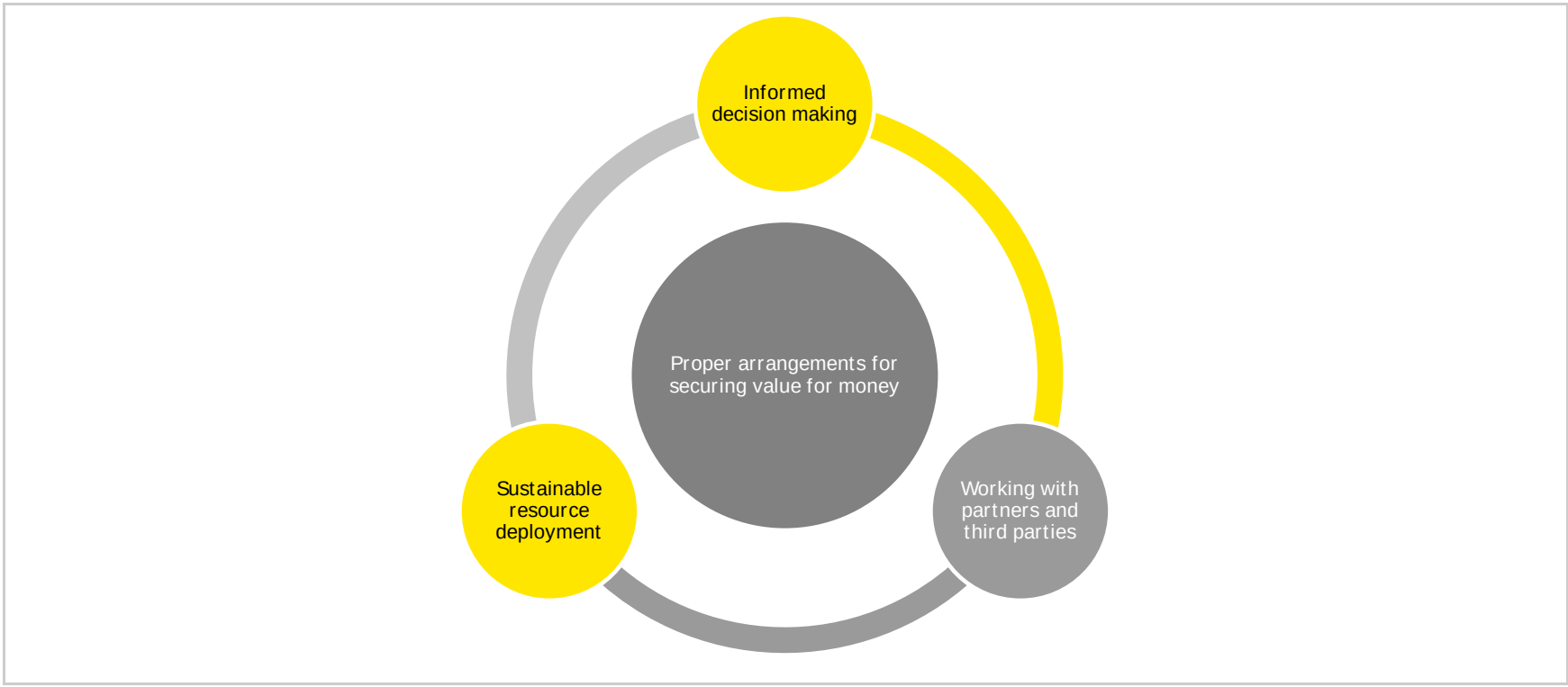
Value for Money

Value for Money

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.



We did not identify any significant risks in relation to these criteria

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Authority's arrangements.

We therefore issued an unqualified value for money conclusion on 28 September 2017.

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

The Authority is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Authority or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2016/17 financial statements from member of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit and Review Committee on 28 September 2017. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Audit and Review Committee.

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All Rights Reserved.

ED None

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com

YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 11**

Committee: **AUDIT AND REVIEW**
Date: **14 November 2017**

Report: **APPOINTMENT OF THE EXTERNAL AUDITOR**

Purpose of report

1. To inform Members of the appointment of the Authority's External Auditor.

RECOMMENDATION

2. That Members note the report.

Strategic Planning Framework

3. Financial Regulation 17.1.1 sets out the requirements for the Authority to prepare accounts which are then audited and then published, accompanied by the external auditor's annual report.

