South Downs National Park Authority

Auditor's Annual Report for the year ended 31 March 2024

February 2025

Contents

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Introduction

Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for South Downs National Park Authority (the Authority) during 2023-24 as the appointed external auditor. The core element of the report is the commentary on the Authority's value for money (VfM) arrangements.

All Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Authority's responsibilities are set out at Appendix A.

Authorities report on their arrangements, and the effectiveness of these arrangements as part of their Annual Governance Statement.

Responsibilities of the appointed auditor

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local Authority accounting in the United Kingdom 2023-24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Value for money

We report our judgements on whether the Authority has proper arrangements in place regarding arrangements under the three specified criteria:

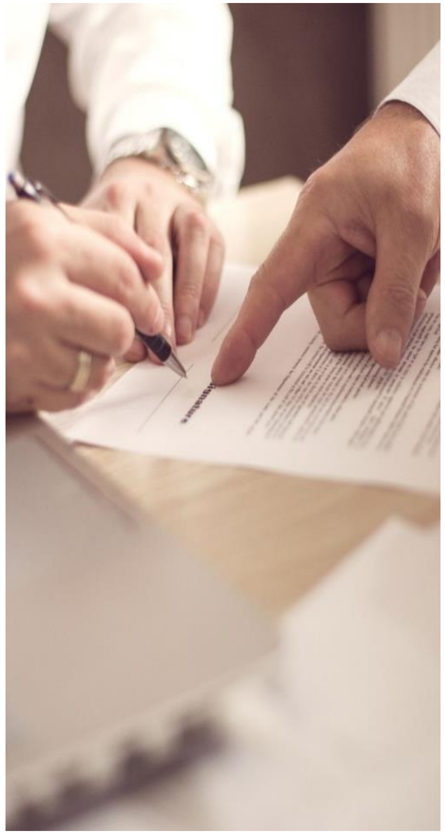
- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

The Value for Money auditor responsibilities are set out at Appendix B.

Auditor powers

Auditors of a local Authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 9 with a commentary on whether any of these powers have been used during this audit period.



Executive summary

Executive summary

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO has consulted and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year (30 November) and for the audited body to publish the Report thereafter. This new requirements will be introduced from November 2025. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible.
Our summary findings for the value for money arrangements for the 2023/24 financial year are set out below. Our recommendations and management responses are summarised in the section starting on pages 23 and 24.

We have completed our audit of your financial statements. We have issued an unqualified opinion upon. Our findings are set out in further detail on page 9.

Financial sustainability

The Authority has adequate arrangements in place to ensure financial sustainability. It concluded the 2023/24 financial year with an underspend of £377k, on a net department budget of £9.769m. This outcome was driven by vacancy savings and reduced third-party costs. A net budget of £10.666m has been set for 2024/25, underpinned by assumptions such as a zero increase in the Defra grant and allowances for cost-of-living pay awards. Strategic financial planning is aligned with corporate objectives, including nature recovery and climate resilience. Measures such as member-officer workshops, efficiency savings, and exploring new income streams have strengthened financial management. A new business model introduced in 2022/23, delivered £0.954m in savings, strengthening financial stability. While the planned savings for 2024/25 are modest at £55k (0.53% of the budget), the Authority continues to explore new income streams to reduce reliance on the National Park Grant (NPG) of £10.486m.

Despite increasing total reserves from £19.466m to £21.381m in 2023/24, the Medium-Term Financial Strategy (MTFS) identifies significant budget gaps of £2.246m from 2025/26 to 2028/29. These are expected to be managed through a combination of reserves, efficiency savings, and income generation. The council's strategy is to avoid relying on reserves for recurring revenue gaps and instead restrict reserve use to one-off expenditures and strategic investments which will generate future savings. If reserves were used to cover the financial gap, it would account for 16.7% of the total projected usable reserves of £13.505m at the end of 2023/24. Of this £13.505m, over £8m is restricted to S106 and CIL contributions. General Fund Working Balance have also declined from £1.019m in 2022 to £980k in 2024, reducing flexibility to address financial risks. While the Authority has demonstrated sound financial management and resilience in recent years, recurring reliance on reserves, coupled with significant budget gaps and constrained flexibility in General Fund working balance, underscores the need for further strategic actions to ensure long-term financial sustainability. Consequently, we have issued two improvement. The Authority should:

- **IR1: Establish a clear and structed plan for managing and replenishing reserves to ensure long-term financial sustainability.**
- **IR2: Develop a structured approach to forecasting and tracking external grants and income streams. This should also be included on budget monitoring reports.**

Governance

The Authority has adequate governance arrangements that support transparency, accountability, and effective decision-making. Key elements include Standing Orders, a Scheme of Delegation, Financial Regulations, and Contract Standing Orders, with oversight provided by the Policy and Resources Committee (P and RC) and the Planning Committee. Strategic risks are managed through the updated 2024 Risk Management Policy and a Corporate Risk Register (CRR), reviewed quarterly by P and RC. However, the corporate risk register does not link each risk to the relevant strategic objectives or actions in the corporate plan.

