

DARTMOOR NATIONAL PARK AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

Friday 20 November 2020

Present: Members

A Cooper (Chairman), G Gribble, P Harper, G Hill, J Nutley, C Pannell,
P Vogel, D Webber, P Woods

Officers

K Bishop, A Kohler, D Healy, N White

In attendance: Catherine Shewan (Independent Person)

Apologies: K Ball, J McInnes, P Sanders

526 Minutes of the meeting held on 7 February 2020

The minutes of the meeting held on 7 February 2020 were signed as a correct record.

527 Declarations of Interest

None.

528 Items Requiring Urgent Attention

None.

529 Public Participation

None.

530 Financial Management 1 April to 30 September 2020 and Forecast Financial Outturn 2020/21

Members received the report of the Head of Business Support (NPA/AG/20/007).

The 2020/21 net budget was approved by the Authority in March 2020 and is funded from:

- National Park Grant (a single year settlement only was granted)
- Fees and charges
- External grants and partnership income
- The Authority's own Reserve balances

The Authority brought forward various work programs and associated income streams from 2019/20, increasing the net budget by just over £134,000. The original planned use of reserves was reduced by £41.4k as the Planning Enabler post became vacant; this post was funded from a ringfenced grant from MHCLG. Based on the current status of work programs; a potential surplus of £28464 is forecast for year end. However, any year end surplus may have to be set aside for building repairs that may be needed in the Ballroom at Princetown Visitor Centre

The impact of the Coronavirus Pandemic (Covid 19) has been felt in all walks of life, including for National Parks – the Authority's usual income generation, planned work programmes and core business activity has all been affected in varying degrees. This has resulted in some increased costs, some lost income and, conversely, some savings. The Coronavirus Job Retention Scheme (CJRS) was used when the visitor centres were closed, in addition to other government support mechanisms e.g. Business Support Grant and Business Rate Relief. Part 2.4 of the report details the most significant variations and movements by individual cost centre

The majority of variations are:

- Staff turnover resulting in vacancy savings. Business critical posts are to be recruited to; however, two staff retirements in Business Support are currently being held vacant;
- Travel & subsistence savings resulting from C19 travel restrictions;
- Small premises related savings when buildings were closed during lockdown periods and business rate relief from district councils;
- Some business running cost savings as the Authority changed to remote working and some minor changes in work programs;
- Increased grant income: Business Support grant for Princetown Visitor Centre, Coronavirus Job Retention Scheme grant for furloughed VC staff; Clarion Housing #iwill project – Education; partnership contributions toward the extra cost of implementing the Dartmoor Marshal Scheme in the Summer and partnership contributions received for various Natural Environment Projects – Biodiversity
- However, income from fees, charges and VC sales is forecast to be down by £150k at year end: car parks were closed at the start of the first lockdown and the new charging regime has not yet been implanted; vending licence fees could not be collected during the first lockdown; VCs were closed during lockdown and again during November; events and youth group activities were cancelled; and whilst planning application numbers have been maintained, fee income is not forecast to reach the target budget, due, primarily to more householder apps rather than large applications which attract the bigger fees.

The Postbridge Visitor Centre extension project is complete; the Centre re-opened in the summer. The full capital cost of the extension build (£452,262) is being funded from capital grant, but the final grant claim cannot be

submitted until September 2021, which means that some costs incurred this financial year (£33,920) will have to be funded by the Authority in advance of the final grant claim being made. Other revenue costs of £44,470, which are architect fees, professional fees and the internal interpretation installation will be met from an earmarked reserve (£20,036 external grant funding) and in-year savings.

With regard to Moor Otters II, costs incurred to date are £79,995; income since 2019 is £28,300. The project was delayed year due to Covid 19 with the otters being placed in secure storage. Officers are currently working towards full implementation of the arts trail and the auction for Spring / Summer of 2021. Once the project is complete a full reconciliation of income expenditure will be undertaken to determine if there is a surplus, and if there is, it will be used to fund conservation projects, as was done in 2017.

The Project Fund is an unallocated pot of money that allows officers to bid for money in-year, to enable new unplanned projects to start, to add capacity to teams if required and meet unforeseen expenditure and pressures. The bids are detailed in section 2.6 of the report. Section 3 of the report formally sets out details of the Capital Programme to meet the requirements of the Prudential Code: the table at 3.1 shows the total anticipated spend per project, how they are funded and timing of any income streams. Section 4 of the report sets out how and why the Authority has reserve balances and what the likely movement will be between the start and end of the year.

The 2021/22 Budget and new Medium Term Financial Plan is now being worked up and therefore the balances may change. Reserve balances are held for specific purposes; they are working balances and are not just a “means to save up funds”.

