



North York Moors National Park

Statement of Accounts

2022/23

North York Moors National Park Authority

Statement of Accounts
2022/23

North York Moors National Park Authority

Statement of Accounts

2022/23

| | |
|---|-----------|
| Narrative Statement | 1 |
| Full Public NPA Agenda | 8 |
| Statement of Responsibilities for the Statement of Accounts..... | 9 |
| Core Financial Statements | 11 |
| Movement in Reserves Statement..... | 11 |
| Comprehensive Income and Expenditure Statement for Year Ended 31 March 2023 | 11 |
| Balance Sheet as at 31 March 2023..... | 12 |
| Cash Flow Statement for Year Ended 31 March 2023..... | 13 |
| Notes to the Core Financial Statements | 14 |
| 1. Statement of Accounting Policies..... | 14 |
| 2. Expenditure and Funding Analysis..... | 27 |
| 3. Income and Expenditure by Nature..... | 30 |
| 4. Adjustments between Accounting Basis and Funding Basis under Regulations..... | 30 |
| 5. Property, Plant and Equipment | 33 |
| 6. Capital Expenditure and Financing | 37 |
| 7. Financial Instruments..... | 37 |
| 8. Inventories | 41 |
| 9. Short Term Debtors | 42 |
| 10. Long Term Debtors..... | 42 |
| 11. Cash and Cash Equivalent..... | 42 |
| 12. Short-term Creditors | 42 |
| 13. Revaluation Reserve..... | 43 |
| 14. Capital Adjustment Account..... | 44 |
| 15. Pension Reserve | 44 |
| 16. Transfers to/From Earmarked Reserves | 44 |
| 17. Agency Services | 48 |
| 18. Member's Allowance..... | 48 |
| 19. Disclosure of Remuneration..... | 48 |
| 20. Exit Packages and Termination Benefits..... | 50 |
| 21. External Audit cost..... | 50 |
| 22. Grant Income | 51 |
| 23. Related Party Transactions..... | 51 |
| 24. Leases | 53 |
| 25. Defined Benefit Pension Scheme..... | 54 |
| 26. Material Contingent Liabilities | 59 |
| Appendix 1, Annual Governance Statement | 60 |

Narrative Statement

Introduction

1. The North York Moors National Park Authority was constituted on 1st April 1997 under the Environment Act 1995 and took over the responsibilities previously undertaken by North Yorkshire County Council through its North York Moors National Park Committee.

The Authority's Accounts for the year ended 31st March 2023 are presented in the format laid down in the "Code of Practice on Local Authority Accounting in the United Kingdom 2022/23" (The Code) - issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and in accordance with the International Accounting Standards Board (IASB) Framework for the preparation and presentation of Financial Statements as interpreted by The Code. The Code is based upon International Financial Reporting Standards (IFRS).

The Statements included in the Accounts are as follows:

- a) **The Narrative Statement** – the purpose of the narrative report is to provide information on the Authority, its main objectives and strategies and the principal risks that it faces. The narrative report should provide a commentary on how the authority has used its resources to achieve its desired outcomes in line with its objectives and strategies. Information on governance is included in the Annual Governance Statement at the end of the Statement of Accounts rather than in the narrative statement.
- b) **The Independent Auditor's Report** – this explains the Auditor's responsibilities in relation to the Statement of Accounts. It also expresses an opinion on the Accounts and shows how this opinion was reached. The report also gives a conclusion on value for money in terms of the arrangements for securing economy, efficiency and effectiveness.
- c) **The Statement of Responsibilities for the Statement of Accounts** – this outlines the Authority's responsibilities for the Accounts under Local Government legislation and any other requirements. It also shows the legal and professional responsibility for the Accounts of the Chief Financial Officer.
- d) **The Movement in Reserves Statement** – this shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves and other unusable reserves. Usable reserves are available to support the National Park's spending plans. The surplus on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The net increase/decrease before transfers to Earmarked Reserves line shows the statutory General Fund Reserve before any discretionary transfers to or from Earmarked Reserves undertaken by the

Authority. Unusable reserves are kept to manage the various accounting adjustments required for the accounts to comply with regulations and accounting rules. They are non-cash and consequently are not available for the use in the provision of National Park services.

- e) **The Comprehensive Income and Expenditure Statement** – which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. It shows income receivable and expenditure incurred in the year by the Authority in order to undertake its activities and services. It includes gains or losses which do not arise out of the operation of the Authority’s activities and includes adjustments relating to the revaluation of assets or actuarial valuation of the pension fund assets and liabilities.
- f) **The Balance Sheet** – this shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories, the first being Usable Reserves that may be used to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves are those that the Authority are not able to use to provide services. This includes reserves that hold unrealised gains and losses (such as the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement of Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.
- g) **The Cash Flow Statement** – this shows the change in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generated and used cash and cash equivalents by classifying cash flows as Operating, Investing and Financing Activities. The amount of net cash flows arising from Operating Activities is a key indicator of the extent to which the operations of the Authority are funded by way of grant income or from the recipients of services provided by the Authority. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority’s future service delivery. Cash flows arising from Financing Activities are useful in predicting claims on future cash flows by providers of capital to the Authority.
- h) **Notes to the Core Financial Statements** – these provide further details and explanation of the figures included in the Core Financial Statements.
- i) **Annual Governance Statement** – the Statement sets out the framework for financial control and corporate governance which the Authority has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded. It is provided at the end of this document but does not form part of the Statement of Accounts.

2. The Authority is an admitted body to the North Yorkshire Pension Fund. Members' attention is drawn to Note 25, which discloses the status of the Authority's position in relation to its participation in the Local Government Pension Scheme (LGPS).
The net liability (assets minus liabilities) stood at £0m, a change of £5,736m on the previous year's value (£5,736m). The Authority's assets decreased by 13.0% in the year and liabilities decreased by 26.2%.
3. There are no non-adjusting post Balance Sheet events to report.

Summary of Revenue Spending

4. The main components of the Latest Budget for 2022/23 and a comparison with the actual position are set out over the page. These figures are based on the annual outturn as reported to the North York Moors National Park Finance, Risk, Audit and Standards Committee (FRASC) in May 2023 (report can be found on the meeting agenda on the Authority website). They do however exclude statutory accounting adjustments such as the use of assets which are reflected in the Comprehensive Income and Expenditure Statement on Page 11.
5. Financial performance in the year resulted in a transfer into reserves of £614k compared to a latest budget deficit of £23k. The surplus is driven primarily by £440k of additional DEFRA funding, higher income (notably investment interest), an underspend on access works and savings from staff vacancies. The underlying underspend of £174k after the additional DEFRA funding is within the 2% tolerance variance.
6. In quarter 4, DEFRA confirmed a further one-off allocation of £440k to support the financial resilience of each National Park Authority. This funding has been allocated against in-year spend, which has resulted in earned income of £440k being unspent at the year end and contributing to the overall reported surplus. The total DEFRA grant received in year totalled £4,822k which equates to 41.2% of total income.
7. The most significant items of expenditure incurred by the Authority are employees at £4.7m, which equates to 42% of total expenditure in 2022/23.
8. The Authority has performance indicator to keep expenditure in the corporate and democratic core below 5% of total expenditure excluding S106. The actual for 2022/23 was 3.8%.

| - | Annual budget | Actual outturn | Variance | Commentary |
|-----------------------------------|----------------|----------------|-------------|---|
| Income | £k | £k | £k | - |
| Cultural Heritage | 3 | 10 | 7 | - |
| Natural Environment | 1,358 | 1,094 | -264 | External funding projects with lower income in line with spend - Ryevitalise , LEIs and Moor to Restore |
| Farming in Protected Landscapes | 808 | 874 | 66 | Increased allocation from DEFRA |
| Recreation Management | 1,181 | 1,173 | -8 | - |
| Promoting Understanding | 885 | 886 | 1 | - |
| Rangers and Volunteers | 1 | 16 | 15 | Capital Receipts from sale of a vehicle |
| Development Management | 329 | 263 | -66 | S106 Arqiva income carried forward to 23/24 |
| Forward Planning | 0 | 0 | 0 | - |
| Corporate and Democratic Core | 141 | 199 | 58 | Additional investment interest income and grants. |
| DEFRA Grant | 4,382 | 4,822 | 440 | Additional one-off DEFRA supplement to core grant |
| Total function income | 9,088 | 9,337 | 249 | - |
| S106 Compensation & mitigation | 2,771 | 2,360 | -411 | See S106 expenditure. |
| Total income | 11,859 | 11,697 | -162 | - |
| Expenditure | £k | £k | £k | - |
| Cultural Heritage | -290 | -277 | 13 | - |
| Natural Environment | -1,919 | -1,633 | 286 | Ext Budgets Mainly Rye LEIs and Moor to Restore |
| Farming in Protected Landscapes | -808 | -874 | -66 | Higher allocation from DEFRA |
| Recreation Management | -1,789 | -1,676 | 113 | Access budgets underspent and Wild Leaders scheme carried forward |
| Promoting Understanding | -1,953 | -1,937 | 16 | - |
| Rangers and Volunteers | -991 | -976 | 15 | - |
| Development Management | -938 | -844 | 94 | S106 Arqiva carried forward to 23/24 and underspend on planning application processing costs. |
| Forward Planning | -172 | -173 | -1 | - |
| Corporate and Democratic Core | -251 | -333 | -82 | - |
| Total function expenditure | -9,111 | -8,723 | 388 | - |
| S106 Compensation & Mitigation | -2,771 | -2,360 | 411 | Underspends on Boulby and Woodsmith (L&E, tourism). |
| Total expenditure | -11,882 | -11,083 | 799 | - |
| NET surplus/deficit | -23 | 614 | 637 | - |

9. There are now two S106 agreements in place, one for the Woodsmith Mine and one for Boulby Mine. The latter commenced in year, and there was limited time to spend in 2022/23. There was £2.262m of spend against the Woodsmith Mine agreement during the year which was lower than budget but much of the in-year underspend is fully committed to future projects. Core Policy D spent more than its annual allocation, helping to start reducing the overall underspend against this area of the agreement.
10. External funding continues to be an area of success for the Authority, with £2.889m of delivery in year exceeding the business plan target of £2.2m. Major projects delivered include decarbonisation of the visitor centres, Moor to Restore peatland, Ryevitalise and Blue Corridor river projects, disability access works and Farming in Protected Landscapes. For the second year in a row, the Farming in Protected Landscapes project delivered more than its original funding allocation with £873k delivered in total.
11. A savings programme agreed in the budget for £49.5k was delivered successfully in year.
12. In previous years the Authority has sought to maintain a permanent Balance Sheet reserve as a contingency against unexpected events equivalent approximately to 5% of budgeted gross expenditure excluding S106, which equates to £435k. The budget setting process for 23/24 identified the need to increase this to 10% by 2026/27, with a general working balance reserve of 5% and a contingency reserve of 5% to help manage increasing risk. At the end of 2022/23 this totalled £639k with a further £87k approved as part of the underspend allocation. This equates to 7.8% based on 2022/23 actual spend.
13. The accounting policies are set out formally in the Statement of Accounting Policies on Page 14. The policies adopted in 2022/23 are compliant with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2022/23' (The Code).
14. The Authority has never borrowed any money for capital purposes and whilst there are no plans to do so immediately, the option would not be excluded as a means of financing appropriate capital projects in the future. The Treasury Management Strategy does cater for future borrowing should this be required. The Authority has had a facility arrangement with North Yorkshire County Council whereby any daily overdraft balances are consolidated into the Council's Bank Accounts on a daily basis. However, this facility does not represent an overdraft facility, it is used to manage day-to-day cash flow balances (not to fund capital expenditure) and represents an on-going investment of cash balances for investment purposes. This arrangement will continue with the new North Yorkshire Council from 1st April 2023.

15. The Authority monitors an agreed set of Performance Indicators on a regular basis and the results are reported to the Finance, Risk Audit and Standards Committee (FRASC). These reports can be found in the meeting and agendas section of the Authority website.

