



**North York Moors  
National Park**

# Agenda

**Meeting: Finance, Risk, Audit and Standards Committee**

**Venue: The Old Vicarage, Bondgate, Helmsley, YO62 5BP**

**Date: Monday 3 February 2025, 10am**

## Business

1. Livestreaming and recording – The Chair to inform members of the public that the meeting is livestreamed and recorded.
2. Emergency evacuation procedure – The Chair to inform members of the public of the emergency evacuation procedure.
3. Apologies for absence
4. Public minutes on the meeting held on 11 November 2024 (pg 2)
5. Members are reminded that it is their responsibility to declare the nature of any personal, prejudicial and/or disclosable interests relating to any agenda item immediately prior to its consideration and are encouraged to complete a written declaration using the form provided.
6. Audit report and Value for Money conclusions (pg 7)
7. Statement of Final Accounts, Annual Governance Statement and Letter of Representation (pg 48)
8. Internal Audit (pg 125)
9. Quarterly Performance Scorecard (pg 134)
10. Quarter 3 Finance update (pg 144)
11. Budget 2025/26 (pg 159)
12. External Funding and Project progress (pg 174)
13. Health and Safety update (pg 183)
14. Corporate Risk Register update (pg 186)
15. Treasury Management and Prudential code (pg 204)
16. Such other business as, in the opinion of the Chair, should, by reason of special circumstances, be considered as a matter of urgency.

17. Exclusion of the public from the meeting during consideration of items 18 & 19 on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1 & 2 of Part 1 of Schedule 12A to the Local Government Act 1972.

**Private business - Minutes/reports circulated to Members only**

18. Private minutes of the meeting held on 11 November 2024

19. Complaints and Compliments review

Tom Hind

**Chief Executive (National Park Officer)**

**Press Contact:** Nina Beadle, Media and Communications Officer, 01439 772700

**Note:**

- To ensure this Meeting is conducted in an open and transparent manner it will be live streamed to the public and recorded. A link will be published under the relevant Meeting heading of the Authority's website. The recording will be held in accordance with the Authority's retention policy.
- The Authority allows the videoing of public meetings but asks that any party wishing to do so informs the Authority in advance of the meeting. Videoing that disrupts the meeting is not allowed. Persons expressly refusing consent, children and vulnerable adults cannot be filmed or photographed. The existing rules relating to confidential and exempt information, defamation, Data Protection and Public Order apply. The Authority accepts no liability whatsoever for videoing carried out by other parties.
- Members are reminded to turn all electronic equipment to silent mode, including mobile phones, laptop computers and tablets. Please note that only information that is available to Members during the Committee meeting should be accessed from a computer in the interests of sound decision making.
- Tea and coffee will be available a quarter of an hour before the meeting.
- Judith Seaton should be notified of any apologies.
- Please ensure when parking in the car park that you have not caused an obstruction which could prevent emergency vehicles accessing the building.
- This agenda is available on the website [www.northyorkmoors.org.uk](http://www.northyorkmoors.org.uk)
- This agenda is available in large print on request.

# Finance, Risk, Audit and Standards Committee

Membership, including Ex-officio Chair and Deputy Chair of the Authority

-	Sec of State	Sec of State Parish	R&CBC	NYC
Names	Patrick James Christine Robertson Jane Harper	Colin Williamson		David Jeffels Clive Pearson Heather Moorhouse John Ritchie George Jabbour
Number of members	4		5	
Total membership	9			
Quorum	5 (includes at least one Sec of State and one Local Authority Member)			

# North York Moors National Park Authority

## Item 4, Public Minutes of the Finance, Risk, Audit and Standards meeting held on 11 November 2024

### Present:

Jim Bailey, George Jabbour, Patrick James, David Jeffels, Heather Moorhouse, Clive Pearson, John Ritchie, Colin Williamson

### Apologies:

Malcolm Bowes, Jane Harper, Christine Robertson

### Officers in attendance:

Tom Hind (Chief Executive), Pete Williams (Chief Finance Officer), Chris France (Director of Planning), Ian Nicholls (Director of Corporate Services), Joel Brookfield (Director of Recreation and Wellbeing), Briony Fox (Director of Conservation and Climate Change), Ellen Cross (Funding Manager), Sandra Strickland (Accountant), Paul Fellows (Head of Strategic Policy), Kate Clark (Performance Management Officer), Judith Seaton (Executive Support Team Leader), Gavin Barker (Audit Director Forvis Mazars LLP)

## Copies of all documents considered are in the minute book

### 42/24 Minutes

That the public minutes of the meeting held on 27 August 2024 having been printed and circulated, be taken as read and be confirmed and signed by the Chair as a correct record.