The exact level of National Park Grant for 2021/22 is, as yet, unknown; however, it is known that it will once again be a one year settlement and is likely to be flat cash; this will be a challenge for next year and a one year settlement makes long-term business planning difficult.

The forecast outturn surplus of £28,646 represents a -0.66% variance against the revised budget. The Head of Business Support advised that it should be noted that some fluctuations are likely, especially if projects are delayed (e.g. due to further Covid 19 implications, to poor weather conditions or to partnership funding variations / timing) or if other income is received or generated in the next six months. This year 2020/21 has been unprecedented due to the Coronaviurs pandemic; the impact of significant visitor numbers and behaviours after the lockdown restrictions were eased; the economic impact across the Park and the country, for business and partners and the impact of staff and Members working from home. Many processes and procedure have had to be altered to ensure that the organisation delivers “business as usual” and that decision making for communities continues.

Budget management is being closely monitored and challenged, Members will be kept informed if new pressures arise that give rise to concern.

Members commended Officers for their hard work, adding that a 0.66% variance was commendable given the present circumstances.

In response to a Member query, the Head of Business Support advised that staff could be reimbursed should they have specific additional direct costs. Staff are also able to claim tax relief. With regard to the ongoing issues at Princetown Visitor Centre, investigations and surveys are ongoing to determine what can be done about the water ingress. Officers are currently looking into the feasibility of 'Pay by Phone' for car parking.

A Member stated that it should be noted in the minutes that Members noted that Reserves were currently acceptable but they could reduce significantly over the next three years.

The Head of Business Support advised that remodelling of the Authority's finances would continue, taking into account National Park Grant for 2021/22.

RESOLVED: Members NOTED the content of the report.

531 Independent Review Into the Oversight of Audit and the Transparency of Local Government Reporting ("The Redmond Review") and the Public Sector Audit Accountments (PSAA) on Proposed Audit Fee Regulations

Members received the report of the Head of Business Support (NPA/AG/20/008). She advised Members that in 2014 a new audit regime was introduced which resulted in the abolition of the Audit Commission and allowed Local Authorities to appoint their own external auditors. However, the provisions in the act were onerous and Ministry of Housing Communities and Local Government appointed an entity (after a tender process) to become an appointing person for Local Authority audits. This appointed person / entity was a newly formed company set up by the LGA called Public Sector Audit Appointments Ltd (PSAA) – they were the only bidder. Their main responsibilities are:

- To be the appointing person for Local Authority (LA) Audits
- To take steps to ensure public money is properly accounted for and protected
- To oversee delivery of consistent high quality and effective audit services
- To ensure effective management of audit contracts

Category 1 LAs (with turnover greater than £6.5m) were given the option of opting in to the appointment process if they did not want to procure their own auditor. All National Park Authorities were required to be treated as Category 1 bodies by Defra; 98% of LAs opted into this process.

The Audits undertaken by Audit Commission between 2008-2012 were at a cost of £18k. Grant Thornton was appointed in 2012 with a fee of £12k. The company was reappointed in 2018 with a fee of £9k; however, additional costs have resulted in the fee being closer to £13k. Therefore, between 2009 and

2020 there has been a fall of 50% in cash terms / 64% in real terms and the view is that this undermining the future viability of audit contracts.

Sir Tony Redmond was asked by Government to undertake a review to examine the effectiveness of local audit as is now practiced.

Key findings summarised in 2.1 of report and detailed findings are reported in Appendix 2. Having attended a seminar with Sir Tony Redmond, the Head of Business Support reported that it was concluded that the fee structure is no longer sustainable, high quality, consistent auditing is difficult, the PSAA is struggling to do what it was set out to do, although there was no legislation put in place to set out requirements. It is proposed that a new statutory body be created called OLAR (Office of Local Audit Regulation).

It was agreed that accounts are not transparent or easy to understand, which makes it hard for users to ask questions or use them to make decisions. The review recommended a new statement of service information and costs to be published which relates the budget to outturn. This is already done for Members of the Authority. The Review also states that accounts do not report sufficient information on issues such as financial resilience, sustainability and going concern. Appendix 1 of the report details points about the current retrospective Value For Money conclusion and Going Concern and how things are already changing with the introduction of the new Code of Local Audit Practice which is effective from this financial year. Appendix 2 provides details of the current fee variation process.

Detailed recommendations of the review can be found at Appendix 3. An initial response from PSAA is set out in section 4 of the report.

In conclusion, it is likely that fees will increase; there is the likelihood of additional workload for staff. Discussions will need to take place with Defra to determine whether the Authority should be classed as a smaller Authority.