Internal Audit services from Orbis support the maintenance of internal controls. Additionally, policies such as the Anti-Fraud and Corruption Policy, Whistleblowing Policy, and Codes of Conduct for Members promote ethical governance. The 2023/24 Annual Governance Statement did not identify any significant weaknesses but highlighted areas for improvement, including the governance of green finance and alignment with CIPFA audit committee guidance. Budget-setting processes are inclusive and structured, incorporating member-officer workshops and detailed analyses of reserves and income. Capital programme monitoring includes budget reprofiling explanations, ensuring resources are effectively allocated. The Authority fosters public engagement through open meetings, webcasts, and a public question protocol. The P and RC operates as an oversight committee, scrutinising budget monitoring, strategic plans, and internal and external audit reports. In April 2024, the P and RC carried out a self-assessment review of effectiveness.

Executive summary (continued)

Governance (continued)

Procurement follows Public Contracts Regulations, with significant contracts requiring P and RC approval. Ethical compliance is reinforced by a newly appointed Monitoring Officer in 2024. Plans are underway to update the Procurement Strategy and Contract Standing Orders ahead of the new Procurement Act effective in 2025. Based on these we have identified one area where the Authority could improve governance arrangements and as such, have raised one improvement recommendation. The Authority should:

- **IR3: Explicitly map the identified risks in the Corporate Risk Register (CRR) to the strategic objectives outlined in the Authority's corporate plan.**

Improving economy, efficiency and effectiveness

The Authority employs a structured approach to improve economy, efficiency, and effectiveness, integrating financial and performance data into strategic plans like the Partnership Management Plan (PMP) and Corporate Plan. These plans align with Defra indicators and track progress using key performance indicators (KPIs). Performance is reported biannually to the P and RC using RAG ratings, allowing for identification of successes and areas needing improvement.

In 2023/24, the Authority enhanced its processes with a Performance Tracker to streamline project approvals and data collection. Regular updates to P and RC, combined with collaborations with National Park Authorities and local governments, ensure informed decision-making and continuous improvement. Key initiatives include meeting government planning targets with an 89% decision-making speed, addressing recruitment challenges, and improving application processing times. Projects like Farming in Protected Landscapes (FiPL) and Cockshut Stream restoration reflect strong collaboration with stakeholders. Procurement practices emphasise value, efficiency, and alignment with strategic goals. For example, the Planning Administration System contract prioritised quality, price, and social value. Regular reviews ensure compliance with the Procurement Strategy and sustainability goals. These measures demonstrate the Authority's commitment to effective resource use, environmental and social outcomes, and alignment with national and local priorities.

Whilst biannual reporting to the P and RC is an improvement from previous quarterly reporting, quarterly integrated reporting on performance, finance, and risk could enhance agility and governance. Therefore, we have raised one improvement recommendation. The Authority should:

- **IR4: Move to a quarterly integrated reporting system, incorporating performance, finance and risk reporting.**

Executive summary (continued)

Overall summary of our Value for Money assessment of the Authority's arrangements

Auditors are required to report their commentary on the Authority's arrangements under specified criteria and 2023-24 is the fourth year that these arrangement have been in place. The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. A summary of our judgements are set out in the table below. There are no significant weaknesses in the Authority's arrangements based on our review. This is a good outcome for the Authority.

Criteria	2022-23 Auditor judgement on arrangements		2023-24 Risk assessment	2023-24 Auditor judgement on arrangements	
Financial sustainability	G	No significant weaknesses in arrangements identified. No improvement recommendations made.	We did not identify any risks of significant weakness from our initial planning work.	A	No significant weaknesses in arrangements identified. Two improvement recommendations made related to management of reserves and tracking external grants and income streams. See page 15 for further details.
Governance	G	No significant weaknesses in arrangements identified. No improvement recommendations made, but one improvement recommendation from 2021/22 which has now been addressed in 2023/24.	We did not identify any risks of significant weakness from our initial planning work.	A	No significant weaknesses in arrangements identified. One improvement recommendations related to alignment of risks to actions on the corporate plan . See page 18 for further details.
Improving economy, efficiency and effectiveness	G	No significant weaknesses in arrangements identified. No improvement recommendations made.	We did not identify any risks of significant weakness from our initial planning work.	A	No significant weaknesses in arrangements identified. One improvement recommendation related to integrating finance, risk and performance reports quarterly to P and RC. See page 21 for further details.