### 43/24 Members Interests

Members were reminded of their responsibility to declare any personal and prejudicial interests relating to any agenda item prior to its consideration.

### 44/24 External Audit progress verbal update from Forvis Mazars

Gavin Barker confirmed the audit team are now starting the external audit process for the 2023-24 audit expecting to complete by early December with a back-stop date of end of February. Deloitte have now provided the previous auditors, Grant Thornton, with the pension assurance confirmation so the 2022-23 audit can be completed. Deloitte have experienced resourcing issues, Forvis Mazar have now been appointed as the NYC Pension Fund auditors and will prioritise delivery.

### 45/24 Draft mid-term Financial Strategy

Considered:

The report of the Chief Financial Officer

### 10.35 George Jabbour arrived

Members discussed the issues around:

- Reduction in car park income is a concern and suggestions of offering more facilities in the car parks to attract visitors
- Challenges around making savings, being innovative with savings and income generation
- S106 is a major funding source and awareness of current issues with Woodsmith and Boulby mines should be monitored
- Important to secure an increase in core funding looking at the Comprehensive Spending Review for 2026 onwards

#### **10.47 Jim Bailey arrived**

**Resolved:** That Members comment on the Medium-term Financial Strategy ahead of full Authority in December.

#### **46/24 Quarter 2 Finance update**

Considered:

The report of the Chief Financial Officer

- The S106 Boulby Mine tourism budget has been slightly delayed due to a staffing change but is back on course
- The Authority is part of the working group for Visit North Yorkshire and part of the destination marketing plan
- Possible reasons for reduction of car park income were discussed. The Authority is taking measures to increase visits by installing concessions for refreshments, upgrading toilets, installing EV charging and liaising with local businesses to ensure a quality of service and offer within car parks. The Recreation and Wellbeing Forum have agreed the process on car park non-compliance and enforcement, and the papers are available to Members

**Resolved:** That Members note the content of this report.

#### **47/24 Quarterly Performance Scorecard**

Considered:

The report of the Head of Strategic Policy

Kate Clark, Performance Management Officer, was introduced.

- Volunteer hours is a more accurate measurement
- Members talked about the importance of recruiting younger volunteers. The Authority is reviewing the Volunteering Strategy and preparing a new version for 2025/26
- The Communications Team analyse engagement on-line for our website and social media

**Resolved:** That Members note the scorecard.

#### **48/24 External Funding**

Considered:

The report of the Funding Manager

A prospective corporate sponsor is visiting the GrubsUp project.

Members expressed their thanks for all the work involved in the Moor Connected project application and hoped for success.

**Resolved:** That Members approve the contents of the report and agree the current work being done to secure external funding.

#### **49/24 Organisational Development Plan progress update**

Considered:

The report of the Director of Corporate Services

**Resolved:** That Members note the contents of the report.

#### **50/24 NPA Authority Carbon accounting for financial year 2023/24**

Considered:

The report of the Head of Climate Change and Carbon Reduction

Members were reminded of the definitions of Scopes 1, 2 and 3 and a suggestion that the wording be amended to be 'will' achieve the target as only 6% off achieving it.

**Resolved:** That Members note the work done to establish accurate carbon reporting for Authority emissions and identify methods to reduce Authority emissions.

#### **51/24 IT update**

Considered:

The report of the ITC Manager

A discussion on search engines and hits on the website would be best explained by the Communications Team at a Members' Monthly Update.

The ICT Manager was thanked for the good work being carried out.

#### **Action: Presentation by Communications Team at a Members' Monthly Update**

**Resolved:** That Members note the work being carried out and ask any questions that they wish to.

#### **52/24 Best Value – a new statutory guide**

Considered:

The report of the Director of Corporate Services

**Resolved:** That Members note the contents of the report and approve the action referenced in paragraph 5.3.

**12.30 Jim Bailey left the meeting**

**53/24 Corporate Risk Register update**

Considered:

The report of the Director of Corporate Services

Members suggested that the climate change targets risk element could be higher. The Corporate Risk Register is reviewed in January and any reassessments will be done then.

**Resolved:** That Members note the progress being made to manage risk and make any comments they wish to on the contents of the paper.

**54/24 Health and Safety update**

Considered:

The report of the Director of Corporate Services

It was confirmed that the overflow car park at Danby Lodge had flooded in early Autumn but the drainage had worked effectively, and the overflow car park will be in use next year.

**Resolved:** That Members note the contents of the report.

**55/24 Mid-year Treasury update**

Considered:

The report of the Chief Finance Officer

**Resolved:** That Members note the position on the Authority's Treasury Management activities during the first half of 2024/25.

**56/24 Other business**

There was no other business.

