

DARTMOOR NATIONAL PARK AUTHORITY

6 March 2020

FINANCIAL SETTLEMENT 2020-2021Report of the Chief Executive (National Park Officer) and Head of Business SupportRecommendation: **That Members:**

- i. **Note the implications of the financial settlement for 2020/21 – the real terms cut in funding and the potential implications of a 5% cut to National Park Grant.**
- ii. **Allocate £65,038 from reserves to enable the Authority to set a balanced budget for 2020/21 and instruct officers to identify in-year savings to reduce the call on reserves.**
- iii. **Note that producing a detailed Medium Term Financial Plan (MTFP), given current uncertainty, is impossible.**

1 Financial Settlement 2020/21

- 1.1 Defra confirmed the 2020/21 financial settlement for the Authority by means of a letter dated 25 February 2020 (see appendix 1). The headline figure is that the Authority will receive £3,825,865 for 2020/21. This is the same as we received for 2019/20 – there is no consideration of inflationary pressures on our core costs – we anticipate a salary increase of 2% or more and have been notified of a potential increase in audit fees for 2020/21 of over 40%.
- 1.2 The headline figure masks the fact that National Park Grant (our core funding) is actually reducing by 5% compared to 2019/20. This is very worrying as it effectively re-sets our baseline funding in advance of the Spending Review scheduled for later in 2020. Defra has offset this 5% reduction by including an allocation of £191,293 from a dedicated Biodiversity Fund. The grant letter (appendix 1) indicates that we need to use this element of the settlement to carry out activities that will benefit biodiversity. The settlement is for 2020/21 only and Defra has confirmed that the biodiversity funding is for one year only at this stage, which could mean that our baseline funding has been cut by more than 5%.
- 1.3 The total figure of grant from Defra represents another real terms cut to our core funding. The extent of the cut depends to a large extent on the pay award which is negotiated nationally. Over the last ten years our core funding has been cut by over 40% in real terms.
- 1.4 The letter confirming the settlement gives direction in terms of asking how we will use the grant funding to deliver “nature recovery, work towards net zero carbon through nature-based solutions and support the needs of communities in modern Britain”. It also asks how we will work in partnership strategically with other groups, including other National Park Authorities and Areas of Outstanding Natural Beauty. The Authority is already doing this. Of greater concern is the suggestion that Defra might set out more detail of any specific actions they would like us to take ahead of the start of the new financial year. This is incredibly late in the business planning

cycle - Members will be considering the draft Business Plan when they meet on 6 March 2020 with a recommendation that they approve the key actions. The draft Business Plan sets out how the proposed key actions help deliver national priorities in the form of the 25 Year Environment Plan and Eight Point Plan for National Parks. We have also highlighted how we are responding to the Glover Review through our work programmes.

- 1.5 In summary, the financial settlement for 2020/21 is disappointing when set against a real-terms increase in the revenue budget for Defra for 2020/21; the recommendation in the [Glover Review](#) that National Park budgets should be at least protected in real terms for a minimum of five years, and the 2019 [Conservative and Unionist Party Manifesto](#) that welcomed Glover and committed to making “our most loved landscapes greener, happier, healthier and open to all”. It would appear that Defra continues to face financial pressures and that the real terms increase in its revenue budget has been ring-fenced for specific purposes including: £432m for Brexit; £30m for terrestrial and marine biodiversity and £20m for replacement of the Common Agricultural Policy.

2 2020/21 Revenue Budget

- 2.1 The settlement for 2020/21 means that we have to cut our planned expenditure as outlined in the draft revenue budget (NPA/20/005) by £65,038 in order to balance the budget, or take this money from reserves, or a mixture of both options.
- 2.2 It is recommended that Members authorise an allocation of an additional £65,038 from the unallocated match funding and invest to save reserves so that the Authority can set a balanced budget for 2020/21. This is clearly unsustainable in the longer term (i.e. the remaining two years of the MTFP which are now in deficit and beyond) but will provide us with the time to carefully consider how we reduce expenditure in order to match income. Using reserves to support our revenue budget also means that potentially we have less money to use as match funding for external grant applications to bodies such as the National Lottery. We are already looking at the following options in terms of reducing expenditure:
- Delayed/deferred maintenance programmes – this can reduce expenditure in the short-term but has the potential to increase expenditure longer-term.
 - Reduced operating hours for National Park Visitor Centres – the reduced budget means that we will not be able to operate the Visitor Centres as we had hoped.
 - Cut the Project Fund – this will directly reduce our ability to carry out work on the ground; respond to pressures and opportunities within the financial year; and fund projects that are currently being developed by staff (i.e. potential aborted work if external funding cannot be found).
 - Business review to reduce staff costs – we may need to consider a further review of our staff structure if the cut to National Park Grant is not just for one year. In the short term we will carefully consider all vacancies before authorising any replacement.