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

Audit opinion on the financial statements

Our audit of the Authority's 2023-24 accounts is complete and our opinion is unqualified on the Authority's financial statements.

The full opinion is included in the Authority's Financial Statements for 2023-24, which can be obtained from the Authority's website.

Grant Thornton provides an independent opinion on whether the Authority's financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local Authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Authority's Ethical Standard.

Findings from the audit of the financial statements

The Authority provided draft accounts in line with the national deadline – which was a continued significant achievement given the national challenges on the timeliness of local authority accounts.

Draft financial statements were of a good standard and supported by detailed working papers. Our work is now complete, and we have issued an unqualified audit opinion.

For our significant risks of management over-ride of controls, valuation of land and buildings and the IAS19 Pension Asset valuations we undertook the planned audit procedures per our Audit Plan. We obtained sufficient appropriate audit evidence and concluded that both areas are fairly stated. We have identified three material adjustments which impact the CIES directly. The result of this is a net £79k movement in the net expenditure. Please refer to appendix D of our audit findings report for full details.

As part of our audit, we have not identified any significant control deficiencies. We have identified two material misstatements in the financial statements which have also required prior period adjustments to be made. Please refer to our audit findings report for full details within appendix D. These prior period errors have been amended for in the accounts.

Audit Findings (ISA260) Report

We have included the detailed findings from our audit in our Audit Findings Report. Our report was presented to the Policy and Resources Committee on 20th February 2025. Requests for this Audit Findings Report should be directed to the Authority.

Use of auditor's powers

We bring the following matters to your attention:

	2023-24 situation:
Statutory recommendations Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.	We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.
Public Interest Report Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.	We did not issue a public interest report.
Application to the Court Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.	We did not make an application to the Court.
Advisory notice Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the Authority or an officer of the Authority: • is about to make or has made a decision which involves or would involve the Authority incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful.	We did not issue any advisory notices.
Judicial review Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an Authority, or of a failure by an Authority to act, which it is reasonable to believe would have an effect on the accounts of that body.	We did not make an application for judicial review.

Value for Money
Commentary on arrangements

The current landscape

It is within this context that we set out our commentary on the Authority's value for money arrangements in 2023-24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.

National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on Authority's general fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for public sector services such as social care and homelessness, or impact on leisure time and possible visitor numbers at national parks. At the same time, the crisis impacted adversely on key areas of income that were needed to service the increase in demand, for example fees and charges that national parks rely on to support the financial position over and above the National Park Grant.

In January 2024, the UK government announced an additional £600 million for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs of delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

- Seven authorities issuing eleven section 114 notices between 2019 and 2023, compared with two authorities issuing notices between 2001 and 2018, with an increasing number of other authorities publicly warning of a section 114 risk
- A total of 20 authorities awarded with government approval for exceptional financial support during 2024/25, totalling approximately £1.5 billion. Only six of these authorities had previously issued a section 114 notice
- The Local Government Association warning that authorities in England face a funding gap of £4 billion over 2023/24 and 2024/25.

Local government, including National Park Authorities, is coming under an increased spotlight in terms of how the sector responds to the financial challenge it faces. National Park Authorities have two purposes: to conserve and enhance the natural beauty, wildlife and cultural heritage of the area, and to promote opportunities for the understanding and enjoyment of the special qualities of the National Park by the public. These two objectives cause sometimes conflicts between the needs of different groups of people. It is estimated that the national parks of England and Wales receive 110 million visitors each year. Most of the time it is possible to achieve both the original two purposes by good management. Occasionally a situation arises where access for the public is in direct conflict with conservation.

Following the outcome of the general election in July 2024 any changes to government policy relating to National Parks are at present uncertain

Local context

The Authority spans a diverse landscape that includes chalk grasslands, woodlands, and river valleys. It is home to a variety of wildlife and cultural heritage sites, making it a significant region for conservation and public enjoyment. The Authority's efforts have led to the creation of over 400 hectares of new habitat and the improvement of 4,300 hectares of existing habitat.

The Authority operates through a structured committee system to ensure effective governance and management, such as the policy and Resources Committee which oversees financial management, budget monitoring, and strategic planning. Planning Committee which handles planning applications and development control within the National Park. Also, the Appointment Management and Standards Committee manage all aspects of the Chief Executive's contractual employment relationship with the Authority.

