

DARTMOOR NATIONAL PARK AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

Friday 4 November 2022

Present: Members

A Cooper, W Dracup, P Harper, G Hill, S Morgan (Chair),
M Renders, P Sanders, P Smerdon

Officers

K Bishop, R Drysdale, A Stirland, N White

Apologies: J McInnes, J Nutley, P Vogel, P Woods

The Chair welcomed Mr Gareth Mills and Mr Liam Royal of Grant Thornton.

579 Minutes of the meeting held on 5 November 2021

The minutes of the meeting held on 27 May 2022 were proposed by Mrs Morgan, seconded by Mr Sanders and AGREED as a correct record.

580 Declarations of Interest

Mr Dracup and Mr Harper declared a personal interest in Farming in Protected Landscapes.

581 Items Requiring Urgent Attention

None.

582 Public Participation

None.

583 Interim Auditor's Annual Report on Dartmoor National Park Authority for the Year Ended 31 March 2022

Mr Mills advised Members that the interim Auditor's Annual Report was a summary of the work undertaken on the Authority's Value for Money Arrangements. This was the second year of the more wide-ranging Value for Money review that external Auditors have been performing in public sector organisations. The work is spread across three particular themes - financial sustainability, governance and performance management areas in terms of economy, efficiency and effectiveness. The report is positive; there were no significant weaknesses identified in their review.

Recommendations have been made with regard to the monitoring and updating of policies, together with a review of the Authority's Key Performance Indicators (KPIs), specifically where performance is behind target where an appropriate action plan is required to bring that performance back online

Three recommendations from the Value for Money work undertaken in the previous year have been followed up; each of these have been partially completed. Work is ongoing and should be finalised during the 2022/23 financial year; Grant Thornton will follow this up.

In response to a Member query, the specific policy referred to was the Whistleblowing Policy as it has not been updated for a while. In addition, the policy included not only officers identified by job title but also by name. It was suggested that the Authority has a register of all policies in order to enable tracking and regular reviews. Another Member suggested that the Authority's policies should outline officers by job title rather than name in order to make the review process simpler.

RESOLVED: Members NOTED the content of the report.

584 The Audit Findings (ISA260) Report for Dartmoor National Park Authority for the Year Ended 31 March 2022

Mr Mills reminded Members that Mr Royle had made a detailed presentation at the Authority meeting on 2 September 2022. With regard to actions identified at that meeting, Members had requested an update of the ISA 260 report to make it clear that there had not been any fraud issues uncovered during the audit. This had been done.

Members had also requested a more detailed breakdown of the fee variations which were now included at appendix D of the report. He reiterated that whilst the Authority was part of the full audit regime, the work involved would always take a lot of auditor time in order to get to a position where they were materially comfortable on the key items and balances in the Authority's accounts, due to materiality being very low and the Authority's share of the Devon County pension fund which is subject to a lot of assumptions and fluctuations. He added that those costs would likely increase further under the new PSAA audit contract with Bishop Fleming from 2023/24.

Discussions have taken place with the Head of Business Support regarding the possibility of DNPA applying to Defra to enter into a more Limited Assurance regime to try to offset some of those fee increases. The present audit fee of £18-19k could well be heading towards £45-50k under the new contract.

In response to a Member query Mr Mills assured the committee that after next year's audit, Bishop Fleming would be given access to Grant Thornton's (GT's) accounts and value for money audit files in order for them to obtain relevant information and assurance over GT's work. He added that if he were in the Authority's position, he would explore the possibility of moving out of the

full audit regime because of the Authority's income and expenditure being below the threshold, in normal circumstances, for a full audit, adding that there may be scope for DNPA to move into a different audit regime. Should this be possible, then the level of work undertaken with regard to the pension fund and on the valuation would drop away and the level of value for money work carried out would place the Authority within the scope for a limited assurance audit regime, thus cancelling out the bulk of the auditor's fees. This would be something that the Authority would need to discuss with Defra.

Whilst the Authority remains part of the main regime and is a separate statutory body fees are likely to be quite significant under the new contract. Defra has requested DNPA and the other national parks to be part of the full audit regime and therefore PSAA has allocated all national parks to a very detailed audit code with a very high bar in terms of audit documentation and audit quality. The National Parks, collectively, may have a stronger case to make to Defra in seeking a move into a lighter touch limited assurance audit regime.

The Chief Executive added that the reality faced by the Authority was that the core Grant income has reduced by almost a half over the last 13 years and yet it faces a quadrupling of audit fees. Whilst he accepted the points made by the external Auditors about lobbying Defra he advised that Defra does not control the audit regime

Mrs Morgan proposed that a resolution be taken to full Authority to request officers to explore and pursue the possibility of moving the Authority towards a lighter touch audit regime as suggested by Grant Thornton. This was seconded by Mr Cooper and AGREED by all Members of Audit and Governance Committee.