Strategy and Key Future Risks

16. The pressures on the economic climate resulting from the continuing war in Ukraine, post-pandemic recovery and Brexit are having an impact on inflation which is the greatest risk to the Authority's financial position in the medium term. Materials, fuel, utilities and insurance in particular are seeing substantial increases. Inflation rates in April 2023 continue at a high level and stand at 7.8% for CPIH and 11.4% RPI. The 2023/24 budgets contain an inflationary increase of 13% to cater for the increase in 2022/23 rates above budget and anticipated continuing higher rates in 2023/24. Project re-engineering is occurring where possible, and contingencies built into project delivery are helping to cater for increases. However, if higher prices continue this may ultimately impact on the levels of delivery that will be possible. There are also reserves that can help de-risk higher inflation in the short term.
17. Financial pressure from pay increases continues. In 2022/23 the pay award was substantially higher than budgeted and savings during the year helped to cover the £140k of additional costs. The impact of this has been included in next year's budget as has a similar increase in pay levels in 2023/24, with savings implemented to mitigate the effects. However there continues to be a risk and upward pressure as a result of high inflation. The Local Government Association has offered a pay settlement averaging 6% for the Authority staff. The budget set for 2023/24 will cover this offered increase, but any higher pay award will need to be offset by additional savings.
18. DEFRA have announced a core grant freeze for 2023/24, the 5th year in a row. Funding levels beyond this remain uncertain although indications are to expect a freeze for at least one more year, but longer-term planning continues to be a challenge. The MTFS assumes flat cash settlements throughout the next five years. This means that any increases in costs need to be funded by innovative approaches to income generation or efficiencies. The Authority does rely on core funding to help support generation of earned and external income streams which are key to ensuring that the Authority continues to grow despite falling core grant.
19. A new Management Plan and Business Plan were launched in 2022/23. Delivery is focussed on three key areas, climate change, biodiversity and health and wellbeing. The business plan has targets for increasing external funding over the five-year period to enable the Authority to continue to grow and deliver to its ambitious aims. There is also an increased focus on

partnerships and working with others to achieve objectives across the National Park. The business plan is updated annually and the latest report indicating 2023/24 milestones can be found here:-

[7.1-Appendix-A-Business-Plan-2023-24-UPLOAD-SEPARATELY.pdf](#)
[\(northyorkmoors.org.uk\)](http://northyorkmoors.org.uk)

20. North Yorkshire Council and the District/Borough Councils within the North Yorkshire area have now undergone Local Government Reorganisation (LGR), with the existing eight Councils having become a single North Yorkshire Council from 1st April 2023. Whilst the Authority is not directly impacted in terms of its remit and what it delivers, there will be changes of Board Membership from 2023/24. It is expected that devolution which may follow Local Government Reorganisation could mean new funding opportunities for North Yorkshire. The Authority will be keeping abreast of developments and actively looking to offer its expertise and experience in delivery of mutually beneficial projects. Previous formal agreements for services with legacy councils will continue with the new North Yorkshire Council.

21. Aside from core grant, the business plan and MTFs are built on four other key types of income :
 - a External Funding. A key component to ensure that the Authority continues to grow in total spend over the next five years is external funding. There are risks of availability of funding as well as the need to allocate and resource match funding. There is a pipeline of projects which forms part of the external funding report which is presented to Members each quarter and is a standing item on the Senior Leadership Team monthly agenda. The Authority continues to work towards becoming more project focussed in its delivery. The recruitment of a new project manager has been completed and will be complemented by upskilling staff in project development and delivery.

 - b Earned Income. The MTFs and business plan do have some modest growth in earned income over the next five years, with plans to look at new ideas to develop more income streams. A Commercial Manager post has been established to facilitate this. Earned income streams can be heavily affected by external factors beyond the Authority's control. Earned income is therefore a potential area of risk for shortfalls. Reporting throughout the year seeks to monitor, forecast and mitigate any shortfalls, in particular in the key areas of car parking, planning and retail. Earned income will be a key area of resources growth in the next few years following on from the success of delivering external funding.

 - c S106 income. In 2022/23, the Woodsmith S106 arrangement has provided £2.5m of income to deliver compensation and mitigation projects, and in line with inflation it is expected that this will increase by a further 10% in 2023/24. The Boulby mine agreement worth £14.7m over 25 years also commenced in 2022/23, but spend has been limited with projects expected to get fully underway from 2023/24.

- d Farming in Protected Landscapes funding from DEFRA began in 2021/22 and was set to run for three years but has not been extended to 2024/25. Delivery has been very successful, including delivering additional allocations
22. A project to review the property of the Authority continues. There are substantial repair costs required to existing buildings, and therefore the whole portfolio is being reviewed to ensure it remains suitable for the Authority's ambitions. There are likely to be significant future costs and disposals to ensure the property portfolio is relevant to the Authority's Park priorities and objectives and also brought up to a good standard of repair. All funding options are being considered including borrowing, but this will not reach any conclusions until later in 2023/24.
23. As more priorities are delivered through external funding, it does mean that the Authority is sometimes delivering high value capital projects, and as such there is an inherent increase in risk of overspend or unforeseen costs which are not covered by the funder. The Authority has shown that it is very effective at managing these projects, but as part of the budget the S151 Officer reviews reserves to manage risk to ensure that all potential risks can be covered in the short term and the decision taken by Members to increase the risk reserves from the current position of 5% of total expenditure excluding S106 to 10% by 2026/27. At the end of 2022/23 these reserves stand at 7.8%.
24. The latest medium term financial strategy was presented to National Park Authority in December 2022. It operates hand in hand with the Business Plan to ensure that delivery and resources are aligned. It presents a 5-year position which builds in key assumptions around funding, inflation and resources growth. The reality of increasing costs and flat cash core grant settlements means that there is an increasing gap in each year. In particular the impacts from pay and overhead inflation have increased this deficit further. Identified income generation and savings of £516k have helped to mitigate this in the first three years but there are deficits in the final two years rising to £295k by 2027/28. At present there is no changes in overall service delivery, but there remains a risk if the deficits cannot be offset through increased resources or efficiencies. The link to the latest Medium Term Financial Strategy presented to FRASC can be found below:

[Full-Public-NPA-Agenda.pdf \(northyorkmoors.org.uk\)](https://www.northyorkmoors.org.uk/Full-Public-NPA-Agenda.pdf)

Changes in Accounting Policies and Presentation of the Accounts

25. There have been no changes in accounting policies or significant changes to the presentation of accounts for 2022/23.

Statement of Responsibilities for the Statement of Accounts

The Authority is required:

- a) To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For the Authority, that Officer is the Chief Financial Officer;
- b) To manage its affairs to secure the economic, efficient and effective use of resources and to safeguard its assets;
- c) To approve the Statement of Accounts.

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices set out in the CIPFA/LASAAC "Code of Practice on Local Authority Accounting in the United Kingdom" (The Code).

In preparing the Statement of Accounts, the Chief Financial Officer has:

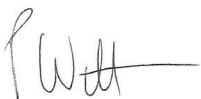
- a) Selected suitable accounting policies and applied them consistently;
- b) Made judgements and estimates that were reasonable and prudent;
- c) Complied with The Code.

The Chief Financial Officer has also:

- a) Kept proper accounting records that were up to date;
- b) Taken reasonable steps for the preventions and detection of fraud and other irregularities.

Certificate of the Chief Financial Officer

I certify that the Statement of Accounts 2022/23 presents a true and fair view of the financial position of the North York Moors National Park Authority as at 31st March 2023.



P Williams
Section 151 Officer and Chief Financial Officer to the North York Moors National Park Authority
North Yorkshire Council
County Hall
Northallerton
DL7 8AD
Date:

Signed on behalf of the North York Moors National Park Authority

I confirm that these Accounts were approved by the National Park Authority meeting on 11/12/2023 for delegation of signing on completion of the External Audit

Chair
North York Moors National Park Authority

Core Financial Statements

Movement in Reserves Statement 2022/23

Movements in Reserves during 2022/23

| | Usable Reserves | | Unusable | Total |
|--|-----------------|--------------|---------------|---------------|
| | General | Earmarked | Reserves | Reserves |
| | £000 | £000 | £000 | £000 |
| Balance at 1 April 2022 | 351 | 4,595 | 3,254 | 8,200 |
| Surplus on the provision of services | 415 | 0 | 0 | 415 |
| Other comprehensive income and expenditure | 0 | 0 | 9,342 | 9,342 |
| Total comprehensive income and expenditure | 415 | 0 | 9,342 | 9,757 |
| Adjustments between accounting basis & funding basis under regulations | 577 | 0 | (577) | 0 |
| Net increase/decrease before transfer to earmarked reserves | 992 | 0 | 8,765 | 9,757 |
| Transfers (to)/from earmarked reserves | (525) | 525 | 0 | 0 |
| Increase/decrease in 2020/21 | 467 | 525 | 8,765 | 9,757 |
| Balance at 31 March 2023 | 818 | 5,120 | 12,019 | 17,957 |

Movements in Reserves during 2021/22

| | Usable Reserves | | Unusable | Total |
|--|-----------------|--------------|--------------|--------------|
| | General | Earmarked | Reserves | Reserves |
| | £000 | £000 | £000 | £000 |
| Balance at 1 April 2021 | 477 | 3,285 | 451 | 4,213 |
| Surplus on the provision of services | (37) | 0 | 0 | (37) |
| Other comprehensive income and expenditure | 0 | 0 | 4,024 | 4,024 |
| Total comprehensive income and expenditure | (37) | 0 | 4,024 | 3,987 |
| Adjustments between accounting basis & funding basis under regulations | 1,221 | 0 | (1,221) | 0 |
| Net increase/decrease before transfer to earmarked reserves | 1,184 | 0 | 2,803 | 3,987 |
| Transfers (to)/from earmarked reserves | (1,310) | 1,310 | 0 | 0 |

Increase/decrease in 2020/21

(126) 1,310 2,803 3,987

Balance at 31 March 2022

351 4,595 3,254 8,200

Comprehensive Income and Expenditure Statement for Year Ended 31 March 2023

2021/22

2022/23

| Gross Expenditure | Income | Net Expenditure | | Gross Expenditure | Income | Net Expenditure |
|-------------------|----------------|-----------------|--|-------------------|----------------|-----------------|
| 1,525 | (890) | 635 | Conservation of the Natural Environment | 1,813 | (1,095) | 718 |
| 438 | (29) | 409 | Conservation of Cultural Heritage | 329 | (10) | 319 |
| 1,583 | (1,071) | 512 | Recreation Management and Transport | 1,891 | (1,173) | 718 |
| 1,886 | (451) | 1,435 | Promoting Understanding | 2,295 | (886) | 1,409 |
| 1,050 | (17) | 1,033 | Ranger, Estates and Volunteers | 1,037 | (15) | 1,022 |
| 977 | (344) | 633 | Development Control | 999 | (263) | 735 |
| 268 | (17) | 251 | Forward Planning and Communities | 201 | 0 | 202 |
| 1,049 | (1,815) | (766) | Section 106 Compensation & Mitigation | 1,909 | (2,360) | (451) |
| 248 | (75) | 173 | Corporate and Democratic Core | 240 | (39) | 201 |
| 457 | (438) | 19 | Farming in Protected Landscapes | 894 | (874) | 20 |
| 9,481 | (5,147) | 4,334 | Cost of Services | 11,608 | (6,715) | 4,893 |
| | | | Other Operating Income & Expenditure | | | |
| | | (37) | Gain on disposal of fixed assets | | | (18) |
| | | | Financing and Investment Income & Expenditure | | | |
| | | 16 | Interest payable and similar charges | | | 16 |
| | | (13) | Interest and investment income | | | (142) |
| | | 152 | Pensions interest cost and expected return on assets | | | 147 |
| | | | Grant Income | | | |
| | | (4,382) | National Park Grant | | | (4,822) |
| | | (33) | Capital contributions | | | (489) |
| | | 37 | (Surplus)/Deficit on Provision of Services | | | (415) |
| | | (1,079) | (Surplus)/deficit on the revaluation of long-term assets | | | (1,258) |
| | | (2,962) | Actuarial losses/(gains) on pension assets/liabilities | | | (8,101) |
| | | 17 | Impairment (gains) / losses on non-current assets | | | 17 |
| | | (4,024) | Other Comprehensive Income and Expenditure | | | (9,342) |
| | | (3,987) | Total Comprehensive Income and Expenditure | | | (9,757) |

Balance Sheet as at 31 March 2023

| 31 March 2022 £000 | | Notes | 31 March 2023 £000 |
|--------------------------|--|-------|--------------------------|
| 5,156 | Property, Plant & Equipment | 5 | 5,957 |
| 3,998 | Heritage Assets | 5 | 4,358 |
| 0 | Intangible Assets | | 0 |
| 0 | Pension Fund Asset | 25 | 1,437 |
| 51 | Long Term Debtors | 10 | 34 |
| 9,205 | Non-Current Assets | | 11,786 |
| 92 | Inventories | 8 | 101 |
| 1,439 | Short Term Debtors | 9 | 2,140 |
| 0 | Assets Held for Sale | 5 | 585 |
| 4,387 | Cash and Cash Equivalents | 11 | 5,776 |
| 5,918 | Current Assets | | 8,602 |
| (1,010) | Short Term Creditors | 12 | (2,115) |
| 0 | Short Term Provisions | | 0 |
| (1,010) | Current Liabilities | | (2,115) |
| (177) | Finance Lease | 24 | (177) |
| 0 | Provisions | 9 | 0 |
| (5,736) | Pension Fund Liability | 25 | (139) |
| (5,913) | Non-Current Liabilities | | (316) |
| 8,200 | Net Assets | | 17,957 |
| 351 | General Fund Reserve | 16 | 818 |
| 4,595 | Earmarked Reserves | 16 | 5,120 |
| 4,946 | Total Usable Reserves | | 5,938 |
| 4,855 | Revaluation Reserve | 13 | 6,082 |
| 4,165 | Capital Adjustment Account | 14 | 4,669 |
| 0 | Financial Instruments Adjustment Account | 7 | 0 |
| (5,736) | Pension Reserve | 15 | 1,298 |
| (30) | Accumulated Absences Account | 12 | (30) |
| 3,254 | Total Unusable Reserves | | 12,019 |
| 8,200 | Total Reserves | | 17,957 |