The Authority is governed by a board of 27 members, including 7 National Members appointed by the Secretary of State, 6 Parish Members nominated by local councils, and 14 Local Authority Members from the 15 local authorities within the park. The Authority is supported by a dedicated staff team of 100+ full-time equivalents. Additionally, over 300 volunteers contribute significantly, providing more than 6000 days of support annually. These members work collaboratively with staff, volunteers, landowners, farmers, local councils, charities, and communities to achieve the Authority's objectives

Financial sustainability

We considered how the audited body:	Commentary on arrangements	Assessment
ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;	The 2023/24 financial year concluded with an underspend of £377k. This underspend was primarily due to vacancies and reduced third-party costs. For 2024/25, the balanced budget was set at £10.67m, based on assumptions such as a zero increase in the Defra grant and cost-of-living pay awards. Financial planning was aligned with strategic objectives, including nature recovery and climate resilience. The Authority implemented a detailed budgeting process, considering the economic environment, and conducted member-officer workshops to present various financial scenarios. Efficiency savings and income opportunities were explored to reduce reliance on the National Park Grant. These efforts have enabled the authority to manage its budget effectively and contribute to general reserves, providing financial stability and headroom for future costs. However, the Medium Term Financial Strategy (MTFS) has identified growing budget gaps, reaching £690k by 2028/29, totalling £2.246m from 2025/26 to 2028/29. These gaps are forecast to be addressed through a mix of reserves, efficiency savings, and income generation. If reserves are used to cover a £2.246m budget gap over four years, which is 16.7% of the projected £13.505m usable reserves (although over £8m of these reserves are restricted to S106 and CIL contributions) as of 31st March 2024, this suggests some challenges to medium term financial sustainability. Given the earmarked nature of many reserves and the declining General Fund Working Balance from £1.019m in 2022 to £980k in 2024, also indicates reduced flexibility for managing financial risks. We have therefore recommended that the Authority establish a clear and structured plan for managing and replenishing reserves. (See IR one on page 15).The quarterly financial monitoring and oversight by the Policy and Resources Committee ensure timely identification of variances and corrective actions.	A
plans to bridge its funding gaps and identifies achievable savings	The Authority uses zero-based budgeting to align annual budgets with affordability and priorities. Spending changes are reviewed by the Senior Leadership Team and shared with the board during the budget-setting process. Budget holders are accountable through ongoing monitoring. However, the authority does not currently have a formal savings program, as shown by the modest £55k savings for 2024/25. Developing a more structured approach to forecasting and tracking external grants and income streams could strengthen medium-terms financial planning. While zero-based budgeting ensures priorities and accountability, enhanced measures are needed for medium-term financial resilience and systematic savings tracking. Therefore, we have raised an Improvement Recommendation regarding forecasting and tracking external grants and income streams (see IR two on Page 15).	A

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Financial sustainability (continued)

We considered how the audited body:	Commentary on arrangements	Assessment
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Authority aligns its budget with the Corporate Plan and Partnership Management Plan (PMP) covering 2020 to 2025. The 2024/25 Revenue Budget supports projects across all 10 PMP outcomes, including Landscape, Natural Beauty and Health and Wellbeing. The Capital Strategy prioritises investments in the Seven Sisters Country Park and vehicle replacement, informed by Member Budget Workshops. Reserves are maintained for risk management and specific purposes. In 2023/24, the Chief Finance Officer confirmed the budget's robustness and adequacy of reserves, ensuring alignment with strategic and statutory priorities for sustainable service delivery.	G
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	The Authority's MTFS includes workforce assumptions, covering 100+ full-time equivalent posts and factoring in pay awards and cost-of-living increases to support recruitment and retention. The Capital Programme is closely aligned with the MTFS, detailing medium-term capital investments with identified funding sources. This alignment supports financial sustainability and long-term goals, with provisions for risk management and transparency. Operational planning includes funding for a Climate Change Officer and energy efficiency projects, supported by a Climate Change Fund Reserve. The Treasury Management Strategy manages an investment portfolio and adopts internal borrowing to avoid external debt, ensuring adherence to financial parameters. Financial documents consistently reflect the Authority's performance and position, with significant capital investments and staffing changes aimed at achieving	G
identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	'The Authority performed risk assessments, regular budget monitoring, and sensitivity analysis in 2023/24 to inform the 2024/25 budget. Key risks for the 2024/25 budget included reduced planning income and overspend on major projects. For the MTFS, risks include a potential 5% reduction in the National Park Grant, reduced planning income, and increased staff salaries. Risks are scored to assess their likelihood and impact, helping to prioritise and understand their potential consequences. Mitigation strategies include monitoring statutory fee income, budget monitoring for major projects, and maintaining a watching brief on government attitudes towards National Park funding. The 2023/24 draft Statement of Accounts reported an increase in total reserves from £19.466m to £21.381m. Whilst this provides a financial safety net, the General Fund (GF) Working Balance of £980k are not sufficient to cover the identified budget gaps (see page 13), highlighting the need for additional measures to ensure financial stability. See related Improvement recommendation one on page 15.	A