RESOLVED: Members AGREED that a resolution be taken to full Authority to request officers to explore and pursue the possibility of moving the Authority towards a lighter touch audit regime as suggested by Grant Thornton.

585 Financial Management 1 April to 30 September 2022 and Forecast of Financial Outturn 2022/23

Members received the report of the Head of Business Support (NPA/AG/22/007). She reminded Members that the 2022/23 net budget was approved in March this year and was funded from:

- National Park Grant (NPG)
- Fees and Charges
- External grants and partnership income
- The Authority's own reserve balances

Various work programs and associated income streams from 2021/22 were also brought forward; this meant that the net budget had increased by just over £73,000.

Based on the current status of work programs; the currently forecast, as at month 6, is for a potential deficit of £32,918 at year end, as shown in appendix 1. A full variance analysis was to be found at appendix 2 and details of the most significant variations were set out in section 2.4 of the report.

The forecast deficit was, however, largely related to

- The pay award - Local Government Employers have offered £1,925 lump sum and 4.04% for all nationally agreed allowances.
- The Authority has also incurred additional legal costs for planning appeals and court cases, with forecasts of £30,000 overspend by year end.
- Repair costs for the chimney at Princetown Visitor Centre; however, these costs could be met from property repair reserve.

The Head of Business Support advised that section 2.5 of the report set out the bids that have been funded from the Project Fund (PF) to date. This Fund was an unallocated pot of money which officers were able to bid for in-year, to enable new unplanned projects to start, to add capacity to teams if required and meet unforeseen expenditure and pressures.

Section 3 of the report formally set out details of the capital program to meet the requirements of the Prudential Code; the table at 3.1 detailed the total anticipated spend per project, how the projects were to be funded and timing of any income streams.

Section 4 provided the forecast of interest expected to be generated from treasury deposits as at the close of the financial year. However, with the expected increases in interest rates this could be higher at year end. The position would become clearer nearer the end of the financial year.

Section 5 summarized the forecast movement in reserves for the year, with the prior year comparator. Appendix 3 provided a detailed breakdown of individual reserve balances and associated movements. Appendix 4 was the risk-based analysis.

Members were advised that the 2023/24 budget and new Medium Term Financial Plan process was underway; the balances were likely to change. Officers were working on the assumption that National Park Grant for 2023/24 would be a flat cash settlement. In real terms, with consideration for inflation and pay award increase, this would be a reduction in cash terms. Budget setting was going to be very challenging.

The forecast outturn deficit of £32,918 represented a 0.82% variance against the (revised) budget. With the current economic trends the deficit could change. The Authority was very good at making in year savings and the Authority's reserves are healthy. However, the Authority could place continued reliance on reserves to cover flat cash core grant. Budget management was being closely monitored and challenged; Members would be kept informed if new pressures were to arise to give rise for concern.

Mr Dracup declared a personal interest regarding land management due to the Shallowford Trust having received funds.

In response to Member queries, Officers responded as follows:

- **Pine Martens** – project being led by Devon Wildlife Trust; part of a partnership with the aim to reintroduce Pine Martens to Devon and to put a project officer in place.
- **Yellow lines** - Part of an agreement with the Highway Authority – the Authority to pay a proportion of the costs in order for the narrower, rural yellow lines to be painted.
- **Wood Strategy** - the Woodland Strategy is a Devon-wide strategy that the Woodland Trust, in partnership with Devon County Council, is pulling together, as part of the land use framework investing in a wide strategy for woodlands
- **Rising interest rates** - The Authority has no borrowing. The treasury deposits would make money for the Authority.
- **Call on Reserves** - The Authority has committed to the business review this financial year in order to be able to deal with the expected flat cash National Park Grant for 2023/24. With regard to redundancy costs – these were not included in the paper before Members; it was likely that there would be a need to call on reserves to assist the costs of the process.

A Member commented that it was important to realise that the Business Review meant the actual cessation of some services that the Authority currently provides. The Authority could not continue as it is. The situation is very serious indeed when an Authority such as Dartmoor NPA has no option but to withdraw services.

RESOLVED: Members NOTED the content of the report.

586 **Business Plan Monitoring 2022/23**

Members received the report of the Head of Organisational Development (NPA/AG/22/008). He advised that the report informed Members of the Authority's performance to the end of Quarter 2 (end of September) against the key actions identified in the current Business Plan.

Three key actions that will **not** be completed as planned were outlined in paragraph 2.4 of the report, together with a brief explanatory note. With regard to the Farming in Protected Landscapes fund, an update was provided, particularly the difference between grants committed and actual spend.

Despite the challenges and pressures across the organisation, there was much to celebrate and be proud of. A snapshot of some key achievements was set out in paragraph 2.8 of the report.

A Member expressed pleasure at seeing a positive report, adding that she had received excellent feedback regarding the Night Under the Stars programme.