Cash Flow Statement for Year Ended 31 March 2023

| 2021/22 £000 | | Notes | 2022/23 £000 |
|-----------------|---|-------|-----------------|
| | Operating Activities | | |
| (37) | Net surplus on the Provision of Services | | 415 |
| | Adjustment to net surplus on the Provision of Services for non-cash movements | | |
| 226 | Depreciation | 5 | 267 |
| 0 | Impairment and revaluations | 5 | 37 |
| 14 | Movement in creditors | 12 | 1,104 |
| (620) | Movement in debtors | 9 | (700) |
| 21 | Movement in inventories | 8 | (9) |
| 0 | Movement in provisions | | 0 |
| 1,184 | Pension liability | 25 | 1,067 |
| 7 | Carrying value of non-current assets written out on disposal | 5 | 0 |
| 0 | Other Non-Cash Items Charged to the Provision of Services | | 0 |
| 832 | | | 1,766 |
| | Adjustment for items included in the net surplus or deficit on the Provision of Services that are Investing and Financing Activities | | |
| (61) | | | (491) |
| 734 | Net cash flows from Operating Activities | | 1,690 |
| | Investing Activities | | |
| (195) | Purchase of property, plant and equipment | 5 | (793) |
| 77 | Other receipts for Investing Activities | | 508 |
| (118) | Net cash flows from Investing Activities | | (285) |
| (17) | Financing Activities | | (17) |
| 599 | Net increase in cash and cash equivalents | | 1,388 |
| 3,788 | Cash and cash equivalents at the beginning of the period | 11 | 4,388 |
| 4,387 | Cash and cash equivalents at the end of the period | | 5,776 |

Notes to the Core Financial Statements

1. Statement of Accounting Policies

1. General

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023. These Accounts have been prepared in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2022/23" (The Code): issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The accounting policies adopted have been used consistently throughout the current and prior period. Any significant non-compliance with The Code is disclosed as part of the relevant Financial Statement.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts is prepared on a going concern basis, as per the requirements of The Code. This means that the accounts are based on the assumption that the Authority will continue in operational existence for the foreseeable future.

2. Accruals of Income and Expenditure

Activity is accounted for in the year it takes place, not simply when the cash payments are made or received. In particular:

- Revenue is defined as income arising as a result of the Authority's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Authority has satisfied a performance obligation by transferring a promised good or service to the service recipient;
- Revenue is measured as the amount of the transaction price which is allocated to that performance obligation;
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date that supplies are received and their consumption, the value of un-used supplies are carried as inventories on the Balance Sheet at year-end;
- Expenses in relation to services received are recorded as expenditure when the services are received rather than when the payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

Cash equivalents are short-term investments that are of a highly liquid nature. Cash is represented by cash in hand and deposits with financial institutions repayable on short notice without penalty. The Authority has determined that cash equivalents are investments that require no more than 3 months' notice to withdraw.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the financial position or financial performance of the Authority. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service; and
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which losses can be written off.

Depreciation, revaluation and impairment losses are replaced by the contribution in the General Fund Balance by way of an adjusting transaction between the Capital Adjustment Account (which is shown as a reserve within the Unusable Reserves within the Balance Sheet) and the Movement in Reserves Statement.

6. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the yearend. They include benefits such as salaries, paid annual leave and paid sick leave, for current employees, and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of any type of leave entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which

the employee takes the benefit. The accrual is charged to surplus/deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday benefits are ultimately charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an Officer's employment before the normal retirement date or an Officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement, when the Authority is demonstrably committed to the termination of the employment of an officer or group of Officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Reserve to be charged with the amount payable by the Authority to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at year-end.

7. Post-Employment Benefits

Employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme (LGPS), which provides members with defined benefits earned as employees working for the Authority. For the North Yorkshire area, this is administered by North Yorkshire County Council.

The LGPS is accounted for as a defined benefit scheme:

- The liabilities of the Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method- i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current employees;
- The assets are included in the Balance Sheet at fair value;
 - quoted securities at current bid price;
 - unquoted securities at professional estimate;
 - unitised securities at current bid price; and
 - property at market value.
- The change in the net pensions liability is analysed into ten components:
 - **current service cost** – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the surplus/deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;

- **interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to the Financing/Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- **remeasurement assets** – the improvement in the value of assets held at the start of the year and includes an adjustment following each triennial valuation;
- **remeasurement liabilities** – reflects adjustments made following each triennial valuation, and adjustments due to changes to financial assumptions and to demographic assumptions determined at the start and end of the financial year;
- **gains or losses on settlements and curtailments** – the results of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited or credited to the surplus/deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, debited to the Pensions Reserve;
- **contributions paid to the North Yorkshire Pension Fund** – cash paid by scheme participants and the Authority as determined by the regulations;
- **benefits paid** – transfers to or from the Authority with the associated adjustment to attributable assets and liabilities; and
- **administrative expenses** – the cost of investment and are treated as a reduction in the return on investments.

In relation to retirement benefits, statutory provisions require the General Fund Reserve to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund Reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirements benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

8. Financial Instruments

Financial instruments are formally defined within The Code as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term financial instrument covers both financial assets and financial liabilities and covers the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

The Authority's accounting policies that are relevant to financial instruments comply with the requirements of The CIPFA Code of Practice on Treasury Management which sets out a framework of operating procedures in relation to Treasury Management.

The Authority's accounting policies also comply with the adoption of IFRS 9 Financial Instruments by the CIPFA Code of Practice on Local Authority Accounting. The Authority's Financial Assets are cash, on-call deposits, and a loan, all of which continue to be carried at amortised cost. As per the requirements of IFRS 9, the Authority now reviews all of its financial assets held at amortised cost to assess the risk of expected future cash flows not being received.

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For the liabilities that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the relevant agreement

9. Grants

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is a reasonable assurance that:

- The Authority will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution has been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (Income in Advance). When conditions are satisfied, the grant or contribution is credited to the relevant service line or Grant Income in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund Reserve in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The accounting treatment for grants is in accordance with IAS 20 Accounting for Government Grants.

10. Inventories

Inventories have been included in the Accounts at cost price. In general, obsolete and slow moving items are written-off during the year. It is considered that this difference in treatment does not have a material effect on the Accounts.

11. Leases

Leases are classified as Finance Leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as Operating Leases.

The Authority, as lessee, has entered into leasing arrangements of both an Operating and Finance Lease nature. Where it is judged that substantially all of the risks and rewards incidental to the ownership of an asset have been transferred to the National Park Authority, then the lease is classified as a Finance Lease. A Finance Lease gives rise to the recognition of the fixed asset on the Balance Sheet together with a corresponding liability for future payments. Rental payments made under a Finance Lease are apportioned between a charge to write down the lease liability within the Balance Sheet and an element for finance charges. These charges are based upon the original rent payable on the lease agreement.

Rentals paid under Operating Leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

The Authority acts as the lessor on a number of properties under Operating Lease arrangements. Rental income is credited to the Provision of Services on a straight line basis over the period of the lease.

12. Overheads and Support Services

The cost of Support Services such as Finance, Information Technology, Personnel, and Customer Services are recharged to the appropriate functional headings. This is on the basis of various recharge calculations related to the Support Services expenditure being allocated.

All recharges of Support Services costs are consistent with the principles outlined in the CIPFA Service Reporting Code of Practice (SeRCOP).

13. Property, Plant and Equipment

Assets that have a physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential i.e. repairs and maintenance is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising

- The purchase price; and
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of an asset acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have a commercial substance, where the asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are initially valued at fair value. The difference between fair value and any consideration paid is credited to the Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Reserve to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the balance sheet at depreciated historical costs or existing use value.

Property, Plant and Equipment is valued on the basis required by CIPFA in accordance with the Statements of Appraisal and Valuation Standard issued by The Royal Institution of Chartered Surveyors (RICS). Asset Valuations are carried out on an agreed on-going basis by Align Property Partners.

Assets are classified into the groupings required by The Code.

Land, operational properties and other operational assets are included in the Balance Sheet at the lower of the net current replacement cost or existing use value, net of depreciation.

Assets included in the Balance Sheet at fair value are re-valued where there have been any material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to the revenue account.

A full revaluation of property is undertaken every five years. A desktop review of property is also undertaken annually to ensure valuations reflect a true and fair view of the carrying value of assets at the Balance Sheet date.

A Revaluation Reserve for those assets recorded at fair value is held in the Balance Sheet, made up of unrealised revaluation gains relating to individual assets, with movements in valuations being managed at an individual asset level. Any decreases in value of an asset are recorded against the Revaluation Reserve to the extent that a balance of accumulated gains is recorded against the individual asset. Where the decrease in value is in excess of any balance held within the Revaluation Reserve the reduction is then charged to the relevant service line within the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains gains recognised since its implementation on 1st April 2007. Gains arising before that date have been consolidated into the Capital Adjustment Account.

On an annual basis, all assets are reviewed for evidence of impairment (a decline in their realisable value due to specific events) by the suitably qualified property professionals of Align Property Partners. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for as follows:

- Where attributable to the clear consumption of economic benefits, the loss is charged to the Comprehensive Income and Expenditure Statement; or
- Otherwise, written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the Comprehensive Income and Expenditure Statement.

Where an impairment loss is charged to the Comprehensive Income and Expenditure Statement but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

De-Minimis

Individual assets below the value of £5k will not be recorded in the asset register and will be charged in the Comprehensive Income and Expenditure Statement in the appropriate service line unless the terms of a grant require it to be applied to capital expenditure.

Depreciation

Depreciation is provided for on Buildings, Plant, Equipment and Furniture with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- Buildings (but not the land on which they stand) are depreciated over their remaining useful lives. Estimates of useful life are determined for each property and where material, for components of those properties as part of the valuation process. 13 Bondgate (Helmsley), Old Vicarage (Helmsley), Sutton Bank Visitor Centre, Danby Lodge (Danby) and Spout House (Chopgate) buildings are depreciated over 40 years, as advised by Align Property Partners. All other buildings are depreciated over 30 years with the exception of the buildings at Sawmill Lane Depot (Helmsley) which are depreciated over 20 years; and

- Vehicles, plant, furniture and equipment are depreciated over a number of years depending on the nature of the asset (e.g. vehicles 5 years, equipment 3 to 5 years).

Remaining useful lives are periodically reviewed and the charge to revenue adjusted if appropriate.

Depreciation is calculated using the straight line method with no residual value at disposal. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Components

Where a non-current asset has components whose cost is significant in relation to the total cost of the item (30% or more), or with a difference in economic life of 10 years or more, the components are depreciated separately. Items will be assessed under the above criteria when new assets are acquired, or existing assets are revalued.

Disposal of Property, Plant & Equipment

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal are also credited to the same line in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received in excess of £5k are categorised as capital receipts and the balance credited to the Usable Capital Receipts Reserve, and will only be used to finance new capital investment. Receipts are appropriated to the General Fund Reserve in the Movement in Reserves Statement.

Revaluation Reserve

The Revaluation Reserve was established with a balance of zero as at 1st April 2007. This reserve has been used solely to account for changes in asset values (either upwards or downwards) following revaluation after 1st April 2007.

The Capital Adjustment Account represents amounts set aside from revenue resources to finance expenditure on fixed assets and certain other capital transactions.

14. Heritage Assets

Heritage assets are non-current assets that are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities. They are held and maintained principally for their contribution to knowledge and culture.

The Authority has agreed criteria for the acquisition of land in order to achieve statutory purposes. The Authority develops plans for the specific actions in relation to the preservation and management of heritage assets. It is anticipated that any acquisition of heritage assets will be made by donation or acquisition for statutory purposes. Where an item is acquired and it is deemed appropriate, valuations will be sought from an independent external valuer.

Heritage assets are measured at valuation where available and the asset is recognised within the Balance Sheet. Valuations are reviewed with sufficient frequency (as indicated in Note 5b) to ensure measurement remains current.