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Financial sustainability (continued)

Area for improvement 1;

While the council aims to avoid using its reserves on a recurring basis, If reserves were used to fill the projected MTFS financial gap (£2.246m) , it would use up 16.7% of their total usable reserves of £13.505m as at the end of 2023/24. However, more than £8m of this usable reserves is already set aside for specific purposes (S106 and CIL contributions). Consequently, the Authority has less flexibility in using these funds for other needs. This limitation means the Authority must be even more careful with how it manages its remaining reserves, ensuring they are available for unexpected costs.

Improvement recommendation 1: We recommend that the Authority:

- Establish a clear and structed plan for managing and replenishing reserves to ensure long-term financial sustainability

Area for improvement 2;

The Authority's zero-based budgeting approach ensures that resources are allocated based on strategic priorities, statutory obligations, and discretionary needs. This process promotes accountability and aligns spending with the authority's corporate goals.

However, to strengthen medium-term financial resilience, it is essential to develop a more structured approach to forecasting and tracking external grants and income streams. By improving visibility and certainty around these funding sources, the authority can better manage its reliance on reserves and address the Medium-Term Financial Plan (MTFP) gap. This will enhance the authority's ability to proactively address funding gaps and reduce the risk of financial uncertainty, ensuring sustainable long-term planning.

Improvement recommendation 2: We recommend that the Authority:

- Develop a structured approach to forecasting and tracking external grants and income streams. This should also be included on budget monitoring reports.

Governance

We considered how the Audited Body:	Commentary on arrangements	Assessment
monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Authority's Risk Management Policy, updated in September 2024, outlines its approach to managing strategic risks at both corporate and directorate levels, categorised into economic, social, technological, and environmental types. Risks are recorded in a Corporate Risk Register (CRR), detailing descriptions, owners, likelihood, impact, mitigations, and residual risks. An impact matrix helps prioritise risks. Departmental risk registers are reviewed at meeting directorate meetings quarterly. The CRR is reported quarterly to the Policy and Resources Committee (P and RC) . Internal Audit services, provided by Orbis Internal Audit, reported Reasonable Assurance on governance, risk management, and internal control. The Authority has an Anti-Fraud and Corruption Policy and a Whistleblowing Policy, ensuring a strong framework for fraud prevention and detection. At the end of 2023/24, the CRR included ten risks, with six red risks related to Health and Safety, Asset Ownership at Seven Sisters Country Park, Host Authority Section 101 Planning Contracts, Projects (Delivery and Reputation), Finance and Budgets, and Staffing. However, these risks are not explicitly mapped to the actions of Authority's corporate plan. We have therefore made one improvement recommendation. (see IR3 on page 18).	A
approaches and carries out its annual budget setting process	The Authority's budget setting process begins with establishing budget assumptions based on the economic environment. Budget managers submit their requirements, which are compiled by the finance team. The board reviews and prioritised these submissions in two meetings, informed by member-officer workshops that present various financial scenarios. A detailed analysis follows, focusing on reserves, income generation, and collaborations. The Board discussed and finalised the 2023/24 budget in March 2023, which was then monitored through monthly finance reports tracking trends and variances. This structured approach ensured thorough review, prioritisation, and adjustment to meet financial goals and conditions.	G
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	In 2023/24 quarterly reports on projected income and expenditure were submitted to the P and RC , ensuring continuous monitoring and timely identification of variances. For example, the revenue outturn for 2023/24 presented in July included detailed explanations for variances in different directorates. This includes budget carry forward requests, ensuring unspent budgets are managed and allocated to ongoing projects. Variance analysis are conducted monthly to identify and manage savings, ensuring they are incorporated into subsequent budgets. The capital programme was monitored with detailed explanations for budget reprofiling requests due to revised project timelines. The Authority also ensures transparency in how funds are managed and invested, with summaries of investment performance and economic overviews included in reports. This structured approach supports statutory financial reporting requirements and ensures corrective action is taken where needed.	G

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Governance (continued)

