



Lle i enaid gael llonydd
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Clerk to the Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

10th September 2014

Dear Bethan

Response to the Finance Committee consultation on the Welsh Government Draft Budget Proposal for 2015/16

In response to your request for comments on the 2015/16 draft budget proposals, I hope you find the observations below helpful.

1. What, in your opinion, has been the impact of the Welsh Government's 2014-15 budget?

For the National Park Authority, the cuts in 2014/15 and proposed further reductions in 15/16 together total close to 1/8 of 13/14 approved revenue expenditure. The principal impacts have been on staff resources and financial risks.

Staff resources

Cuts made to balance the budget have principally impacted on staff numbers as posts were left vacant and redundancies implemented. This has been a catalyst for change in some areas; new ways have been found to deliver services in partnership with other public bodies, volunteers and community groups. Services have been bought in from external contractors. However, gaps are opening up in the capability of the Authority to fulfil the broad and ambitious scope of its statutory functions and objectives. The Park has a full-time equivalent staff of just over 100, often specialists in their field, and many services are run by one or two individuals. Areas impacted by staff reductions and extended vacancies to date include:

- Information to visitors (publications and websites) cannot be updated as frequently (loss of information/interpretation capacity – graphic designer/information officer)
- Essential environmental management and public access maintenance reduced (reduction in National Park wardens)
- Built asset and land resource management expertise (loss of in-house surveyor).
- Reduction in experienced planning officers
- Removal of transport provision for park visitors.



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Loss of core staff capacity in the current year and next potentially reduces the Authority's ability both to deliver on its statutory purposes and duty and to respond effectively to grant funding opportunities such as the EU Interreg programme and the WG Nature Fund and to plan for sustainable delivery of its purposes in the medium term.

Financial Risk

As all areas of budgets are curtailed, the ability of the Authority to respond to contingencies has been substantially reduced. The Authority's General Reserve is estimated to be less than £440,000 by the end of 2014/15. Unforeseen but essential costs, such as a recent protracted prosecution case, or the need to fund substantial termination costs can dramatically eat into this reserve, leaving the Authority at risk of insolvency. Financial planning within very tight margins would be easier in the absence of uncertainty surrounding WG-controlled funding, such as future budget settlements and one-off grants like the Nature Fund, the in-year revenue funding cut, and retrospective cost increases by the Wales Audit Office.

2. Looking at the indicative budget allocations for 2015-16, do you have any concerns from a strategic, overarching perspective, or about any specific areas?

The Authority's ability to contribute to sustainable and cost-effective delivery of key WG objectives

The Authority has a proven track record of supporting WG policy objectives in key areas such as sustainable development, social inclusion, education and outdoor learning opportunities, training and jobs for young people, healthy living and access to the outdoors and promoting vibrant rural communities. The benefits of much of this work in promoting well-being and strengthening the local economy as well as attracting income into the Park area supports the work of other public bodies in health, education and economic development. Funding has successfully been obtained from a wide range of sources to supplement core funding in delivering these outcomes.

However, as baseline funding continues to drop, the Authority must devote an increasing share of expenditure to core statutory functions and compliance with other statutory requirements, often designed for much larger bodies. These core and highly regulated areas include:-

- development control and enforcement
- strategic planning,
- statutory provisions re the democratic representation and governance of the Authority arising from the Environment (Wales) Act
- compliance with statutory requirements in relation to the Accounts and Audit legislation (in England, National Park Authorities are now classed as 'smaller authorities and subject to lighter



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touch audit requirements). In Wales, the National Park Authorities are treated as Local Authorities for Accounts and Audit purposes.

- Data Protection
- Freedom of Information
- Welsh Language
- Equality

The Authority would benefit from a review of the regulatory framework in which it operates to ensure that the burden of compliance and reporting is commensurate with its net expenditure, projected to be below £4m in 2015/16.

3. *What expectations do you have of the 2015-16 draft budget proposals? How financially prepared is your organisation for the 2015-16 financial year, and how robust is your ability to plan for future years?*

The Authority produces a three-year budget annually which seeks to allocate resources to its priorities as established by Welsh Government, statute, the National Park Management Plan and Business Improvement Plan. Strategic decisions which make efficient use of resources in the medium term are not always possible because funding can only be predicted for a single year ahead and unallocated reserves are at a minimal level.

The Authority has been increasingly successful in obtaining other sources of funding for significant projects such as EU and HLF and continues to pursue funding actively but issues arise around the requirement to match-fund grant income and the lengthy claim period for EU grants. Some match funding for EU projects has been available from the WVG but this is not receivable until up to 12 months after the expenditure has taken place.

Until the uncertainties surrounding the planning function and governance arrangements for the Welsh National Park Authorities are resolved, proposals for joint working with other bodies, restructuring and cuts to services cannot be properly evaluated or confidently pursued.

The Authority has been impacted by factors outside its control in a number of areas during the current year, principally:-

- The protracted enforcement prosecution action
- The in-year budget cut
- Retrospective increases in Wales Audit Office fees
- The review of Remuneration of elected Members

The additional resources required to address these issues among others have helped to create a budget shortfall in 2014/15 which will need to be addressed on top of any budget reductions for 2015/16. The Authority had yet to balance its projected budget for 2015/16 before these further pressures, so difficult



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decisions will need to be made to produce a sustainable balanced budget for 2015-2018. There can be little confidence in the financial assumptions and projections being made for 2016-2018 however, until more concrete information on future core funding and the post-Williams governance framework is available.

Yours sincerely

John Cook
Chief Executive
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