A Member observed that the Authority had, so far, paid out a very small amount of the Farming in Protected Landscapes (FiPL) grant which had been allocated to individuals. As the funds must be paid out in-year, he requested that this be made a higher priority. The Chief Executive (National Park Officer) agreed that this was a significant risk. Grant beneficiaries have to claim their funds from the Authority. However, much of the project work is dependent upon weather patterns, availability of contractors etc. The team is actively encouraging beneficiaries to maximise spend but this issue highlights the difficulty of managing a multi-year programme with a one-year fixed term budget.

Members agreed that there were a number of key actions within the Business Plan Monitor highlighted as Amber. These actions could easily slip into the Red so required close scrutiny from Members. The 'Red, Amber, Green' colour coding graphic was a clear way of highlighting potential issues to Members, at the same time as showing those actions that are on track and working well.

RESOLVED: Members NOTED the content of the report.

587 Performance Indicators 2022/23 and Annual Ombudsman Letter

Members received the report of the Head of Organisational Development (NPA/AG/22/009). He advised Members that the report detailed how the Authority has performed against the agreed targets for 2022/23 at the half-way point of the business year.

Members were given an updated copy of the full set of performance indicators which included the outturn data for the previous two years in order that they would be able to benchmark current progress. He advised that a separate *State of the Park Report* which reviews data relating to the environment, economy and community within the National Park, as well as looking at visitor trends would be presented to the Authority in the new year.

The Head of Organisational Development highlighted the performance of two particular areas, as follows:

Development Management – a positive six months; a full complement of staff has helped improve performance in determining applications of all types. The pre-application advice service remains suspended which is reflected in the data. A review all aspects of the pre-application offer is planned for next year.

The complete replacement of the planning application IT system continues to be a major undertaking. This project has been effectively managed by our former Head of ICT and overseen by the Head of Development Management (DM) - the new system went live last month and the whole team is to be commended for the way they have embraced and adapted to this change.

The transfer of data between the old and new system had a short-term impact on validation times and the team's ability to issue decisions. However, the team is tackling the backlog of casework and adjusting to the new ways of working. A new public website interface and process efficiencies are expected once the new system is fully functional.

Staff sickness absence – there has been a significant increase in days lost during the first six months of this year, the increase primarily due to an increase in long-term absences, rising from 35% of all absences last year to 58% this year to date. Officers continue to keep our sickness data under review and provide support for staff and managers.

Annual Complaints Letter 2021/22

The Head of Organisational Development reported that, in July 2022, the Local Government & Social Care Ombudsman published the annual review letter containing details of the number of complaints and enquiries received and decisions made by the Ombudsman regarding the Authority for the period until 31 March 2022. The Ombudsman investigated two complaints during 2021/22 relating to planning and development; neither were upheld.

He reported that he had attended an *Effective Complaint Handling* online workshop delivered by the Ombudsman in October 2022. He has shared some of that learning and the Authority continues to review all complaints received to identify any lessons to be learnt.

With regard to Performance Indicator S8, a Member requested that the target and quarterly figure be reported in the same way. Currently the target is presented in hectares but the quarterly figure is presented as a percentage. The Head of Organisational Development confirmed that this would be addressed.

He also confirmed to Members that the new planning system was now live; there was a backlog but these were being worked through chronologically by Planning Administration Officers.

RESOLVED: Members:

- (i) NOTED the content of the report;
- (ii) analysed the performance for 2022/23 to-date and considered any actions which could be taken to maintain/improve performance or address under performance; and
- (iii) NOTED the Annual Review Letter for 2021/22 received from the Local Government & Social Care Ombudsman.

588 Strategic Risk Register 2022/23

Members received the report of the Head of Organisational Development (NPA/AG/22/010). He advised that the Strategic Risk Register formed an important part of the Authority's overall risk management strategy and it was important that Members regularly reviewed the strategic risks for the Authority

in order to raise issues for consideration and highlight areas of risk to be added or removed. He added that the Leadership Team monitored and reviewed the Strategic Risk Register on a quarterly basis.

Members were asked to note that the risk rating relating to risk reference P5 - *Lack of support to deliver actions in the Partnership Plan* – had been increased due to potential lack of resources for the Authority and partners.

The Risk Management Strategy comprises four elements:

- RM Policy – which the Audit & Governance Committee approved in May 2016
- Roles & Responsibilities of officers and Members
- Strategic Risk Register
- Embedded risk management within services

Members commented on the highest risks around manpower and officer workload; they were not surprised at the level of risk when the constraints of the budget were taken into account. They also noted the number of risks that were on the borderline of tipping into red and advised that these need to be continually reviewed and raised with Members should the risk go any higher. A Member advised that it would be useful to be able to compare the 2022/23 risk ratings to those of the previous year (2021/22).

RESOLVED: Members APPROVED the updated Strategic Risk Register.