We considered how the Audited Body:	Commentary on arrangements	Assessment
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	The Authority ensures informed decision-making through a structured governance framework, including Standing Orders, Scheme of Delegation, Financial Regulations, and Contract Standing Orders. Key decisions are made during full Authority Meetings and through two main committees: Planning and P and RC. The Annual Governance Statement (AGS) outlines the Authority's operations, decision-making processes, and policies to ensure efficiency, transparency, and accountability. The 2023/24 AGS does not identify any significant governance weaknesses but highlights areas for improvement such as Seven Sisters Country Park (SSCP) operations, CIPFA audit committee guidance, green finance governance, and ongoing policy reviews. The Authority uses virtual and hybrid meetings for informal sessions and in-person meetings for detailed discussions. Committees have distinct terms of reference, and the P and RC includes co-opted members for diverse insights. Public engagement is facilitated through open meetings, webcasts, and a protocol for public questions. The P and RC functions similarly to an Overview and Scrutiny Committee, reviewing performance reports, budget monitoring, and strategic plans. It scrutinises projects and reviews internal and external audit reports, supporting effective oversight. Papers are provided in advance, and minutes show evidence of challenge and questioning by Members, ensuring informed and transparent decision-making.	G
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services.	The Authority have in place various policies, including Codes of Conduct for Members, a Code of Corporate Governance, HR Policies, a Grievance Procedure, a Whistle-Blowing Policy, and an Anti-Fraud and Corruption Policy. An Annual Governance Statement and a Local Code of Corporate Governance are published, adhering to the CIPFA/SOLACE framework. Members' interests are recorded online, and a central register of gifts and hospitality was maintained. In July 2024, a new Monitoring Officer was appointed to ensure legal and ethical compliance. Procurement processes are managed by the Chief Executive and Directors, with significant contracts requiring P and RC approval. For example, the P and RC approved a sewage treatment system for SSCP in September 2023, following a competitive tender process. The Authority follows Public Contracts Regulations and have plans in place to update its Procurement Strategy and Contract Standing Orders in readiness for the new procurement act that takes effect in February 2025.	G

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Governance (continued)

Area for improvement 3;

Quarterly corporate risk registers presented to the Policy ad Resources Committee do not show the link of each risk to relevant strategic objectives or actions within the corporate plan.

This alignment will ensure that all significant risks are directly linked to the Authority's goals, facilitating better prioritisation and management.

Improvement recommendation 3: We recommend that the Authority:

- explicitly map the identified risks in the Corporate Risk Register (CRR) to the strategic objectives outlined in the Authority's corporate plan.

Improving economy, efficiency and effectiveness

We considered how the audited body:	Commentary on arrangements	Assessment
uses financial and performance information to assess performance to identify areas for improvement	The Authority uses financial and performance information to assess performance and identify areas for improvement through its PMP and Corporate Plan. These plans include indicators linked to Defra national indicators and measures of success with targets. Progress is now reported biannually was previously done quarterly to the P and RC using RAG ratings. The Q4 2023/24 corporate performance report showed the Authority achieved significant progress in nature recovery, climate action, and engagement, with measurable improvements and impactful initiatives in each area. However, the performance of South Downs Commercial Operations Limited (SDCOL) in managing Seven Sisters Country Park (SSCP) resulted a deficit of £194k, higher than the forecasted £63k, contributing to the decision to bring SSCP management directly under the Authority. This decision was made at the Authority meeting on July 9, 2024, and became effective on October 9, 2024. In 2023/24, the Authority implemented a Performance Tracker to streamline project approval and data collection. Regular reporting to the P and RC and engagement with other National Park Authorities and local government organisations help the Authority make informed recommendations and continuously improve performance. Whilst these measures support monitoring and improvement of services, an integrated approach to quarterly reporting that combines performance, finance and risk reporting would allow for more frequent updates, providing the necessary agility to adapt to changing circumstances, ultimately fostering better governance and performance outcomes. We have therefore made one improvement recommendation (see IR five on page 21).	A
evaluates the services it provides to assess performance and identify areas for improvement	The Expert Peer Review Group (EPRG) , which is part of the Climate Champions Team under the United Nations Framework Convention on Climate Change (UNFCCC), commended the carbon footprint analysis by UK National Parks, including the Authority. All 15 UK National Parks, joined the Race to Zero program, highlighting their commitment to climate goals. The Authority, one of England's largest Local Planning Authorities, demonstrated strong performance in 2023/24, achieving an 89% decision-making speed (against a target of 60%) and a 63% appeal performance rate. The Authority contracts with five host authorities for planning services, handling 80% of applications. Despite recruitment challenges, the Authority focused on improving pre-application services, reviewing older applications, and reducing processing times. The Partnership Management Plan (PMP) for 2020-2025 tracks progress using KPIs in areas like habitat creation, biodiversity, and community engagement. Programs like Farming in Protected Landscapes (FiPL) and accessibility initiatives are regularly reviewed. The Authority also responds to government consultations, ensuring strategic priorities align with external proposals and contribute value across financial, social, environmental, and health dimensions.	G