The Head of Business Support asked Members for any comments or questions they had regarding the Redmond Review.

Some Members commented that it appeared that the new proposed system would be more bureaucratic than the existing one. The Head of Business Support advised that it is recommended that External Audit should and indeed must take note of what Internal Audit work is being undertaken.

Mr Harper proposed recommendation (i), which was seconded by Mr Vogel.

RESOLVED: Members NOTED the recommendations of the Redmond Review.

The PSAA is currently consulting on the audit fees and potential variations for the current financial year. As Members are aware, the Authority is still in dispute with Grant Thornton with regard to the fee for the 2019/20 audit; the PSAA is negotiating with us about that. The Authority is currently refusing to

pay any more than the scale fee.. The PSAA is proposing a new approach: as follows:

- National variations that apply to the Authority all for things such as changes in audit and accounting codes, standards & regulatory requirements – where a standard cost can be reasonably estimated. Often relevant to the Authority but always dis-proportionate due to size and materiality thresholds;
- Local variations for local issues e.g. additional work for new / complex transactions, if working paper are not satisfactory, work undertaken in respect of objections / public interest reports (should not be relevant to the Authority).

RB comments:

- Paragraph 16 doesn't list all the potential causes of a national rate increase: specifically, the Redmond report recommended additional financial reporting requirements, on which the external audit would be required to form an opinion.
- Para 25 etc: it would be useful if the 'pension fund audit' component of the audit wasn't part of this 'local' agenda, but a 'national' one. I'm ok with the auditor claiming extra 'local' fees if we don't get our own act in order (e.g. preparing year-end documentation), but the Pension Fund audit aspect is outside our control: each year, this takes up an increasing amount of the auditor's time, as they reappraise the work of other external auditors on our regional pension fund's accounts (and our 'share' of those accounts): we have no control over this aspect, and no input into it (and actually there was mention in the Redmond review which proposed a relaxing of audit concern – and attention - in this area).

The Head of Business Support asked Members for any comments or observations prior to her responding to the consultation. She added that she was liaising closely with other National Park colleagues. A joint response is likely.

In response to a Member's queries, the Head of Business Support responded:

1. 'Substantial work' – officers often do not know what amount of work will be required in order to prepare for audit. It is hoped that a separate the separate statement required to sit alongside the Statement of Accounts will not be too onerous but this has not yet been clarified by CIPFA. The amount of work that auditors have had to undertake in relation to pensions and plant & equipment during this financial year is unprecedented due to Covid19.
2. Poorly prepared papers – this is never an issue with this Authority. Officers have always completely satisfied the requirements of the audit.

The Authority has never fallen short and it is not anticipated that this would ever happen in the future.

3. It does not appear at present that the scale fee can be changed; however, legislation can always be altered. The scale fee is set for a period of three years. Should CIPFA and the Government change the requirements of auditors and local authorities the scale could, effectively be out of date within 12 months.

Ms Woods proposed recommendation (ii), which was seconded by Mr Nutley.

RESOLVED: Members NOTED the PSAA's proposed new system for audit fee variations and delegated authority to the Head of Business Support to make a formal response by 1 December 2020, in consultation with the Chair of the Authority and the Chair of Audit & Governance Committee.

532 Business Plan Monitoring 2020/21 (April to September 2020)

Members received the report of the Head of Organisational Development (NPA/AG/20/009).

He advised Members that the report informed Members of the Authority's performance up until the end of September 2020 (Quarter 2) against the key actions identified in the current Business Plan. The Business Plan initially identified 27 key actions. However, the coronavirus pandemic has inevitably had an impact - not only on work programmes but also how officers work, interact and communicate.

In order to reflect the work that the Authority is doing in response to the pandemic, Members were advised that three new actions were added, as follows:

- 1) **Governance and service delivery** – how the Authority has kept operating effectively and safely;
- 2) How the Authority has **supported Dartmoor communities** – including the Community Support Grant; and
- 3) **Recovery planning and implementation** – developing ideas and plans for the recovery phase; focusing on the local economy - how we welcome and manage visitors and 'build back better'.

An update relating to our Climate Action Plan is provided within the report; Members were advised that the Authority will not be progressing with an application for Dark Night Sky status as planned.

Given the context of the current pandemic, the Authority is making good progress and there have been some notable success stories, in particular the completion of the new Visitor Centre at Postbridge.

Mr Harper proposed the recommendation, which was seconded by Mr Vogel.

RESOLVED: Members NOTED the content of the report and the performance and progress to date against the key actions identified in the

2020/21 Business Plan, in particular the ongoing impact of the coronavirus pandemic

533 Performance Indicators 2020/21 and Annual Ombudsman Letter

Members received the report of the Head of Organisational Development (NPA/AG/20/010).