Where the Authority considers that obtaining full valuations for assets would involve a disproportionate cost in comparison to the benefits to the users of the Financial Statements the asset is not recognised in the Balance Sheet but included in the accounts as a disclosure.

Where heritage assets are held within the Balance Sheet, the carrying amounts will be reviewed where there is evidence of impairment i.e. where an item has suffered physical deterioration or breakage or where doubts arise to authenticity. Any impairment is recognised in accordance with the Authority's general policies on impairment.

If it is agreed to dispose of any heritage assets, the proceeds are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements for capital receipts.

Heritage assets are not subject to depreciation as they are considered to have indefinite lives.

15. Provisions and Contingent Liabilities

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account the relevant risks and uncertainties.

Where payments are then made, they are charged to the provision carried in the Balance Sheet. The provisions are reviewed on an annual basis.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but it is either not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

16. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Reserve in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus/deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Reserve in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting process for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority; these reserves are explained in the relevant policies. These reserves are 'non-cash' reserves, and do not impact on utilisation of the National Park Grant.

17. Presentation of Accounting Statements

The Accounts are presented in the format required by the CIPFA Code of Practice, and in accordance with the Service Expenditure Analysis developed specifically for National Park Authorities.

18. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

19. Treasury Management

The Authority has an arrangement with North Yorkshire Council whereby the balance of the Authority's bank account is merged each day with the balances of the Council and several other organisations. These balances are then invested by North Yorkshire Council as an overall investment pool and interest is paid to the Authority based on the actual overall average rate of interest achieved.

20. Critical Judgements in Applying Accounting Policy

In applying the accounting policies set out above, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events involving the following areas:

- Grant Income - Judgement is required to determine whether the Authority can be reasonably assured that the conditions of grant and contribution income received have been met before recognising them as income in the Comprehensive Income and Expenditure Statement. Where conditions require specified expenditure to have taken place, the grant monies will not be recognised until this has happened. Equally where conditions specify that a grant or contribution must be re-paid in the event of non-expenditure, the income is not recognised until the conditions of the grant have been met.
- Leases - The IFRS Code requires the Authority to consider the classification of leases between the categories of finance and operating on an annual basis. The distinction between the two categories is not clearly defined by the IFRS Code

and an element of judgement is required to make the assessment in line with best practice.

- Heritage Assets - Heritage assets are non-current assets which are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities. They are held and maintained by the Authority principally for their contribution to knowledge and culture. As a result accurate valuations for Heritage Assets may not be available but are measured at valuation where available and the asset is recognised within the Balance Sheet.

As part of the desktop valuation conducted for the 2022/23 accounts, the Levisham Estate has been fully revalued during the year. The estate makes up the majority of value of the Heritage Assets carried in the accounts, therefore the risk involved in the critical judgements should be minimal this year.

21. Assumption Made About the Future and Other Major Sources of Estimation

The Statements of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Property, Plant and Equipment

Assets are depreciated over the useful economic life that the asset (or components of the assets where appropriate) will be operational. The useful economic life of an individual asset is dependent upon maintaining an appropriate level of repair and maintenance expenditure on that asset. Should insufficient expenditure be incurred to properly maintain an asset then it may be the case that the useful economic life of that asset is reduced; this might give rise to an impairment or accelerated depreciation being required.

Pension Liability / Surplus

Estimation of the net liability / surplus to pay future pensions depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, mortality rates and expected returns on pension fund assets. Sensitivity analysis around certain assumptions has identified that the following changes to the current estimated pension position of £0K would occur if alternative assumptions were to be applied:

- A -0.1% p.a. change in the discount rate to be applied would increase the pension obligation by £498k
- A -0.1% p.a. change in pay growth would decrease the pension obligation by £28k
- A -0.1% p.a. change in inflation would decrease the pension obligation by £470k
- An additional 1 year increase in life expectancy would decrease the pension obligation by £747k

A positive change would result in the above movements being reversed.

The net pensions liability / surplus was based on the 2022 actuarial valuation. It includes a share of the overall Pension Fund investment assets. The assumptions made to calculate the net liability / surplus are affected by a multitude of factors. One such assumption, the discount rate, has seen a significant increase over the year, which has led to an apparent accounting surplus (asset) result for the Authority as at 31 March 2023.

As the Authority's accounting policy is to recognise a surplus in its LGPS defined benefit plan, the balance sheet recognises a 'Pension Fund Asset' of £1.4m. This approach complies with the CIPFA Code of Practice and IFRIC 14 - IAS 19, and this figure reflects an asset ceiling that limits the authority's ability to recognise the full value of the asset. Further information is available in Disclosure Note 25 – Defined Benefit Pension Scheme in these accounts.

22. Events after the Balance Sheet Date

Under IAS 10 Events after the Reporting Period, the Authority is required to disclose the date that the financial statements are authorised for issue. This establishes the date after which events will not have been recognised in the Statement of Accounts.

The Draft Statement of Accounts for 2022/23 was authorised on 1 June 2023 by the Chief Financial Officer. The Statement of Accounts is then subject to the External Audit process, before being considered and approved by the National Park Authority Members on 25 September 2023.

23. Future Changes to International Financial Reporting Standards (IFRS)

CIPFA continue to consider the implications of adopting IFRS 16 – Leases. This standard was originally expected to be adopted in the Statements of Accounts for 2020/2021 but was then deferred and expected to be adopted in 2023/24.

However, as a result of only 9% of local authority accounts in England meeting the audit publication deadline of 30 September 2021 the Department of Levelling-up Housing and Communities asked CIPFA in December 2021 to consider ways in which the Code may ameliorate this crisis position. In response, CIPFA issued an emergency consultation on exploratory proposals for making time-limited changes to the Code and subsequently made the decision to defer the implementation of IFRS 16 until 1 April 2024.

Progress continues to be made to ensure that the Authority will be fully compliant with the new standard ahead of its adoption.

2. Expenditure and Funding Analysis

| Expenditure and Funding Analysis 2022/23 | | | | | | | |
|--|-----------------|-----------------|---|------------------------------|-------------------|---------------------|--------------------------------------|
| | Outturn Figures | Capital Charges | Capital Expenditure Funded from Revenue | Pension Adjust with IAS19 | Interest Received | Finance Lease Asset | Net Expenditure in Final Accounts |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Conservation of the Natural Environment | 551 | 14 | 0 | 153 | 0 | 0 | 718 |
| Conservation of Cultural Heritage | 271 | 5 | 0 | 43 | 0 | 0 | 319 |
| Recreation Management & Transport | 584 | 94 | (69) | 109 | 0 | 0 | 718 |
| Promoting Understanding | 1,116 | 141 | (47) | 215 | 0 | (16) | 1,409 |
| Rangers, Estate & Volunteers | 1,044 | 34 | (165) | 109 | 0 | 0 | 1,022 |
| Development Control | 580 | 9 | 0 | 146 | 0 | 0 | 735 |
| Forward Planning & Communities | 173 | 3 | 0 | 26 | 0 | 0 | 202 |
| S106 Compensation & Mitigation | (549) | 0 | 0 | 98 | 0 | 0 | (451) |
| Corporate & Democratic Core | 61 | 3 | (5) | 0 | 142 | 0 | 201 |
| Farming in Protected Landscapes | 0 | 0 | 0 | 20 | 0 | 0 | 20 |
| Net Cost of Services | 3,831 | 303 | (286) | 919 | 142 | (16) | 4,893 |
| (Gain)/Loss on Disposal | | | | | | | (18) |
| Interest Payable | | | | | | | 16 |
| Interest Received | | | | | | | (142) |
| Net Pensions Interest Cost | | | | | | | 147 |
| National Park Grant | | | | | | | (4,822) |
| Capital Contributions | | | | | | | (489) |
| Deficit on Provision of Services | | | | | | | (415) |
| Surplus on Revaluation of Fixed Assets | | | | | | | (1,258) |
| Actuarial (gains) / losses on Pension Assets / Liabilities | | | | | | | (8,101) |
| Impairment (gains) / losses on Non-Current Assets | | | | | | | 17 |
| Total Comprehensive Income & Expenditure | | | | | | | (9,757) |

Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the CIPFA Code of Practice. This is the same basis used to make decisions about resource allocation, which are taken by the Authority's Finance, Risk, Audit and Standards Committee (FRASC). However, these reports are prepared on a different basis from the accounting policies used in the financial statements.

In particular, no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the revaluation Reserve and amortisations are charged in the Comprehensive Income and Expenditure Statement). Actual capital expenditure and income is included in the committee reports but taken out of the Comprehensive Income and Expenditure Statement, which just show revenue.

The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.

The outturn position reported to committee is summarised in the Explanatory Foreword on Page 6, and therefore the detailed report is not included here

Expenditure and Funding Analysis

| | Outturn Figures | Capital Charges | Capital Expenditure Funded from Revenue | Pension Adjust with IAS19 | Interest Received | Finance Lease Asset | Net Expenditure in Final Accounts |
|--|-----------------|-----------------|---|------------------------------|-------------------|---------------------|--------------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Conservation of the Natural Environment | 403 | 15 | 3 | 214 | 0 | 0 | 635 |
| Conservation of Cultural Heritage | 358 | 11 | 0 | 40 | 0 | 0 | 409 |
| Recreation Management & Transport | 404 | 54 | (61) | 115 | 0 | 0 | 512 |
| Promoting Understanding | 1,146 | 85 | (21) | 241 | 0 | (16) | 1,435 |
| Rangers, Estate & Volunteers | 851 | 46 | (11) | 147 | 0 | 0 | 1,033 |
| Development Control | 469 | 11 | 0 | 153 | 0 | 0 | 633 |
| Forward Planning & Communities | 217 | 3 | 0 | 31 | 0 | 0 | 251 |
| S106 Compensation & Mitigation | (836) | 0 | 0 | 70 | 0 | 0 | (766) |
| Corporate & Democratic Core | 185 | 3 | (29) | 0 | 14 | 0 | 173 |
| Farming in Protected Landscapes | 0 | 0 | 0 | 19 | 0 | 0 | 19 |
| Net Cost of Services | 3,197 | 228 | (119) | 1,030 | 14 | (16) | 4,334 |
| (Gain)/Loss on Disposal | | | | | | | (37) |
| Interest Payable | | | | | | | 16 |
| Interest Received | | | | | | | (13) |
| Net Pensions Interest Cost | | | | | | | 152 |
| National Park Grant | | | | | | | (4,382) |
| Capital Contributions | | | | | | | (33) |
| Deficit on Provision of Services | | | | | | | 37 |
| Surplus on Revaluation of Fixed Assets | | | | | | | (1,079) |
| Actuarial (gains) / losses on Pension Assets / Liabilities | | | | | | | (2,962) |
| Impairment (gains) / losses on Non-Current Assets | | | | | | | 17 |
| Total Comprehensive Income & Expenditure | | | | | | | (3,987) |

3. Income and Expenditure by Nature

The income and expenditure of the Authority's principal services recorded in the budget for the year are as follows:

| | 2022/23 | 2021/22 |
|--|-----------------------|-----------------------|
| | £000 | £000 |
| Fees, Charges & Service Income | (2,243) | (2,119) |
| Government Grants | (2,272) | (1,226) |
| Section 106 Compensation & Mitigation Income | <u>(2,360)</u> | <u>(1,815)</u> |
| Total Income | <u>(6,875)</u> | <u>(5,160)</u> |
| Employee Expenses | 4,682 | 4,423 |
| Other Service Expenses | <u>6,401</u> | <u>4,901</u> |
| Total Expenditure | <u>11,083</u> | <u>9,324</u> |
| Net Expenditure | <u>4,208</u> | <u>4,164</u> |

4. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

Usable Reserves

| | <u>2022/23</u> | | |
|---|---------------------------------|-------------------------------------|--|
| | General Fund Reserve £000 | Capital Receipts Reserve £000 | Movement in Unusable Reserves £000 |
| Adjustments involving the capital adjustment account | | | |
| Reversal of items debited or credited to the statement of comprehensive income | | | |
| - Charges for depreciation, amortisation and impairment of non-current assets | 303 | | (303) |
| - Carrying value of non-current assets written out on disposal | 0 | | 0 |
| - Transfer of Sale Proceeds Credited as part of the Gain/Loss on Disposal to the CI&E | (19) | | 19 |
| - Capital contributions | (683) | | 683 |
| Insertion of items not debited or credited to the statement of comprehensive income | | | |
| - Capital expenditure charged against General Fund | (458) | | 458 |
| - Statutory Provision for the financing of Capital Investment | 0 | | 0 |
| - Revenue Expenditure funded by Capital Under Statute | 367 | | (367) |
| Adjustments involving the capital receipts reserve | | | |
| Transfer of sales proceeds credited as part of the gain/loss on disposal | | 18 | (18) |
| Use of capital receipts | | (18) | 18 |
| Adjustments involving the pensions reserve | | | |
| Reversal of items relating to retirement benefits (Note 25) | 1,651 | | (1,651) |
| Employer's pension contribution payable in year (Note 25) | (584) | | 584 |
| Adjustments involving the accumulating compensated absences adjustment account | | | |
| Amount by which officer remuneration charged to the statement of comprehensive income | 0 | | 0 |
| Total adjustments | 577 | 0 | (577) |