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Improving economy, efficiency and effectiveness (continued)

We considered how the audited body:	Commentary on arrangements	Assessment
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	The Authority's PMP covering 2020 to 2025, was developed with input from partners like Defra, local councils, and many more. The PMP is reviewed every five years, with bi-annual reporting to track delivery and value contribution. The PMP Steering Group, comprising external partners and the Authority's members, oversees the review process, recommends revisions, and monitors progress. Regular updates are provided to the P and RC and the National Park Authority for transparency and accountability. The review of the PMP covering 2025 to 2030 will involve extensive stakeholder engagement and public consultations. Feedback will inform the revised PMP to be presented for approval in December 2025. For example, in November 2023, the P and RC reported on key projects and Strategic Fund allocations, ensuring projects contribute to overall goals. Specific projects, like the Cockshut stream restoration, involved multiple partners, demonstrating effective collaboration.	G
commissions or procures services, assessing whether it is realising the expected benefits	The Authority has appropriate procurement procedures and strategies in place. For example, the Standing Orders for the Regulation of Contracts and the Procurement Strategy 2021-2026 guide these processes, emphasising best value and alignment with the Corporate Plan's objectives. Key elements include clear, outcome-based specifications, early supplier engagement, competitive bidding, and robust contract management. Each contract has a designated 'contract owner' for supplier contact. The procurement strategy includes due diligence on suppliers, non-discrimination against smaller suppliers, and recognised contract forms (JCT/NEC) for construction contracts. Environmental and social goals are integrated, with social value clauses in significant contracts. Also, regular service reviews, such as those with Brighton and Hove City Council, ensure services meet standards and deliver value. For instance, in February 2024, the Authority consolidated contracts for the Planning Administration System, valued at £596,600 over three years, using the Crown Commercial Services Framework. Evaluation criteria included quality, price, and social value. Procurement is centrally managed by the Procurement Team. A review in September 2024 highlighted progress in sustainability, social value, and legislative compliance, ensuring transparency, compliance, and alignment with strategic goals.	G

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Improving economy, efficiency and effectiveness (continued)

Areas for improvement 4;

Financial performance and Risk registers are reported quarterly ; however, service delivery performance is reported bi-annually.

Combining performance, finance, and risk reporting on a quarterly basis would enable more frequent updates, enhancing the agility needed to adapt to changing circumstances. This approach would ultimately foster better governance and improved performance outcomes.

Improvement recommendation 4: We recommend that the Authority:

- should move to a quarterly integrated reporting system, incorporating performance, finance and risk reporting.

Value for Money Recommendations raised in 2023-24

Recommendations raised in 2023-24

	Recommendation	Type of recommendation	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR1	**Establish a clear and structed plan for managing and replenishing reserves to ensure long-term financial sustainability**	Improvement	Financial sustainability	£2,246k gap over the four-year MTFS period. Limited reserves , reliance on external grants and unpredictable income streams.	Depletion of reserves leading to unsustainable financial performance.	**Actions:** The Authority's medium term financial strategy will be considered with Members at the budget setting workshop in January 2025 with a view to revising the strategy to ensure sustainable reserves and appropriate levels of reserves in the long-term. A Capital Recognition Policy will be developed to support more effective use of capital expenditure. These will be presented for approval to the Authority, as part of the budget, in March 2025. **Responsible Officer:** Chief Executive Officer / Head of Finance and Corporate Services **Due Date:** March 2025
IR2	**Develop a structured approach to forecasting and tracking external grants and income streams. This should also be included on budget monitoring reports.**	Improvement	Financial sustainability	No formal saving programme in place.	Limited visibility on external grants and income streams which could support in bridging funding gaps	**Actions:** Management's view is that a structured approach to forecasting and tracking external grants and income streams is embedded in the Authority's monthly budget monitoring process through the reports reviewed by budget managers, which in turn, inform the quarterly financial report to the P&R Committee. Some of the processes related to external funding have already been further strengthened following an internal audit report in September 2024 on the management of project budgets. No further action is proposed at this time. **Responsible Officer:** N/A **Due Date:** N/A

* Explanations of the different types of recommendations which can be made are summarised at Appendix B.

