

Appendix 2

NNPA concerns raised with Defra and Defra response

Overall Format of the Agreement. This form of grant agreement is more relevant to grant project funding than the core funding of a statutory body providing services including that of a local planning authority. As national park authorities are special purpose authorities established under the 1995 Environment Act, an alternative form of agreement for providing 'grant in aid' should be explored, one which separates grant funding such as FiPL from 'core grant'.

We appreciate that the grant may not be an ideal format to start from, but the funding is not considered to be a 'grant in aid' because NPAs are not arm's length bodies and also do not meet the definition of a local authority for the purposes of section 31 of the LGA 2003. I understand that we used to have a memorandum agreement until a few years ago, but the National Audit Office (NAO) concluded that was not robust enough and hence we switched to the current format and will not be returning to it.

Duration and Risk. 3.2 of the agreement states the Authority will endeavour to agree funding for years 2023-2024 and 2024-2025 by the 31 of January each year but that any commitment of expenditure ahead of confirmation would be at the risk of the Grant Recipient (NNPA). Members of NNPA are concerned that this does not represent a firm commitment to timely agreement of grant, and places additional risk on the Authority which has ongoing financial commitments to staff on permanent contracts and multi-year contracts and projects which are necessary for the efficient and effective delivery of our statutory purposes.

We understand your issue, but the agreement is for this financial year. So you are aware, we have secured all the necessary commercial approvals for the 3 years of the Spending Review period, but we do still have to go through our internal business planning process on an annual basis to confirm the funding, therefore this is not a multi-year grant agreement. The agreement does recognise the intent to make further awards for 2023/24 and 2024/25, subject to business planning and to be confirmed via grant award letters which we will endeavour to issue by 31 January 2023 and 31 January 2024 respectively.

Business Plan Commitments. NNPA understands the desire to include clarity regarding the intended purpose and outcomes of grant in aid and is happy to report on progress and delivery of national park purposes, as set out from time to time within the Authority's Business Plan. It is important to note however that many of the Authority's activities are now funded from self-generated income or fundraising from non-governmental sources, and therefore that there is no guarantee of such funding or the projects which rely on it will be delivered. NNPA is an ambitious Authority and would not wish to have its ambition blunted by the risk of not achieving an ambitious Business Plan.

This is particularly important in respect of including the following clawback clauses in the grant Agreement:

- 8.1.1. the Grant Recipient fails, in the Authority's opinion, to make satisfactory progress with the Funded Activities and, in particular, fails to meet to a material extent the agreed outcomes set out in the Management Plan;

- 8.1.2. the Grant Recipient is, in the Authority's opinion, not making satisfactory progress to meet its Business Plan Commitments within a Financial Year;

Whilst we note from Christiana Millard's email that there would always be a dialogue before clause 24 (clawback) would be triggered, we feel it is unreasonable to clawback funding from a local authority which has been committed in line with agreed eligible expenditure. Not all expenditure or projects are successful, but more importantly once the funding has been legally expended the Authority would not have the resources to repay any clawback and could therefore be rendered insolvent.

An NAO audit of last year's agreements found that they were not in compliance with the Government functional standard (GovS15), largely on the basis that there are no defined objectives or milestones within the underlying grant agreement. We have proposed a cross-reference to NPA business plans as a light touch compromise, on the basis that these are plans that the NPA would already have produced and approved, which should limit the burdens of such a condition. The alternatives were to put milestones on the face of the agreement (more rigid) or require a bespoke plan to be prepared and agreed with Defra (more onerous). The proposed agreement requires that you work towards delivery of the Business Plan (4.3) and let us know if you cannot fulfil any of the commitments (7.4). We have to include a clawback clause (24.3.4) attached to the milestones in order to satisfy the NAO, but in terms of how this will be enforced, we can provide reassurance that we will take a pragmatic approach, recognising that not everything is likely to get delivered within any given year exactly as planned.

Participation with the National Landscapes Partnership (NLP). NNPA understands the potential role of a NLP in helping to deliver closer working and better collaboration across protected landscapes. As yet, however, we understand there are no specific defined roles for the NLP or no agreed membership. The inclusion of this clause at this point therefore seems premature. Of concern to NNPA is the reference within this clause to National Parks Partnerships Limited (NPPL), although we note this is seen as complementary. NNPA is represented on a collective basis by National Parks England. NPPL is a Limited Liability Partnership jointly owned by all 15 UK national parks, and it is the view of NNPA, as set out in our response to the Defra consultation of the Glover Review, that as such NPPL can have no formal or representative role with the proposed NLP. If NPPL is to have a complementary role this can only be achieved by the collective agreement of its members.

While we can appreciate that 29.3 could be viewed as being premature, we see no real detriment in including this at the outset in order to establish the principles of collaboration and set clear expectations up front. This will also help to minimise the need for further changes to the agreements down the line. We want the agreement to clearly signal that we expect NPAs and AONB teams to work together much more closely over the next three years, and working with the NLP will be increasingly central to that aim. It is going to be a collaborative partnership and NPA's interests will be collectively represented through NPE.