Usable Reserves

| | <u>2021/22</u> | | |
|---|---------------------------------|-------------------------------------|--|
| | General Fund Reserve £000 | Capital Receipts Reserve £000 | Movement in Unusable Reserves £000 |
| Adjustments involving the capital adjustment account | | | |
| Reversal of items debited or credited to the statement of comprehensive income | | | |
| - Charges for depreciation, amortisation and impairment of non-current assets | 225 | | (225) |
| - Carrying value of non-current assets written out on disposal | 7 | | (7) |
| - Transfer of Sale Proceeds Credited as part of the Gain/Loss on Disposal to the CI&E | (44) | | 44 |
| - Capital contributions | (122) | | 122 |
| Insertion of items not debited or credited to the statement of comprehensive income | | | |
| - Capital expenditure charged against General Fund | (168) | | 168 |
| - Statutory Provision for the financing of Capital Investment | 0 | | 0 |
| - Revenue Expenditure funded by Capital Under Statute | 139 | | (139) |
| Adjustments involving the capital receipts reserve | | | |
| Transfer of sales proceeds credited as part of the gain/loss on disposal | | 44 | (44) |
| Use of capital receipts | | (44) | 44 |
| Adjustments involving the pensions reserve | | | |
| Reversal of items relating to retirement benefits (Note 25) | 1753 | | (1753) |
| Employer's pension contribution payable in year (Note 25) | (569) | | 569 |
| Adjustments involving the accumulating compensated absences adjustment account | | | |
| Amount by which officer remuneration charged to the statement of comprehensive income | 0 | | 0 |
| Total adjustments | 1221 | 0 | (1221) |

5. Property, Plant and Equipment and Heritage Assets

a) Movements in Property, Plant and Equipment

| | Land & Buildings | Vehicles, Plant & Equipment | Total |
|---|---------------------|-----------------------------------|--------------|
| | £000 | £000 | £000 |
| Movements in 2022/23 | | | |
| Historical or Revalued gross Cost | 4,642 | 1,827 | 6,469 |
| Additions in Year | 589 | 203 | 792 |
| Cost of Disposals in Year | 0 | (251) | (251) |
| Gross Asset Disposal | 0 | 0 | 0 |
| Revaluations | | | |
| - Recognised in the Revaluation Reserve | 816 | 0 | 816 |
| - Recognised in Provision of Services | (37) | 0 | (37) |
| Gross Value as at 31st March | 6,010 | 1,780 | 7,789 |
| Depreciation B/fwd | (82) | (1,230) | (1,312) |
| Depreciation | (107) | (161) | (268) |
| Accumulated Depreciation of Disposals in Year | 0 | 251 | 251 |
| gross Asset Disposal | | | |
| Revaluations | | | |
| - Revaluations in the Revaluation Reserve | 82 | 0 | 82 |
| - Revaluations in Provision of Service | 0 | 0 | 0 |
| Transfers out | | | |
| - Transfer out to Assets Held for Sale | (585) | 0 | (585) |
| Net Value as at 31 March | 5,318 | 641 | 5,957 |
| | | | |
| Movements in 2021/22 | | | |
| Historical or Revalued gross Cost | 5,047 | 1,741 | 6,788 |
| Additions in Year | 51 | 145 | 196 |
| Gross Asset Disposal | 0 | 0 | 0 |
| Cost of Disposals in Year | 0 | (59) | (59) |
| Revaluations | | | |
| - Recognised in the Revaluation Reserve | (456) | 0 | (456) |
| - Recognised in Provision of Services | 0 | 0 | 0 |
| Gross Value as at 31st March | 4,642 | 1,827 | 6,469 |
| Depreciation B/fwd | (91) | (1,138) | (1,229) |
| Gross Asset Disposal | 0 | 0 | 0 |
| Accumulated Depreciation of Disposals in Year | 0 | 52 | 52 |
| Depreciation for 2021/22 | (82) | (144) | (226) |
| Revaluations | 91 | 0 | 91 |
| Net Value as at 31 March | 4,560 | 597 | 5,157 |

b) Gross Value of Land and Buildings

| | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | £000 | £000 | £000 | £000 | £000 |
| Gross Value of Land and Buildings | | | | | |
| Value as at 31st March | 6,010 | 4,642 | 5,047 | 4,429 | 4,536 |

c) Heritage Assets

Heritage assets are non-current assets which are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities. They are held and maintained by the Authority principally for their contribution to knowledge and culture.

The following heritage assets held in the Balance Sheet at valuations:

| | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| | £000 | £000 | £000 | £000 | £000 |
| As at 1st April | 3,998 | 2,554 | 2,771 | 2,781 | 2,745 |
| Revaluation | 360 | 1,444 | (217) | (10) | 36 |
| As at 31st March | 4,358 | 3,998 | 2,554 | 2,771 | 2,781 |

Heritage Assets held by the Authority consist of:

- The Levisham Estate (approximately 1,347 Hectare of moorland, woodland and grassland)
- Spout House, Bilsdale (single storey Grade 1 listed building)
- Cawthorne Moor (approximately 42 Hectares of woodland with Roman Camp and Bronze Age Barrow)

Heritage assets are included within the Balance Sheet at valuation. A full valuation of the Authority's land and buildings (including those classified as Heritage Assets) was undertaken in 2018/19, as part of the 5 year rolling programme of revaluation by RICS registered valuers, Align Property Partners as at 31st March 2019. A desktop valuation of the Authority's land and buildings was undertaken by RICS registered valuers, Align Property Partners as at 31st March 2023, and will be undertaken each year prior to the next full revaluation. In 22/23 this desktop valuation included The Levisham Estate.

d) Current Assets Held for Sale

| | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|----------------------------------|------------|----------|----------|----------|----------|
| | £000 | £000 | £000 | £000 | £000 |
| As at 1st April | 0 | 0 | 0 | 0 | 0 |
| Transfer to Assets Held for Sale | 585 | 0 | 0 | 0 | 0 |
| As at 31st March | 585 | 0 | 0 | 0 | 0 |

Assets Held for Sale are those properties that are currently marketed, and it is anticipated will be sold within 12 months of the reporting period.

e) Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings (but not the land they stand on) HQ, Sutton Bank Visitor Centre, Danby Lodge, 13 Bondgate (Helmsley) & Spout House – 40 years.
(13 Bondgate is now held for sale).
- All other buildings – 30 years (with the exception of Saw Mill Lane Depot – 20 years)
- Vehicles – 5 years
- Heritage Assets – infinite lives with no depreciation charge applied

f) Revaluations

The Authority carries out a programme at least every 5 years that ensures all Land and Buildings including Heritage Assets that are required to be measured at fair value are re-valued. Furthermore, in order to ensure the carrying amounts of the Authority's land and buildings are kept up to date, a desktop valuation of Land & Buildings is also undertaken annually. Land and buildings were last fully re-valued as at 31st March 2019 by Align Property Partners. The basis of valuation is disclosed in Policy 13 Statement of Accounting Policies.

g) Financing of Property, Plant and Equipment

The capital expenditure on fixed assets of £1,159K, (£334k in 2021/22) was financed as follows:

| | 31 March 2023 | 31 March 2022 |
|-----------------------|--------------------------|--------------------------|
| | £000 | £000 |
| Revenue | 458 | 168 |
| Capital Contributions | 194 | 122 |
| Capital Receipts | 18 | 44 |
| Capital Grant | 489 | 0 |
| | 1,159 | 334 |

h) Capital Schemes

The key capital schemes in 2022/23 were: Decarbonisation of the visitor centres, vehicle purchases, toilet refurbishments and Ryevitalise and Blue Corridor river projects.

| | 31 March 2023 | 31 March 2022 |
|-----------------------------|----------------------|----------------------|
| | £000 | £000 |
| Land & Buildings | 589 | 51 |
| Vehicles, Plant & Equipment | 182 | 99 |
| IT & Other Equipment | 21 | 45 |
| REFCUS | 367 | 139 |
| | 1,159 | 334 |

6. Capital Expenditure and Capital Financing

The total amount of Capital Expenditure incurred in the year is shown in the next table (including the value of assets acquired under finance leases, together with the resources that have been used to finance it). When Capital Expenditure is to be financed in future years by charges to revenue, as assets are used by the authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed as follows:

| | 2022/23 £000 | 2021/22 £000 |
|--|-----------------|-----------------|
| Opening Capital Financing Requirement | 179 | 179 |
| Capital Investment | | |
| Property, Plant & Equipment | 1,159 | 334 |
| Sources of Finance | | |
| Capital Receipts | (18) | (44) |
| Capital Contributions | (194) | (122) |
| Capital Grants | (489) | 0 |
| Sums Set Aside from Revenue | | |
| Direct Revenue Contributions | (458) | (168) |
| Minimum Revenue Provision Finance Lease | 0 | 0 |
| Closing Capital Financing Requirement | 179 | 179 |

The Capital Financing Requirement arises as a result of the classification of the building element of Danby Lodge Lease as a Finance Lease under IFRS. The Prudential Framework for Capital Finance establishes a statutory basis for the Minimum Revenue Provision to be charged in relation to Finance Leases. This states that charges should be made to revenue equal to the element of the rental payable for any year to write down the balance sheet liability.

7. Financial Instruments

a) Financial Assets: Cash, Loans and Receivables

The Authority's cash balance includes cash held with North Yorkshire Council (NYC), as well as cash held in a bank account in the name of the Authority. Cash held by the Authority is swept over to the account held by NYC each evening and money in this account is available to the Authority within one day.

Financial Instruments are formerly defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. For the Authority, this definition covers the instruments used in Treasury Management activity, in the lending of money for investment purposes.

The Authority's Treasury Management is provided via a collaboration arrangement with NYC under the CIPFA Code of Practice on Treasury Management. The code sets out

a framework of operating procedures to reduce treasury risk and improve understanding and accountability regarding the Treasury position of the Authority.

The CIPFA Code of Practice on Treasury Management requires:

- A Treasury Management Policy Statement (TMPS) stating North Yorkshire County Council's policies and objectives for its treasury management activities; and
- A framework of Treasury Management Practices (TMPs) setting out the manner in which North Yorkshire County Council will seek to achieve the policies and objectives set out above and prescribing how it will manage and control those activities.

The twelve recommended TMPs are reviewed and updated as and when necessary in the light of regulatory and/or local policy changes and cover the following areas:

The twelve recommended TMPs are reviewed and updated as and when necessary in the light of regulatory and/or local policy changes and cover the following areas:

- Risk management;
- Performance measurement;
- Decision making and analysis;
- Approved instruments, methods and techniques;
- Organisation, clarity and segregation of responsibilities and dealing arrangements;
- Reporting requirements and management information arrangements;
- Budgeting, accounting and audit arrangements;
- Cash and cash flow management;
- Money laundering;
- Training and qualifications;
- Use of external service providers; and
- Corporate governance.

b) Financial Instrument Balances

| | 31 March 2023 | 31 March 2022 |
|---------------------------------------|------------------|------------------|
| | £000 | £000 |
| Debtors | 2,026 | 1,345 |
| Creditors | 714 | 939 |
| Bank current accounts | (629) | (112) |
| Short-term deposit with NYCC Treasury | 6,403 | 4,500 |
| | 8,514 | 6,672 |

Long Term Debtors (see Note 10)

| | | |
|------|----|----|
| Loan | 34 | 51 |
|------|----|----|

The figures shown above consist of the nominal value of loans plus accrued interest at that date. This complies with the requirements for financial instruments in accordance with the Code and adoption of IFRS 9.