Recommendations raised in 2023-24

	Recommendation	Type of recommendation	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR3	**Explicitly map the identified risks in the Corporate Risk Register (CRR) to the strategic objectives outlined in the Authority's corporate plan**	Improvement	Governance	Risks on the CRR are not mapped to corporate plan actions	Limitation in prioritisation and management of risks	**Actions:** Management's view is that the Authority's risks are well managed and scrutinised and that the lack of mapping to strategic objectives has not prevented the Authority from being agile in responding to risks or prioritising actions as necessary. In response to this recommendation, risks on the Corporate Risk Register will be mapped, where possible, to the Authority's strategic objectives as set out in the Corporate Plan so as to remove possible limitations to the prioritisation of risks **Responsible Officer:** Head of Governance and Monitoring Officer **Due Date:** March 2026
IR4	**Move to a quarterly integrated reporting system, incorporating performance, finance and risk reporting**	Improvement	Improving economy, efficiency and effectiveness	Finance and risk reports are presented separately and quarterly. Service performance is presented separately but bi-annually. P&RC received the Q2 2023/24 report in November 2023 and the year-end Q4 report in June 2024, leaving a seven-month gap.	Quarterly reporting of all three areas can enhance the agility needed to adapt to changing circumstances. This approach may result in improved performance outcomes.	**Actions:** Management's view is that the Authority's current corporate performance reporting schedule was only recently reviewed by the Policy and Resources Committee and should not, at this point, be changed. It is proposed that the corporate performance reporting schedule be reviewed alongside the development of the next 5-year Corporate Plan 2026-31 to be considered by the Policy and Resources Committee and the Authority in February/March 2026. The Authority's reporting on finance and risk management is considered to be effective and robust and no further action is proposed at this time **Responsible Officer:** Director of Landscape and Strategy / Head of Governance and Monitoring Officer **Due Date:** March 2026

* Explanations of the different types of recommendations which can be made are summarised at Appendix B.

Appendices

Appendix A: Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

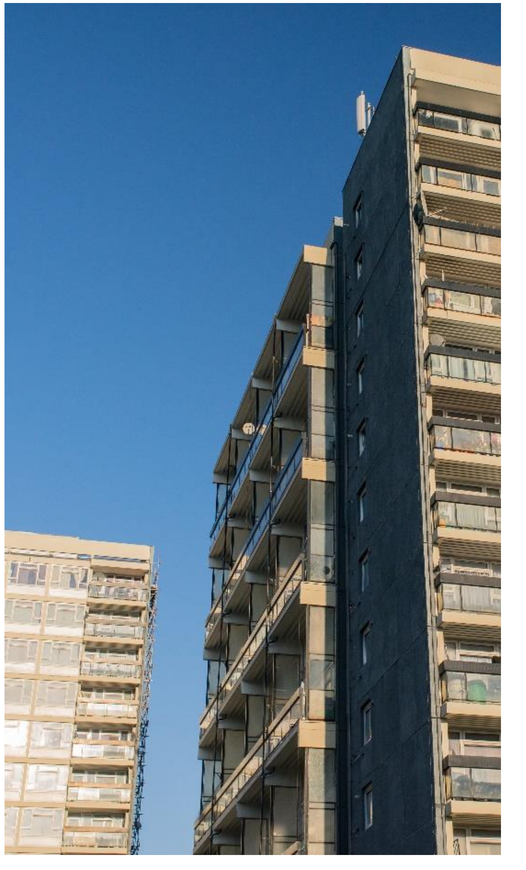
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Head of Resources (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Head of Resources (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Head of Resources (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on Authority accounting in the United Kingdom. In preparing the financial statements, the Head of Resources (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B:
Value for Money Auditor responsibilities

Value for Money arrangements work

All Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The audited body's responsibilities are set out in Appendix A.

Authority's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

Financial Sustainability

Arrangements for ensuring the Authority can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

Governance

Arrangements for ensuring that the Authority makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Authority makes decisions based on appropriate information.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the Authority delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

2023-24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Authority's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period

Information which informs our risk assessment	
Cumulative knowledge and experience of the audited body	Annual Governance Statement and the Head of Internal Audit annual opinion
Interviews and discussions with key stakeholders	The work of inspectorates and other regulatory bodies
Progress with implementing recommendations	Key documents provided by the audited body
Findings from our opinion audit	Our knowledge of the sector as a whole

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the Authority's auditors as follows:

- **Statutory recommendations** – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and require discussion at full Authority and a public response.
- **Key recommendations** – actions which should be taken by the Authority where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Authority's arrangements.

Appendix C: Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	After the Teckal Company had been operational for a year at the end of 2022/23, a brief review was undertaken to assess whether the Company arrangements were operating as intended and to identify any learnings from the initial full year of operation that could be used to help the Authority with future projects and change management.	Improvement	2021-22	A 12-month review of the operating model for Seven Sisters Country Park (SSCP) was conducted, benefiting from two years of full operations. This review included input from Members, officers, and the Board of South Downs Commercial Operations Ltd (SDCOL). The findings from this review led to the decision to terminate the Operating Agreement with SDCOL and bring the management of SSCP directly under the Authority..	Yes	No

*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

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