3 Medium Term Financial Plan 2020/21 – 2023/24

- 3.1 The settlement announced on 25 February 2020 is for one year only. A Spending Review is due to take place later this year and this should set longer-term budgets for each government department and thus provide the framework for future decisions on National Park Grant. It is worth noting that we had already reduced budgets against bids by over £80,000 in order to set a balanced budget on the original assumption of a 1.72% increase in National Park Grant.

	MTFP SCENARIOS						
	2020/21	NPG at Flat cash i.e. 5% reduction carried through		NPG at 2019/20 rate i.e. still real terms cut		NPG at Real terms increase (assumed 2% annual increase)	
	£	£	£	£	£	£	£
Net Budget requirement	3,922,689	4,008,899	4,093,329	4,008,899	4,093,329	4,008,899	4,093,329
NPG	(3,634,572)	(3,634,572)	(3,634,572)	(3,825,865)	(3,825,865)	(3,980,430)	(4,060,039)
Biodiversity Fund	(191,293)	0	0	0	0	0	0
Budget Gap	96,824	374,327	458,757	183,034	267,464	28,469	33,290

- 3.2 As noted above, a key concern for the Authority is the fact that National Park Grant has been reduced by 5% for 2020/21; this could mean that even a 5% increase through the Spending Review would leave us with less money than in 2019/20.

4 Conclusion

- 4.1 The settlement for 2020/21 represents another real terms cut in the Authority's core budget. The level of the cut depends primarily on two factors: first, the local authority pay award for 2020/21 and, secondly, whether the 5% cut in National Park Grant for 2020/21 is carried forward for future years. In a worst case scenario we are looking at a real terms cut in excess of 7% to our baseline funding compared to 2019/20.
- 4.2 This reduction in core funding is particularly disappointing given that the Government commissioned an independent review (the '[Glover review](#)') of National Parks and Areas of Outstanding Natural Beauty in 2018/19 which recommended that National Park budgets should be protected in real terms and sustained for at least five years. The [Glover review](#) was "welcomed" in the [Conservative Party Manifesto](#) for the 2019 General Election. The Manifesto also stated that they wanted to make "our most loved landscapes greener, happier, healthier and open to all". It is regrettable that the bold and ambitious vision outlined by Glover is being tempered by the reality of continued austerity.
- 4.3 The Chairs of the English National Park Authorities have written to the Secretary of State for the Environment, Food and Rural Affairs to express their concern about the settlement and calling for a 'New Deal for the National Parks'. A copy of the letter is attached, for information, at appendix 2.
- 4.4 Members are recommended to authorise the allocation of an additional £65,038 from reserves in order that the Authority can set a balanced budget. Officers will

then identify areas of expenditure that can be cut/reduced during 2020/21 in order to reduce the call on reserves and to prepare for the Spending Review.

- 4.5 Uncertainty over future levels of funding makes the preparation of a detailed MTFP impossible.

KEVIN BISHOP AND DONNA HEALY

Attachments: **Appendix 1 – 2020/21 Defra funding settlement - letter**
 Appendix 2 – copy of letter to Secretary of State for Environment, Food and Rural Affairs from the Chairs of the English National Park Authorities



Department
for Environment
Food & Rural Affairs

Appendix 1 to NPA/20/012

Marie Southgate
First Floor Seacole
2 Marsham Street
London
SW1P 4DF
Marie.Southgate@defra.gov.uk

Date: 25/02/2020

Dr Kevin Bishop

Dartmoor National Park Authority
Parke
Bovey Tracey
Newton Abbot
TQ13 9JQ

Dear Kevin

2020/21 Defra funding settlement

I am pleased to be able to confirm the Defra funding settlement that your National Park Authority (NPA) will receive in 2020/21. As you know, this has taken longer than expected in the circumstances this year; thank you for adjusting your planning processes accordingly.

The settlement for Dartmoor National Park Authority for 2020/21 is: £3,825,865.

This represents a flat cash rollover of the 2019/20 budget for your NPA. This settlement demonstrates the importance government places on the leadership needed from NPAs, particularly in meeting the challenges set out in the Designated Landscapes Review led by Julian Glover.