All Financial Instruments continue to be carried at amortised cost after the adoption of IFRS 9.

c) Fair Value of Assets and Liabilities Carried at Amortised Cost

The fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For loans receivable, the prevailing benchmark market rates have been used to provide fair value;
- Where an instrument (loan/investment) will mature in the next 12 months, the carrying amount is assumed to approximate fair value;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount; and
- A review of bad debts was performed at the balance sheet date and no impairments have been applied.

d) Disclosure of Nature and Extent of Risk Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks, the key risks being:

- Credit Risk – the possibility that other parties may fail to pay amounts due to the Authority;
- Liquidity Risk – the possibility that the Authority might not have funds available to meet its commitments to make payments; and

- Market Risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rate movements.

e) Procedures for Managing Risk

Through the collaboration arrangement with NYCC, the Authority complies with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and the Department for Communities & Local Government Investment Guidance issued through the Local Government Act 2003. Risk is managed in the following ways:

- By NYCC adopting the requirements of the code of practice
- The approved prudential indicator limits set out for the following three years:
 - The Authority's overall borrowing limits
 - Its maximum and minimum exposures to fixed and variable interest rates
 - Its maximum annual exposures to investments maturing beyond a year

Credit Risk

Credit risk arises from deposits with banks and financial institutions as well as exposures to the Authority's customers. Deposits are managed through the collaboration agreement with NYCC. Sales of goods are predominantly on a cash basis, and services are not completed unless there is a signed legal grant agreement in place. The Authority receives income predominantly from other Government Bodies reducing commercial risk.

The Authority does not generally allow credit for its debtors. Analysis of invoices outstanding as at 31st March 2023, which are included within the £2,222k short-term debtors, can be analysed by age as per the table below. Please note the short-term debtors note includes income expected from Government Bodies which does not require an invoice, hence not appearing in the table below.

| | 31 March 2023 | 31 March 2022 |
|---------------------|--------------------------|--------------------------|
| | £000 | £000 |
| Less than 3 Months | 195 | 536 |
| 3 to 6 Months | 8 | 0 |
| 6 to 12 Months | 14 | 34 |
| More than 12 Months | 23 | 15 |
| | 240 | 585 |

Liquidity Risk

The Authority has next day access to investments and is funded centrally by DEFRA. Grant funding is known in advance so working balances can be managed. The Authority does not have any external borrowing.

Market Risk

The Authority is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. As the Authority has no borrowings the risk is a loss of earnings on interest income.

Amounts Arising from Expected Credit Loss

As per the requirements of The Code as a result of the adoption of IFRS 9, The Authority has assessed its investments and concluded that any expected credit loss is not material, therefore no allowances have been made.

8. Inventories

The movement in inventories recorded on the balance sheet can be analysed as follows:

| Type of Stock: | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
|-----------------------------------|------------------|-----------|----------------------------------|-----------|------------|-----------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| | Stock for Resale | | Footpath Maintenance Stock | | Total | |
| Balance at 1 April 2022 | 63 | 86 | 29 | 27 | 92 | 113 |
| Purchases | 122 | 115 | 34 | 79 | 156 | 194 |
| Inventory Utilised Within Year | (121) | (138) | (26) | (77) | (147) | (215) |
| Balance at 31 March 2023 | 64 | 63 | 37 | 29 | 101 | 92 |

9. Short Term Debtors

The Short-Term Debtors recorded on the balance sheet can be analysed as follows:

| | 31 March 2023 £000 | 31 March 2022 £000 |
|--------------------------------|-----------------------------------|---------------------------------------|
| Central Government bodies | 1807 | 792 |
| Other Local Authorities | 64 | 5 |
| Other entities and individuals | 215 | 596 |
| Payments in Advance | 54 | 46 |
| | 2,140 | 1,439 |

Provision for Doubtful Debt

A £41k provision has been made for doubtful debts in 2022/23.

10. Long Term Debtors

A £177k loan over 12 years to Esk Energy (Yorkshire) Limited was advanced in 2012/13 (£20k) and 2011/12 (£157k). This loan arrangement is subject to a formal signed legal agreement.

There was a balance of £51k as at 31 March 2022 and a repayment was made in 2022/23 of £17k, thus the balance of this loan is £34k as at 31 March 2023

The loan is also classified as a financial instrument and further information appears in Note 7 Financial Instruments.

11. Cash and Cash Equivalent

The balance of cash and cash equivalents is made up of the Authority's current bank accounts and short-term deposit with North Yorkshire County Council (See Note 7b).

12. Short-term Creditors

The short-term creditors recorded on the balance sheet can be analysed as follows:

| | 31 March 2023 £000 | 31 March 2022 £000 |
|--------------------------------|-----------------------------------|-----------------------------------|
| Central government bodies | 81 | 70 |
| Other local authorities | 60 | 198 |
| Other entities and individuals | 655 | 279 |
| Accumulated Absences | 30 | 30 |
| Income in Advance | 1289 | 433 |
| | 2,115 | 1,010 |

13. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and the gains are lost;
- Used in the Provision of Services and the gains are consumed through depreciation; or
- Disposed of and the gains realised.

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the reserve was created.

| | 2022/23 | 2021/22 |
|---|----------------|----------------|
| | £000 | £000 |
| Balance at 1 April | 4,855 | 3,797 |
| Upward revaluation of assets | 1,258 | 1,079 |
| Difference between fair value depreciation and historical cost depreciation | (30) | (21) |
| Balance at 31 March | 6,082 | 4,855 |

14. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provision the Account is debited with the cost of acquisition or enhancement as depreciation; impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

| | 2022/23 £000 | 2021/22 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | 4,165 | 4,198 |
| Reversal of items relating to capital expenditure debited or credited to I&E | | |
| - Charges for depreciation and impairment of non-current assets | (266) | (226) |
| - Revaluation losses on Plant, Property and Equipment | (36) | 0 |
| - Amounts of non-current assets written off on disposal to Statement of Comprehensive Income | 0 | (7) |
| - Write down long term debtor | (16) | (16) |
| - Revenue Expenditure Funded by Capital under Statute | (367) | (139) |
| | (685) | (388) |
| Adjusting amount written out of the Revaluation Reserve | 30 | 21 |
| Net written out amount of the cost of non-current assets consumed in year | 30 | 21 |
| Capital financing applied in year: | | |
| - Use of capital receipts | 18 | 44 |
| - Capital Grants & contributions credited to the SCI | 489 | 33 |
| - Capital expenditure charged against the general fund | 285 | 118 |
| - Capital financing utilised as Revenue Expenditure Funded by Capital under Statute | 367 | 139 |
| | 1,159 | 334 |
| Balance at 31 March | 4,669 | 4,165 |

15. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in its Comprehensive Income and Expenditure Statements as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. One of the assumptions used to calculate the net liability, the discount rate, has seen a significant increase over the year, which has led to an apparent accounting surplus result for the Authority as at 31 March 2023. The report of the Pension Fund's actuary indicated that it is not possible to recognise all of this

surplus under IAS 19 (paragraph 8 & 64). The Authority has therefore adopted a prudent approach in the draft Statement of Accounts to limit the asset (asset ceiling) and restrict the surplus recognition to nil, hence the Pension Reserve balance currently being reported as £Nil. Further calculations are awaited from the actuary for the external auditor to review and agree with the Authority what element of the surplus can be recognised, if any.

The Authority participates in the North Yorkshire Pension Fund.

| | 2022/23 | 2021/22 |
|---|----------------|----------------|
| | £000 | £000 |
| Balance as at 1 April | (5,737) | (7,514) |
| Remeasurement of Net Defined Benefit Liability | 8,101 | 2,962 |
| Reversal of Items Relating to Retirement Benefits | (1,650) | (1,754) |
| Employers Pension Contributions and Direct Payments | 584 | 569 |
| Balance as at 31 March | 1,298 | (5,737) |

16. Transfers to/from Earmarked Reserves

This shows the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back into the General Fund 2022/23.

2022/23

| | Opening Balance at 31 March 2022 | Transfers in to Reserves | Transfers out of Reserves | Net Movement of Reserves | Closing Balance at 31 March 2023 |
|---|-------------------------------------|-----------------------------|------------------------------|-----------------------------|-------------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| General Working Balance Reserve | 385 | 50 | 0 | 50 | 435 |
| This Exploited Land of Iron Reserve | 115 | 0 | (3) | (3) | 112 |
| Capital & Maintenance Reserve | 348 | 131 | (178) | (47) | 301 |
| Property Reserve | 490 | 50 | (32) | 18 | 508 |
| Section 106 Reserve | 2,387 | 569 | (21) | 549 | 2,935 |
| Ryevitalise Reserve | 402 | 0 | 0 | 0 | 402 |
| Blue Corridor Reserve | 42 | 0 | 0 | 0 | 42 |
| Core Signage Reserve | 100 | 0 | 0 | 0 | 100 |
| Budgets Carried forward from 21/22 to 22/23 | 0 | 97 | (97) | 0 | 0 |
| Pension Smoothing Reserve | 67 | 0 | (67) | (67) | 0 |
| Future Match Funding Reserve | 200 | 0 | 0 | 0 | 200 |
| Project Reserves | 60 | 102 | (77) | 25 | 85 |
| Total Earmarked Reserves | 4,596 | 999 | (475) | 524 | 5,120 |
| Contingency Reserve | 350 | 715 | (247) | 468 | 818 |
| Total Usable Reserves | 4,946 | 1,714 | (722) | 992 | 5,938 |

This shows the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back into the General Fund 2021/22.

2020/21

| | Opening Balance at 31 March 2020 | Transfers in to Reserves | Transfers out of Reserves | Net Movement of Reserves | Closing Balance at 31 March 2021 |
|--|---|-------------------------------------|--------------------------------------|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Emergency Reserve | 385 | 0 | 0 | 0 | 385 |
| This Exploited Land of Iron Reserve | 190 | 0 | (75) | (75) | 115 |
| Capital & Maintenance Reserve | 534 | 160 | (346) | (186) | 348 |
| Property Reserve | 0 | 495 | (5) | 490 | 490 |
| Section 106 Reserve | 1,550 | 876 | (39) | 837 | 2,387 |
| Ryevitalise Reserve | 172 | 230 | 0 | 230 | 402 |
| Blue Corridor Reserve | 0 | 42 | 0 | 42 | 42 |
| Core Signage Reserve | 0 | 100 | 0 | 100 | 100 |
| Budgets Carried forward from 20/21 to 21/22 | 311 | 0 | (311) | (311) | 0 |
| Pension Smoothing Reserve | 10 | 57 | 0 | 57 | 67 |
| Future Match Funding Reserve | 0 | 200 | 0 | 200 | 200 |
| Project Reserves | 132 | 0 | (72) | (72) | 60 |
| Total Earmarked Reserves | 3,284 | 2,160 | (848) | 1,312 | 4,596 |
| General Fund | 477 | 312 | (439) | (127) | 350 |
| Total Usable Reserves | 3,761 | 2,472 | (1,287) | 1,185 | 4,946 |

17. Agency Services

The Authority has contracts with the following Local Authorities to provide services. The charges for 2021/22 and 2022/23 are as follows:

| | 2022/23 | 2021/22 |
|--------------------------------|------------|------------|
| | £000 | £000 |
| North Yorkshire County Council | 148 | 133 |
| Scarborough Borough Council | 102 | 76 |
| | <u>250</u> | <u>209</u> |

18. Member's Allowance

The total amount of member's allowances paid during 2022/23 was £65K (£59K in 2021/22).

19. Disclosure of Remuneration

The Public Sector Accounts and Audit Regulations 2011 require that the Authority discloses the number of employees whose remuneration falls in each bracket of a scale in multiples of £5,000 starting with £ 50,000. The definition of remuneration includes gross pay and certain expense allowances but excludes NIC's as they do not form part of the individual's remuneration.

| Band | Number of Employees | |
|-------------------|---------------------|---------|
| | 2022/23 | 2021/22 |
| £50,000 - £54,999 | 0 | 0 |
| £55,000 - £59,999 | 1 | 0 |
| £60,000 - £64,999 | 2 | 1 |
| £65,000 - £69,999 | 1 | 1 |
| £70,000 - £74,999 | 0 | 2 |
| Over £74,999 | 1 | 1 |

The regulations also require that certain senior employees whose salary is £50,000 or more per year must be listed by way of job title. Please note that the over £50k banding table includes senior officers listed separately below.

The Local Government pension scheme is a contributory scheme and in addition to the payments made by the Authority, employees are required to contribute a percentage calculated in accordance with salary bandings. Employees also have options to make additional contributions to the scheme to increase their benefits against which the Authority makes no further contribution.

| | 2022/23 | 2021/22 |
|--|----------------|----------------|
| | £000 | £000 |
| Chief Executive | | |
| Total Remuneration excluding Pension Contribution | 92,346 | 90,420 |
| Employers Pension Contribution | 14,221 | 14,739 |
| Total Remuneration including Pension Contribution | 106,567 | 105,159 |
| Director of Planning | | |
| Total Remuneration excluding Pension Contribution | 66,100 | 64,176 |
| Employers Pension Contribution | 10,179 | 10,461 |
| Total Remuneration including Pension Contribution | 76,279 | 74,637 |
| Director of Recreation & Wellbeing | | |
| Total Remuneration excluding Pension Contribution | 61,750 | 58,737 |
| Employers Pension Contribution | 9,509 | 9,574 |
| Total Remuneration including Pension Contribution | 71,259 | 68,311 |
| Director of Conservation | | |
| Total Remuneration excluding Pension Contribution | 62,837 | 60,913 |
| Employers Pension Contribution | 9,677 | 9,929 |
| Total Remuneration including Pension Contribution | 72,514 | 70,842 |
| Director of Corporate Services | | |
| Total Remuneration excluding Pension Contribution | 55,622 | 52,684 |
| Employers Pension Contribution | 8,566 | 8,588 |
| Total Remuneration including Pension Contribution | 64,188 | 61,272 |

20. Exit Packages and Termination Benefits

Details of the Exit Packages / Termination Benefits paid out to employees who were made redundant or took early retirement during the year are set out in the table below.