.....(Chair)  
3 February 2025

# **Public Summary of Items considered "in private" at the meeting of the Finance, Risk, Audit and Standards Committee on 11 November 2024**

## **Private minutes**

Members agreed that the private minutes of the meeting held on 27 August 2024, having been printed and circulated, be taken as read and be confirmed and signed by the Chair as a correct record.

## **Complaints and compliments review**

**Resolved:** That Members note the compliments and complaints registered in Quarter 2 2024/25

# North York Moors National Park Authority

## Finance, Risk, Audit and Standards Committee

3 February 2024

### Item 6, Forvis Mazars LLP - Audit Completion report and draft Auditor's Annual Report 2023-24

#### 1. Purpose of the report

1.1 Forvis Mazars LLP To report to Members the findings on the 2023-24 external audit.

#### 2. Summary

2.1 Attached are the Audit Completion Report and Draft Auditor's Annual Report for the 2023-24 audit. These contain the findings of the audit, including details of issues and misstatements from the audit.

#### 3. Contribution to National Park Management Plan

3.1 External audit is a statutory requirement and an essential tool to provide assurance on the financial arrangements, sustainability and value for money of the Authority. The ability to deliver the outcomes of the management and business plan is dependent upon good financial management and an unqualified external audit and positive value for money opinion are key evidence of that.

#### 4. Legal and sustainability implications

4.1 An annual external audit is a statutory requirement for the Authority.

#### 5. Recommendation

5.1 That Members note the auditor reports.



# Audit Completion Report

## North York Moors National Park Authority – year ended 31 March 2024

23 January 2025

Finance, Risk, Audit and Standards Committee (and full Authority)  
The North York Moors National Park Authority  
The Old Vicarage  
Bondgate  
Helmsley  
York  
North Yorkshire  
YO62 5BP

23 January 2025

Dear Members

### **Audit Completion Report – Year ended 31 March 2024**

We are pleased to present our Audit Completion Report for the year ended 31 March 2024. The purpose of this document is to summarise our audit conclusions. The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to the full Authority on 22 September 2024.

We have reviewed our Audit Strategy Memorandum and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of your team during our audit. If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07896 684771.

Yours faithfully

*Gavin Barker*

Gavin Barker

Forvis Mazars LLP

**forvis  
mazars**

Forvis Mazars

The Corner

Bank Chambers

26 Mosley Street

Newcastle Upon Tyne

NE1 1DF

- 01** Executive summary
- 02** Status of the audit
- 03** Audit approach
- 04** Significant findings
- 05** Internal control conclusions
- 06** Summary of misstatements
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- A** Appendix A: Draft management representation letter
- B** Appendix B: Draft audit report
- C** Appendix C: Confirmation of our independence
- D** Appendix D: Other communications

# 01

## Executive Summary

## Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Valuation of net defined pension liability; and
- Valuation of land and buildings.

## Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £106.6k. Section 7 outlines our work on the Authority's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2024.

At the time of preparing this report, there are no significant matters outstanding.

We will issue a follow up letter to this report at the point that we are ready to issue our audit report, and this will document how the outstanding issues in this report have been addressed.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



### Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



### Value for Money

We anticipate having no significant weaknesses in arrangements or recommendations to report in relation to the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



### Whole of Government Accounts (WGA)

The Authority is exempt from making a submission of WGA consolidation data as it has Minor Body Status. As a result of this, we do not need to complete and submit a WGA Assurance Statement to the National Audit Office (NAO).



### Wider Powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Authority and to consider any objection made to the accounts. We have received no questions or objections relating to the Authority.

# 02

Status of the audit

Our audit work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

**Income and expenditure**

Several minor queries are outstanding:

- Income and Expenditure cut off; and
- Payroll.



We are finalising our work for Section 106 agreement income testing.

**Debtors**

Minor queries are outstanding.



**Financial Instruments**

Minor queries are outstanding.



**Completion procedures**

Completion procedures will continue up to the point where we receive the final signed set of financial statements and the signed letter of representation from management. These procedures include ongoing completion and review of our audit file, checking the final version of the financial statements and considering any events after the balance sheet date up to the point that we issue our audit opinion.



**Value for money arrangements**

This work has been completed, and there are no exceptions to report.



**Status**



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.



Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.



Work on value for money arrangements

# 03

## Audit Approach

## Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued on 11 September 2024.

## Materiality

Our provisional materiality at the planning stage of the audit was set at £230k using a benchmark of 2% of gross operating expenditure. Final materiality was set at £222k, and performance materiality was £155.4k.

## Reliance on internal audit

As outlined in the Audit Strategy Memorandum, we have not relied upon the work of internal audit, however the work of internal audit was used to inform our assessment of the control environment.