By protecting your budget in this way, there will be increased financial pressures elsewhere in the department. To offset the need to find savings on your NPA's budget, part of your settlement includes an allocation of £191,293 from a dedicated Biodiversity Fund. On that basis, I would be grateful if you could please set out how you will use this element of your settlement to carry out activities that will benefit biodiversity.

More broadly, I also ask how you will use your grant funding to deliver nature recovery, work towards net zero carbon through nature-based solutions, and support the needs of communities in modern Britain. I would like to see how you intend to work in partnership strategically with other groups, including other NPAs and

AONBs. We will set out more detail of any specific actions we would like to you to take on this basis ahead of the start of the new financial year. Please note that we will send the Grant Funding Agreement for your signature in due course.

Finally, I would like to take the opportunity to thank you for your work and leadership at Dartmoor National Park Authority, and look forward to discussing your plans in taking forward key actions to meet the ambitions of the Landscapes Review.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Marie Southgate', written in a cursive style.

Marie Southgate,
Deputy Director – Land Use Policy



Rt Hon. George Eustice MP
Secretary of State for Environment, Food and Rural Affairs
2 Marsham Street
London SW1P 4DF
United Kingdom

26 February 2020

Dear Secretary of State,

I am mandated to write to you on behalf of all of the Chairs of England's National Parks to highlight the exciting opportunity to invest in them for the benefit of the whole nation and to help deliver the Manifesto commitment to make "our most loved landscapes, greener, happier, healthier and open to all".

A 'New Deal for the National Parks' would see investment in natural solutions to tackle:

- Climate change – for example, peatland restoration, woodland creation and natural regeneration that help sequester carbon but also deliver other benefits.
- Water management – we are already working, in partnership, on initiatives to 'slow the flow' through natural flood management and restore our blanket bogs and mires. There is an opportunity to scale this up and help improve the nation's resilience to future flooding.
- Biodiversity – our national landscapes should be the beating heart of the proposed nature recovery network, areas from which nature radiates out rather than wildlife sanctuaries. Those corridors can also be routes for public access.
- Health and well-being – we can help tackle the medical emergency in terms of obesity, type 2 diabetes and mental well-being. We already have over 94 million visitors who recognise the value of accessing our most beautiful landscapes. We need to ensure that this opportunity is easily available to all and do this in ways that do not damage our landscapes but make them more resilient.

Supporting farmers and land managers in the transition to deliver public goods for public money is a key component of our vision.

Achieving this in an integrated way, that is sympathetic to our landscapes, will enable us to deliver for our local communities and businesses: putting money into rural economies. It will also demonstrate some quick wins against the agenda outlined in the Glover Review (also welcomed in the Manifesto).

Please reply to: National Parks England

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We see a real, and exciting, opportunity to shape and deliver a 'New Deal' but the current Settlement will only allow us to make a start on this important task. We recognise that this has been a difficult settlement for Defra and that your officers have worked hard to deliver a flat cash outcome for National Parks but the current situation demands a step change in our delivery, working alongside the AONBs. We hope that the Budget and initiatives such as the proposed Nature for Climate Fund will enable you to find the additional resource required.

We offer a proven track record of cost-effective delivery, public support and local leadership. We will work in partnership, and at scale. Our ambition, put simply, is to renew our national landscapes for the benefit of all. This requires sustained investment – core and project funding that we can use to lever in additional resources.

Now is the time to renew the 'Peoples' Charter' that underpins our national landscapes and to see investment in these areas as a national priority that will deliver cost effective solutions to the climate, ecological and public health emergencies that we face.

We hope you share our ambition and see the opportunity to act now and support enhanced delivery with sustained additional financial resource.

I would welcome a chance to meet you to talk through our vision and the opportunities that exist to demonstrate environmental leadership.

Yours sincerely,



Carl Lis OBE
Chair Yorkshire Dales National Park and National Parks England
On behalf of the Chairs of all English National Park Authorities

Bill Dickson	Broads Authority
Pamela Woods	Dartmoor National Park Authority
Robin Milton	Exmoor National Park Authority
Mike McKinley	Lake District National Park Authority
Oliver Crosthwaite-Eyre	New Forest National Park Authority
Jim Bailey	North York Moors National Park Authority
Glen Sanderson	Northumberland National Park Authority
Andrew McCloy	Peak District National Park Authority
Margaret Paren	South Downs National Park Authority

Cc Lord Gardiner, Parliamentary Under Secretary of State