The table shows the total number of compulsory and other voluntary redundancies / departures and their total cost, broken down into incremental bands.

| Exit Package Cost Band | Number of Compulsory Redundancies | | Number of other Departures Agreed | | Total Number of Exit Packages by Cost Band | | Total Cost of Exit Packages in each Band | |
|------------------------|-----------------------------------|----------|-----------------------------------|----------|--|----------|--|----------|
| | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 | 2022/23 | 2021/22 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| £0 - £39,999 | 0 | 0 | 2 | 1 | 2 | 1 | 45 | 5 |
| | 0 | 0 | 2 | 1 | 2 | 1 | 45 | 5 |

21. External Audit cost

The Authority has incurred the following costs in relation to External Audit:

| | 2022/23 | 2021/22 |
|--|-----------|-----------|
| | £000 | £000 |
| Fees Payable for External Audit Services | 20 | 19 |
| | 20 | 19 |

22. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2022/23:

| | 2022/23 | 2021/22 |
|--|----------------|----------------|
| | £000 | £000 |
| Credited to Grant income | | |
| National Park Grant (NPG) | (4,822) | (4,382) |
| Credited to services | | |
| Natural England | 348 | 222 |
| English Heritage | 0 | 18 |
| Forestry Commission | 0 | 5 |
| Environment Agency | 128 | 384 |
| North Yorkshire County Council | 75 | 78 |
| Redcar and Cleveland Borough Council | 0 | 0 |
| MHCLG (formerly DCLG) | 6 | 5 |
| European Grants | 127 | 38 |
| HMRC | 0 | 12 |
| Rural Payment Agency | 10 | |
| Other Local Authorities | 0 | 26 |
| DEFRA Grants | 1,089 | 438 |
| Salix | 489 | |
| Total Government Revenue Grants (excluding NPG) | 2,272 | 1,226 |
| Lottery Funding | 443 | 279 |
| Other Grants | 211 | 166 |
| Total Revenue Grants (excluding NPG) | 2,926 | 1,671 |

23. Related Party Transactions

The Authority is required to disclose material transactions with related parties. These are bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority; the bodies identified are:

Central Government has effective control over the general operation of the Authority. It is responsible for providing the statutory framework, within which the Authority operates, provides the majority of its funding and prescribes the terms of many of the transactions with other parties. Details of transactions with government departments in terms of grants are set out in Note 22.

Members of the Authority have direct control over the Authority's financial and operating policies. The Register of Members' Interests, which authorities are required to maintain, in accordance with the National Park Authority Members Code of Conduct, and any disclosures of direct or indirect pecuniary interests made in accordance with section 94 of the Local Government Act 1972, were examined.

The Authority has 20 Members, 11 are appointed from the Councillors of the County, Borough and District Councils that the National Park geographical boundary encompasses. Of these, North Yorkshire County Council has 4 seats, Scarborough BC 2 seats, Redcar & Cleveland 2 seats, Ryedale DC 2 seats (1 vacancy), and Hambleton DC 1 seat. The remaining members

are Defra appointments, 5 Secretary of State (currently 1 vacancy) and 4 Secretary of State Parish.

It should be noted that the Chief Financial Officer (Section 151 Officer) of the Authority is also a Head of Finance (External Clients) for North Yorkshire County Council. The Authority's Monitoring Officer is the Director and Monitoring Officer at Scarborough Borough Council. As part of local Government reorganisation, from 1st April 2023 the North Yorkshire County, Borough and District Councils will become one entity, North Yorkshire Council. The Chief Finance Officer and the Monitoring Officer services will both continue to be provided under contract by North Yorkshire Council.

Officers have day to day control of the running of the Authority's affairs. Zero Material Related Party Transactions took place with Members during 2022/23.

Related Parties

| | Income | Expenditure | Net |
|---|------------------|----------------|----------------|
| Hambleton District Council | 0 | 5,853 | 5,853 |
| North York Moors Historical Railway Trust Limited | (43,793) | 16,427 | (27,366) |
| North York Moors National Park Trust | (110,649) | 0 | (110,649) |
| North Yorkshire County Council | (63,114) | 270,590 | 207,476 |
| Redcar and Cleveland Borough Council | 0 | 6,160 | 6,160 |
| Ryedale District Council | (5,308) | 8,279 | 2,971 |
| Scarborough & Ryedale Mountain Rescue Team | 0 | 1,600 | 1,600 |
| Scarborough Borough Council | (35,825) | 228,312 | 192,487 |
| | (258,689) | 537,222 | 278,532 |

24. Leases

The Authority has one finance lease for the Moors Visitor Centre in Danby.

A revised lease was negotiated in October 2009 for 63 years, and now carried as Property, Plant and Equipment in the balance Sheet in the following net amounts:

| Finance Lease - Assets | 2022/23 | 2021/22 |
|-------------------------------|----------------|----------------|
| | £000 | £000 |
| Other Land and Buildings | 512 | 182 |
| | 512 | 182 |

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability; these minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following future rent reviews.

| Finance Lease - Liabilities | 2022/23 | 2021/22 |
|---------------------------------------|----------------|----------------|
| | £000 | £000 |
| Non-Current | 177 | 178 |
| Finance Costs Payable in Future Years | 617 | 631 |
| | 794 | 809 |

The minimum lease payments are to be paid over the following periods:

| Finance Lease - Interest Payments | 2022/23 | 2021/22 |
|--|----------------|----------------|
| | £000 | £000 |
| Not Later than 1 Years | 16 | 16 |
| Later than 1 Year and Not Later than 5 Years | 63 | 79 |
| Later than 5 Years | 538 | 546 |
| | 617 | 641 |

| Finance Lease - Principal Repayments | 2022/23 | 2021/22 |
|--|----------------|----------------|
| | £000 | £000 |
| Not Later than 1 Years | 0 | 0 |
| Later than 1 Year and Not Later than 5 Years | 1 | 1 |
| Later than 5 Years | 176 | 177 |
| | 177 | 178 |

Operating Lease

As at the 31st March 2023, the Authority was not committed to making any payments under operating leases in 2022/23.

25. Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme. For the North Yorkshire area this is administered by North Yorkshire County Council. It is a funded defined benefit career average salary scheme, meaning that the Authority and its employees pay contributions into a fund. These contributions are set, which accumulate in a fund, at a level intended to meet pensions liabilities as they fall due.

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge we are required to make is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Statement of Comprehensive Income and Expenditure and the General Fund Reserve via the Movement in Reserves Statement.

As at 31st March 2023, the Authority has paid all pension contributions due in the 2022/23 financial year, to the North Yorkshire Pension Fund.

The CIPFA Code of Practice and IFRIC 14 - IAS 19 requires that the Authority explains how it has applied this guidance, particularly around the recognition of the asset ceiling value as the Pension Fund asset on the balance sheet.

When the actuary of a Local Government Pension Scheme advises a Local Authority that it has a surplus in its defined benefit plan, under paragraph 6.4.3.27 of the CIPFA Code of Practice and IFRIC 14 - IAS 19, the Authority needs to consider whether there is an asset ceiling that would limit the authority's ability to recognise the asset. The authority is required to measure the net defined benefit asset at the lower of:

- the surplus in the defined benefit plan, and
- the asset ceiling, determined using the discount rate specified in paragraph 6.4.3.8 of the Code

The Pension Fund's actuary undertook complicated calculations, adhering to the CIPFA Code of Practice and IFRIC 14 - IAS 19 and advised the authority that although its accounting surplus was £2.5m an asset ceiling limited the surplus that can be recognised in the accounts to £1.4m. Please find below a detailed explanation of the assumptions, considerations and calculations that the actuary undertook.

- As the authority is open to new entrants to the pension scheme the actuary assumed that the employer will participate in the pension fund indefinitely.
 - The actuary first compared the present value of the primary contribution rate of 19.6% as calculated at the 2022 valuation with the present value of employer future service costs.
 - This was applied to an annuity in perpetuity based on a discount rate of 4.7% and a salary increase assumption of 3.95%, giving an annuity of 138.6.
 - The resulting calculation is $0.710 \times 138.6 = £1.1\text{m}$
- As the authority is paying contributions below the primary rate the actuary calculated the value of the surplus recovered over the period of 18 years, adopted at the 2022 valuation, as follows:

- By taking the difference between the primary rate of 19.6% and the actual contributions paid over the recovery period of 15.6% over 2023/24, 15.8% over 2024/25 and 16.0% thereafter.
- The actuary calculated this to be £2.5m.

The difference between the two calculations is therefore the asset ceiling of £1.4m (£2.5m less £1.1m)

Comprehensive Income and Expenditure Statement

| 2021/22 | | 2022/23 |
|----------------|---|----------------|
| £000 | | £000 |
| | Net Cost of Service | |
| (1,585) | Current service cost | (1,483) |
| (23) | Past service cost inc. Curtailments | (35) |
| (16) | Administrative expenses | (21) |
| | Financing and Investment Income | |
| (152) | Net interest expense | (147) |
| (1,776) | Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Service | (1,686) |
| | Remeasurement of the net defined benefit liability | |
| 2,985 | Actuarial gains and (losses) | 1,450 |
| 1,209 | Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement | (236) |
| | Movement in Reserves Statement | |
| (1,753) | Reversal of net charges made to the surplus or deficit for the provision of Services for Post-Employment benefits in accordance with the code | (1,651) |
| 569 | Actual amount charged against the General Fund Balance for employer's pension contributions in the year | 584 |
| (1,184) | | (1,067) |

The cumulative amount of actuarial gains/losses recognised in the Comprehensive Income and Expenditure Statement to 31st March 2023 is a gain of £1.01m (£1.8m in 2021/22).

The line 'Net Interest Expense' under Financing and Investment Income reflects the cost of future pension benefits at the start of the year discounted by one less year, less the assumption for the growth of assets during the year.

The liabilities show the underlying commitments that the Authority has in the long term to pay retirement benefits. Currently there is neither a surplus nor a deficit:

| Authority's Net Liability | 2022/23 | 2021/22 |
|--|-----------------|-----------------|
| | £000 | £000 |
| Estimated share of liabilities in the scheme | (27,792) | (37,679) |
| Estimated share of assets in the scheme | 29,090 | 31,943 |
| Authority's net liability (deficit)/Surplus | 1,298 | (5,736) |
| | | |
| Scheme Assets and Liabilities | 2022/23 | 2021/22 |
| | £000 | £000 |
| Pension liabilities at beginning of year | (37,679) | (38,781) |
| Current service cost | (1,503) | (1,601) |
| Interest cost | (1,013) | (810) |
| Contributions by scheme participants | (227) | (215) |
| Actuarial (loss)/gain | 11,963 | 3,027 |
| Curtailments | (35) | (23) |
| Benefits paid | 702 | 724 |
| Past service cost | 0 | 0 |
| Pension liabilities at end of year | (27,792) | (37,679) |
| | | |
| Pension assets at beginning of year | 31,943 | 31,267 |
| Movement in assets in year: | | |
| Interest income | 864 | 657 |
| Actuarial (loss)/gain | (3,826) | (41) |
| Employer contributions | 584 | 569 |
| Contributions by scheme participants | 227 | 215 |
| Benefits paid | (702) | (724) |
| Pension assets at end of year | 29,090 | 31,943 |
| | | |
| Deficit/Surplus | 1,298 | (5,736) |

The key risks for North Yorkshire Pension Fund are described in the Risk Register for the Fund which can be found on North Yorkshire County Council's website. One of these risks is that investment returns will be lower than forecast due to adverse conditions in financial markets. To mitigate this, the Fund invests in a range of asset classes (equities, property, fixed income, alternatives, cash), and in more than one strategy within each asset class, such as global equity, UK equity and Emerging Market equity. Another risk is that solvency will deteriorate either through poor investment returns or adverse changes in the assumptions used to value liabilities. Two options to mitigate this include increasing contribution rates and extending deficit recovery periods. Further details on the investment strategy and the deficit reduction plan are available at www.nypf.org.uk.

| | 31 March 2023 Years | 31 March 2022 Years |
|--|------------------------------------|------------------------------------|
| Mortality Assumptions: | | |
| Longevity at 65 for current pensioners | | |
| Men | 22.6 | 21.8 |
| Women | 25.0 | 23.8 |
| Longevity at 65 for future pensioners | | |
| Men | 23.5 | 23.5 |
| Women | 26.0 | 25.7 |

Assets in the Pension Fund are valued at fair value, principally market value for investments, totalling £29.2m at 31st March 2023 (£31.9m at 31st March 2022), and consists of the following categories.

| Investments - Fair Value | Fair Value of Scheme Assets | Fair Value of Scheme Assets |
|---------------------------------|--|--|
| | 2022/23 £000 | 2021/22 £000 |
| Equity instruments | 15,217 | 17,792 |
| Property | 1,869 | 2,364 |
| Government bonds | 3,213 | 5,366 |
| Bonds | 2,103 | 2,460 |
| Cash/liquidity | 409 | 351 |
| Other | 4,849 | 3,610 |
| Multi Asset Credit | 1,548 | |
| Total assets | 29,208 | 31,943 |

The actuarial gain identified as movements on the Pensions Reserve in 2022/23 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31st March 2023 with comparative data for the previous four financial years:

| | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|--|----------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Difference between the expected and actual return on assets | 3,827 | 41 | (5,946) | 328 | (1,344) |
| Difference between actuarial assumptions about liabilities and actual experience | 3,455 | 117 | (315) | 1,655 | 53 |
| Changes in the financial assumptions used to estimate liabilities | (15,707) | (2,762) | 0 | 8 | 1,131 |
| Changes in the demographic assumptions used to estimate liabilities | 289 | (381) | 0 | (917) | (1,114) |
| | 8,136 | (2,985) | (6,261) | 1,074 | (1,274) |

The total contribution expected to be made to the Local Government Pension Scheme by the Authority in the year to 31st March 2023 is £567k.