Members were advised that this report detailed how the Authority has performed against the targets agreed for 2020/21, at the half-way point of the business year. The focus of the Committee is on those Performance Indicators that relate to how services areas are performing. The coronavirus pandemic has had a direct impact on key areas of the Authority's work, including volunteering, outreach events and Visitor Centres. The Authority's capacity to generate income has been significantly affected, demonstrated by the reduction in the figures for Donate for Dartmoor.

There has been the significant reduction in sickness absence during the first half of the year.

The introduction of remote meetings has had a positive impact on Member attendance with attendance in Quarters 1 and 2 exceeding the target of 85%.

The extended effect of the pandemic has had a direct effect on Quarter 2 performance in Development Management; this is highlighted at paragraph 3.5 of the report.

With regard to the Authority's social media channels and website, the Authority has seen a significant increase user numbers since the beginning of the Lockdown. A notable success story was the Dartmoor Connections Festival, a celebration of the National Park's wildlife and cultural heritage delivered entirely online.

As the public returned to the moor post-lockdown, Members will be aware of the many visitor management challenges that the Authority's Rangers have dealt with. Regrettably, Quarter 2 saw an increase in the amount of litter collected by our Rangers and volunteers.

Members' attention was drawn to the impact that the lockdown and remote working has had upon the Authority's CO2 emissions.

There is much to learn from the experiences of working in 2020 and the Authority is keen to sustain some of the behaviours and ways of working that will reduce the impact of our work upon the environment.

A Member asked that a comparison be made of the CO2 emissions between the current year and the first two quarters of the previous year.

Members commended the Ranger Team for their hard work during these unprecedented times; a very difficult year so far.

Annual Complaints Letter 2019/20 - In July 2020, 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 2020. Four complaints were received for the 2019/20 year, each relating to Development Management. Further details are set out in paragraph 4.2 of the report.

The Head of Organisational Development advised Members that he was in the process of reviewing the Authority's complaints procedure in light of new guidance from the Ombudsman entitled: *Effective Complaint Handling for local authorities*.

Mr Gribble proposed the recommendations, which was seconded by Ms Woods.

RESOLVED: Members:

- (i) Noted the content of the report;
- (ii) Analysed the performance for 2020/21 to date; and
- (iii) Noted the annual letter from the Local Government and Social Care Ombudsman.

534 Strategic Risk Register 2020/21

Members received the report of the Head of Organisational Development (NPA/AG/20/011).

The Strategic Risk Register forms an important part of the Authority's overall risk management strategy. It is important that Members regularly review the strategic risks for the Authority to raise issues for consideration and highlight areas of risk to be added or removed. The Authority's Leadership Team monitors and reviews the Strategic Risk Register on a quarterly basis. Particular attention has been given to the impact of the coronavirus pandemic. Consideration was given to the creation of a separate risk specifically for the pandemic, but on balance it was decided to consider its impact against each risk and these have been updated and the risk ratings reviewed accordingly.

Previous entries on the Register relating to the New Visitor Centre at Postbridge (S5) and the Landscape Partnership Scheme (F4) have been removed following the successful completion of the projects.

Mrs Pannell proposed the recommendation, which was seconded by Mr Harper.

RESOLVED: Members approved the current Strategic Risk Register for 2020/21

535 Revisions to Standing Orders

Members received the report of the Head of Organisational Development (NPA/AG/20/012).

Standing Orders are a key part of the governance framework under which the Authority controls its proceedings and decision-making. These are regularly reviewed and periodically need to be updated. The last formal review of the Authority's Standing Orders was in 2016.

The Standing Orders and the related Appendices have been recently reviewed and updated to reflect changes to working practices and arrangements. They have been shared with the Authority's legal advisers (Devon County Council) and their comments are awaited for consideration before presentation for formal adoption by the Authority which is planned for the Authority meeting to be held on 8 January 2021.

Section 2 relates to the Regulations that came into force in April to enable local authorities to operate remotely. Proposed updates to Standing Orders and Appendices to the Standing Orders are attached to the report.

A Member commented that they were pleased to see that the Standing Orders were now gender neutral.

With regard to Appendix 10, paragraph 3.2 – **Election of Chair and Deputy Chair of a Committee; and Chair of a Working Panel** a Member suggested that the election of a Deputy Chair of a Working Panel should also be undertaken at the same meeting as the election of a Chair.

Mr Vogel proposed the recommendation, which was seconded by Mr Gribble.

RESOLVED: Members NOTED the proposed revisions to the Standing Orders ahead of presentation to the Authority for formal approval.