Background

4. The Authority's current external audit contract, with Ernst and Young LLP (EY), extends to the audit of the 2017/18 accounts. This contract was established as one of the final acts by the subsequently-disbanded Audit Commission, which negotiated external audit contracts covering all local authority bodies. The management of these contracts was then handed over to a legacy body, Public Sector Audit Appointments Ltd (PSAA), set up for that purpose by the Local Government Association.

5. The next contract for external audit services needs to be operative throughout the financial year on which the auditors will eventually be reporting (2018/19), to allow the auditors to discharge their responsibilities for oversight; they have a direct reporting line to Members, in case anything fundamental is going wrong during the year that they will subsequently be reporting on, and under the Public Interest Disclosure Act 1998, they are the 'prescribed person' to whom whistleblowing disclosures can be made.

6. At the Authority meeting in December 2016, Members were given three options for procuring the next external audit contract: to go it alone, to try to establish a local 'Joint Auditor Panel' which would undertake procurement, or to opt in to a national sector-led body arrangement. This decision was put before the full Authority (rather than this committee) because the third option (joining a sector-led body) was only available if the decision to do so was made by the members of an authority meeting as a whole (Local Audit and Accountability Act 2014, and Regulation 19 of the Local Audit (Appointing Person) Regulations 2015). Members decided to participate in the sector-led option, which has seen PSAA designated by the Department for Communities and Local Government as the body with the responsibility to develop and lead on national procurement

arrangements for principal authorities (including NPAs) in England. The vast majority of local authorities in England have also participated in this option.

7. In August 2017, PSAA invited the CEO and the Treasurer to comment on their proposal for YDNPA, this being the appointment of EY for the five years from 2018/19 (so through to 2022/23), that appointment to start on 1 April 2018. We were able to confirm that we were happy with this proposal, and we have subsequently been informed (27 September 2017) that the final appointments will be considered by the PSAA board at its meeting on 14 December 2017. Given that EY has now been told that it is likely to be confirmed as our next auditor, it seems very unlikely that PSAA will make any other decision. With the next meeting of this Committee scheduled for April 2018, it seemed appropriate to raise this matter now.

8. From an operational perspective, this is a helpful outcome, in that it will see us retain the same external auditor that we will have had for the past three years (including 2017/18). Whilst it is good practice for external auditor appointments to change regularly, not least to bring in a fresh pair of eyes, the cycle for this is usually longer than our recent experience, with 10 years being the current figure for larger private-sector companies. This Authority has already seen a change in auditors from Deloitte LLP (for the 2014/15 accounts) to EY (from 2015/16). Each time a new auditor is appointed, there is considerable work needed to provide introductory material, including documenting all of our systems in the particular format required by that auditor. The continuity of EY as our external auditor will save us this introductory work.

9. PSAA will also be consulting on the scale of audit fees, in March 2018. The initial results of the audit procurement exercise indicated that a general reduction in scale fees of approximately 18% should be possible for 2018/19, based on current individual scale fees (that for YDNPA is £12,103), though whether that general conclusion will translate into a specific saving for the Authority remains to be seen.

10. Understandably, Members have always expressed an interest in the level of audit fees that the Authority incurs. These fees reflect our relative complexity for an organisation of our size, so a further potential reduction in fees (perhaps to nearer £10k) would be a very good outcome. Putting this into our particular historical context, the fee we were charged back in 2004 was £15k, or - after allowing for inflation - roughly £21k in today's money.

Richard Burnett
Treasurer

18 October 2017

YORKSHIRE DALES NATIONAL PARK AUTHORITY **ITEM 13**

Committee: **AUDIT AND REVIEW**
Date: **14 November 2017**

Report: **MID-YEAR TREASURY MANAGEMENT REVIEW: REPORT OF THE TREASURER**

Purpose of the Report

1. To present details of the Authority's 2017/18 Treasury Management activity up to 30 September 2017, together with a mid year review of the Treasury Management Strategy and a Prudential Indicators update.

Recommendations

2. That Members:

(i) Note the position on the Authority's 2017/18 investment (Treasury Management) activities up to 30 September 2017.

(ii) Note the continued applicability of the Prudential Indicators for the period 2017/18 to 2019/20, as agreed by the Authority on 28 March 2017.