26. Material Contingent Liabilities

There are currently no material contingent liabilities.

Appendix 1, Annual Governance Statement

1. Scope of responsibility

- 1.1 The North York Moors National Park Authority ('the Authority') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions which includes arrangements for the management of risk.
- 1.2 Copies of the documents referred to in this statement can be obtained from; Director of Corporate Services, North York Moors National Park Authority, The Old Vicarage, Bondgate, Helmsley, YO62 5BP. This statement explains how the Authority has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015.

2. The purpose of the Governance Framework

- 2.1 The governance framework comprises the values, systems and processes for the direction and control of the Authority and its activities through which it engages with the community and key stakeholders and is held accountable for the use of public money. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services in pursuit of National Park purposes.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve objectives but can provide a reasonable assurance of effectiveness. The system of internal control is based on a process designed to identify and prioritise the risks to the achievement of the Authority's objectives, to evaluate the likelihood of those risks occurring and the impact should they occur, and to manage them efficiently and economically.
- 2.3 The governance framework has been in place for the year ended 31 March 2023 and up to the date of approval of the annual report and statement of accounts.

3. The Governance Framework - accountability

3.1 National Park Authorities are independent, special purpose bodies working within the framework of local government. Their unique governance arrangements combine elements of accountability to central government and to local communities reflecting the needs of national and local customers. Constitutional accountability is achieved via the appointment of elected Members by principal local authorities and via national appointments. This includes the appointment of Parish Members elected by Parish Forums.

3.2 It is worth noting that, from 1 April 2023, North Yorkshire Council was created as a new unitary authority replacing the current arrangement of county, district, and borough councils. This has resulted in a number of changes, not least to the Membership of the Authority and these will be addressed elsewhere in the Annual Governance Statement.

3.3 The full breadth of the other mechanisms for accountability is varied involving a variety of financial and political reporting arrangements at a national level and a wide range of voluntary actions. The Authority makes great effort to ensure that voluntary actions are as open, inclusive and transparent as possible. In previous years they have included the following:

- The arrangement of regular Parish Forums which are attended by Members, the Chief Executive and Directors is supplemented by an annual Joint Parish Forum. Members of the public are free to ask questions at these events.
- The Authority currently has two other Forums (Access, Recreation & Business and Conservation & Land Management); membership is drawn from a wide range of interested parties, by invitation for specific topics, as well as Authority Members to discuss topical issues. These cover both local and national issues and serve to scrutinise the work of the Authority in relation to the delivery of its Business Plan.
- There is a quarterly Disability Advisory Group in which Officers work jointly with representatives of a variety of disability groups. An Authority member sits on this group and reports directly back to other members at NPA.
- Standing Orders and the Public Speaking arrangements allows members of the public and parish representatives to address the Planning committee. Full Authority meetings and Finance, Risk, Audit & Standards committee meetings are open to the public and there is the opportunity for the public to ask questions at the former.
- Wide and effective consultation mechanisms using a number of different communication channels, for example, video conference and face to face consultation, the use of social media, on-line and paper-based consultation. Feedback on the outcome of consultation is also shared in a similar variety of formats.
- Feedback to the Authority can take place in person, by phone, letter, e-mail or using a variety of social media.

3.5 The Authority regularly monitors Complaints and Compliments and reports these to the Finance, Risk, Audit and Standards Committee (FRASC) which also considers any reports from the Local Government Ombudsman. Processes are in place to deal with complaints against Members via the

Authority's Finance, Risk, Audit and Standards Committee, which has an independent person to advise it.

- 3.6 In 2022/23, the Authority received 11 complaints (10 in 2021/22). 4 were justified or partially justified. In the same time period, the Authority also received 74 compliments. Details of all these are reported quarterly to Members. There were no Local Government Ombudsman referrals.
- 3.7 There were no formal Member complaints in 2022/23.
- 3.8 The Authority's governance framework seeks to ensure that the principles of good governance are embedded into all aspects of its work. Both the member and staff codes of conduct will be reviewed following a review and revision of the Authority's values and the governance review in 2022.
- 3.9 The Authority's objectives are framed in accordance with the National Park Management Plan. The current National Park Management Plan was approved following engagement with partners and stakeholders and published in July 2022. Progress against the Plan's overall long-term objectives can be identified via regular reporting against a broad range of targets and strategic indicators. A new delivery and monitoring framework is being introduced to strengthen involvement by local partners in delivering the new Management Plan's outcomes and objectives.
- 3.10 The Authority's Strategy and Business Plan flow from the Management Plan and set objectives and milestones for the Authority's work over a five-year period. The Business Plan also allocates indicative resources to the objectives based upon the best available information. This information is drawn from the Medium-Term Financial Strategy and assists in identifying any potential financial risks. This is reviewed annually as part of the budget setting process and ensures that resources and objectives are appropriately aligned.
- 3.11 The Authority adopted a Local Plan in 2020 to assist in guiding planning decisions. An Annual Monitoring Report - published around September- is prepared to check progress against plans and policies.
- 3.12 The Authority has an established Committee Structure with an associated Scheme of Delegation to ensure that decisions are taken in the most appropriate and effective manner. The Scheme of Delegation allows swift and effective policy and decision making by Members and managerial and operational decision making by officers within a framework of accountability to Government and local people.
- 3.13 Compliance with the regulations, procedures and statutory requirements is facilitated by a comprehensive set of appropriate controls. Policies are in place to regulate how the Authority's Members and staff use the resources available to them. Regular internal audits are conducted by external suppliers, providing assurance that the procedures are being adhered to. The Authority receives legal advice and Monitoring Officer support as appropriate in all aspects of its work via a contractual arrangement with (from 1 April 2023) North Yorkshire Council. Advice includes detailed input into significant Committee papers, particularly the work of the Authority's Planning Committee. The Whistleblowing Officer role is externalised via this contract to increase objectivity and independence.
- 3.14 The management of risk is embedded into the Authority's activities. A corporate level risk register is maintained to identify significant operational risks and describe the mitigation measures in place to

control them. The risk register is a standing agenda item at the quarterly Finance, Risk, Audit and Standards Committee and subject to scrutiny by Members.

- 3.15 Managing the risk management process is the responsibility of the Director of Corporate Services; the risk register itself is discussed by the Senior Leadership Team and agreed by Members in the spring of each year. Direct responsibility for controlling individual risks is delegated to the officer most closely involved in the operation that would be affected. More strategic risks, and the mitigation measures to control them, are included in the Authority's Business Plan.
- 3.16 The routine financial management of the Authority is described in detail by the Financial Regulations. The annual budget is approved by the full Authority prior to the commencement of the financial year. The Senior Leadership Team receives reports on expenditure and income against the expected position at their monthly meetings and take appropriate action to address any significant deviation from the plan. The quarterly meetings of the FRASC receive a formal report on the financial position, including a description of any significant variations that have been made. In November of each year, the annual budget is fully reviewed and revised to reflect the anticipated out-turn for the whole year.
- 3.17 The Authority is compliant with the CIPFA Statement on the role of the Chief Financial Officer (2016). The Authority has opted for a number of its financial functions to be delivered via a Financial Collaboration Agreement with North Yorkshire Council. This provides the resilience, expertise and opportunities to easily access more specific expertise. The Authority's Chief Financial Officer (s151 Officer) function is provided under this contract as well as expert advice on treasury management, insurance and risk management. The Authority is satisfied that this meets the CIPFA requirements and provides good value for money with high level financial advice.
- 3.18 The Chief Financial Officer has direct access as required to the Chief Executive and Members of the Authority and attends meetings of the SLT. He has line management responsibility for the NYC staff working on financial matters within the Authority and works closely with the Authority's CEO and Directors.
- 3.19 Performance Management is conducted via the FRASC which meets every quarter. This committee receives reports on finance, risk management, complaints and compliments and it monitors performance. A more structured approach was introduced in 2022/23 to provide members with more relevant, timely information. It is envisaged that this approach will be refined in the coming years.

4. Review of effectiveness

- 4.1 The Authority has responsibility for reviewing the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies. This year the review of effectiveness has also included formal consideration of the Authority's governance arrangements, the outcome of which will form the basis of work in 2023/24.

- 4.2 These normal review methods and the recommendations from the Governance Review undertaken in 2022/23 have been used to inform the contents of the Annual Governance Statement which is prepared by the Director of Corporate Services in consultation with the Chief Executive, Monitoring Officer, Chief Financial Officer and key Members.
- 4.3 The following key areas of work were due to be completed in 2022/23;
- Review of the governance structure of the organisation, considering in particular, how the Authority's structures can best align to a new Management plan and how scrutiny and oversight could be undertaken more effectively;
 - Effective running of the parish election process, returning 4 Secretary of State (Parish) members;
 - Complete the work on Values and subsequent review of the Codes of Conduct
 - Review how the Authority interacts with constituent Parishes and make recommendations for improvement.
- 4.4 A significant piece of work was undertaken in reviewing the governance structure. This resulted in a paper with 24 recommendations for action which was approved by the National Park Authority in March 2023. Although the number of recommendations may appear to be significant, none of them reflected weaknesses in governance control. Members were involved in discussions about the initial findings of the review and emerging recommendations both formally and informally. The paper can be found on the Authority's website [96 \(northyorkmoors.org.uk\)](http://96.northyorkmoors.org.uk)
- 4.5 The review also included consideration of the current governance arrangements against the principles set out in the CIPFA/SOLACE framework. All but three of the supporting principles were considered to have been met. The three partly met supporting principles have actions to address them within the review recommendations. This does not imply that governance in these areas was not adequate, but the aim is to further embed good governance practice within the Authority.
- 4.6 A piece of work was undertaken with involvement from staff, volunteers and members to establish a new set of corporate values. A number of follow up actions have been undertaken to embed these into everyday work. The election process for the Secretary of State (Parish) members went smoothly returning 4 members. Work on the Codes of Conduct were held over pending the outcomes from the Governance Review. The action regarding interaction with Parishes was included in the Governance review and the recommendation in relation to Parish Forums have already been implemented.
- 4.7 The Head of Internal Audit at Veritau provided a report to the Finance, Risk, Audit and Standards Committee confirming that the overall outcome of the 2022/23 audits was Substantial Assurance.

5. Governance actions

- 5.1 While there are no significant governance issues to be resolved, the following areas have been identified to be addressed in 2023/24;
- Implement all changes and recommendations arising from the Governance Review.
 - Complete the recruitment of a new independent member.

- Complete the induction and integration into the Authority’s work of the new North Yorkshire Council and Secretary of State Members.

5.2 We propose over the coming year to take the steps detailed above to enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review. Overall, we are content that the governance arrangements continue to be fit for purpose both in 2022/23 and in 2023/24.

Signed:

.....
T Hind (Chief Executive)

Date:

.....
J Bailey (Chair)

Date:

On behalf of the Members and senior officers of the North York Moors NPA.