Strategic Planning Framework

3. The information and recommendations contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework, and in particular its objective to manage all aspects of the Authority's business so as 'to make the most effective use of our resources' (Corporate Action Plan 2017/18, Objective 24).

Background

4. The Treasury Management function is concerned with the management of the Authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

5. Members will be aware that day to day investment activity is undertaken on behalf of the Authority by North Yorkshire County Council (NYCC) under contract.

6. The process of Treasury Management in the Public Services is regulated by the **CIPFA Code of Practice on Treasury Management 2009**. The Authority must also comply with the **CIPFA Prudential Code for Capital Finance in Local Authorities.**

Review of the Annual Treasury Management and Investment Strategy for 2017/18

7. The Authority's Treasury Management and Investment Strategy (approved by the Authority on 28 March 2017) set out the Authority's approach to managing its Treasury Management activities for the financial year to 31 March 2018.

8. The CIPFA Code of Practice for Treasury Management (2009) requires that Annual Treasury Management Strategies are kept under constant review and reported to Members as appropriate. There is a requirement for a mid year review as a minimum.

9. Although there is still considerable uncertainty and volatility in the financial and banking market, both globally and in the UK, it is considered that the Strategy approved in March 2017 remains for purpose.

Investment Activity

10. Under the contractual arrangements with NYCC for the investment of cash balances the Authority adopts the investment strategy adopted by the NYCC. The net return achieved is closely monitored by the Treasurer.

11. NYCC operates a 'pooling' arrangement under which cash held by the Authority is merged with that of other organisations, to secure better overall returns in the money market. Interest is paid at the overall average rate achieved.

12. Any loss incurred by NYCC as a result of default by a counterparty would be apportioned between the participants of the pool (which includes NYCC itself), in proportion to the total surplus cash funds at the time of default.

13. The Authority's Treasury Management and Investment Strategy for 2017/18 states that the Authority's investment priorities are (a) security of capital, and (b) liquidity. We aim to achieve the optimum return on investments within this context.

14. The only financial investments made by NYCC in 2017/18 up to 30 September were the placing of surplus funds on the money markets for periods of up to one year, to institutions included on NYCC's Approved Lending List. For this Authority the results of these placings were as follows:

Bank balance as at 30 September 2016	£2,838k
Average Rate achieved up to 30 September 2016	0.64%
Interest Earned up to 30 September 2017	£9.0k
Average Rate achieved up to 30 September 2017	**0.48%**
Bank balance as at 30 September 2017	£3,414k

15. The original the 'half year' budget projection for 2017/18 had been set at zero, based on the expectation that base rates were about to fall to that level; the budget for interest income was revised upwards in September 2017, to a target of £18k for the full year.

Interest Rate Forecasts

16. When the current year's budget was prepared, back in November 2016, the Bank of England base rate had been widely expected to fall to zero. In the event, that didn't happen, and it is now anticipated that rates are instead likely to rise during the current financial year, perhaps increasing by 0.25% to reach 0.5%, mainly on the back of rising inflation. Beyond that, projections are very variable, with a current upper limit of 1.25% by the end of 2018. The (draft) budget for 2018/19, to be presented to the Authority in December, will factor in an assumption of this lower rate of increase (to 0.5%), to arrive at a prudent estimate of likely bank interest income; this assumption will be kept under review.

Prudential Indicators

17. The Prudential Code requires appropriate arrangements for the monitoring, reporting and revision of Prudential Indicators. These indicators set out the potential borrowing requirements of the Authority, a necessary step were it to be decided that borrowing should take place. Although there are no plans currently for any borrowing, that fact does not exempt the Authority from complying with this aspect of the Prudential Code.

18. The 2016/17 outturn figures for Prudential Indicators were reported to this Committee on 11 July 2017. That outturn report did not consider any consequential changes to the various indicators set for the three year period 2017/18 to 2019/20. It is therefore necessary to consider and revise, where appropriate, the Prudential Indicators for the three years up to 31 March 2020. Having reviewed the Authority's budget for 2017/18, and its performance in terms of income and expenditure to date, no changes are proposed to the existing Prudential Indicators. None of the Prudential Indicators were breached up to 30 September 2017.

Richard Burnett
Treasurer

18 October 2017