## Use of experts

Where relevant and necessary, information from the experts has been used as part of the audit as outlined in the Audit Strategy Memorandum and there have been no changes to the planned approach.

## Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third-party organisations that provide services to the Authority that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

We identified the following relevant service organisation:

- North Yorkshire Council for the provision of treasury management services.

We obtained assurance by understanding the process and controls that the Authority has in place to assure itself that transactions are processed materially correctly. Our testing included sample testing of transactions based on evidence available from the Authority rather than the service organisation.

# 04

Significant findings

## Significant findings, including key areas of management judgement

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 14 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

## Significant Risks

### Management override of controls

### Description of the risk

In all entities, management at various levels within an organization are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

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### How we addressed this risk

We addressed this risk through performing audit work over:

- accounting estimates impacting amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements

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### Audit conclusion

Our work had provided the assurance we sought in each of these areas and has not highlighted any material issues to bring to your attention.

Net Defined benefit pension liability  
or asset

**Description of the risk**

The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.

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How we addressed this risk

We addressed this risk by:

- critically assessing the competency, objectivity and independence of the North Yorkshire Pension Fund's Actuary;
- liaising with the auditors of the North Yorkshire Pension Fund to obtain confirmation that the controls are designed and implemented appropriately. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate;
- reviewing the appropriateness of the Pension Liability or Asset valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PWC, the consulting actuary engaged by the National Audit Office;
- agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Authority's financial statements; and
- ensuring all required disclosures are reflected in the accounts and relevant notes.

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**Audit conclusion**

As part of our work, we discussed the impact of IFRIC 14 in calculating a ceiling over the Authority's share of pension fund assets, whereby the Authority / actuary needed to consider whether to cap the amount of net assets in its accounts. Some amendments were agreed to the pensions disclosure notes to reflect more accurately how the pension asset cap had been applied.

We received the IAS 19 assurance letter from the auditor of the North Yorkshire Pension Fund. There is a net understatement of total fund assets of £12.8 million. The Authority's share of this meant that the Authority's pension assets were understated by £89.6k. This demonstrates that the adjustment would not be material and therefore this is reported in section 6 as an unadjusted misstatement.

There are no other significant issues arising from our work that we need to report to you.

**Description of the risk**

The financial statements contain material entries on the balance sheet as well as material disclosure notes in relation to the Authority's holding of Property, Plant and Equipment (PPE) and heritage assets.

The Authority employs a valuation expert to provide information on valuations, however, there remains a high degree of estimation uncertainty associated with the (re)valuations of PPE and heritage assets due to the significant judgements and number of variables involved

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**How we addressed this risk**

We evaluated the design and implementation of any controls which mitigated the risk. This included liaising with management to update our understanding on the approach taken by the Authority in its valuation of land and buildings and heritage assets. We also:

- Assessed the scope and terms of engagement with the Valuer, and assessed the competence, skills and objectivity of the Valuer;
- Assessed how management use the Valuer's report to value land and buildings included in the financial statements; and tested the accuracy of the data used in valuations;
- Challenged the Authority's and Valuer's assumptions and judgements applied in the valuations; reviewed valuation methodologies used, including the appropriateness of the valuation basis; and
- Considered the reasonableness of the valuation by comparing the valuation output with market intelligence; and ensured all required disclosures are reflected in the accounts and relevant notes.

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**Audit conclusion**

We identified one significant issue from our review. This was that the Authority had not met the accounting requirement to carry out a full revaluation of its land and buildings portfolio every 5 years. We have identified a significant deficiency in internal control in relation to this issue. Details of this are set out on page 17.

We had to carry out additional work to satisfy ourselves that property, plant and equipment and heritage assets were not materially impacted by this deficiency. We obtained the assurance we needed in relation to this, but it is important that this issue is addressed in the preparation of the 2024/25 financial statements.

## Qualitative aspects of the Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 appropriately tailored to the Authority's circumstances. There were no significant changes in accounting policies this year.

We have reported on one significant issue in relation to the timing of a full revaluation of the property portfolio. This is discussed further in the section below on significant matters discussed with management.

Draft accounts were published by the Authority on 21 June 2024 and the financial statements and supporting evidence including working papers were of good quality.

## Significant matters discussed with management

One significant matter was discussed with management.

We identified one significant issue from our review. This was that the Authority had not met the accounting requirement to carry out a full revaluation of its land and buildings portfolio every 5 years. We have identified a significant deficiency in internal control in relation to this issue. Details of this are set out on page 17.

We had to carry out additional work to satisfy ourselves that property, plant and equipment and heritage assets were not materially impacted by this deficiency. We obtained the assurance we needed in relation to this, but it is important that this issue is addressed in the preparation of the 2024/25 financial statements.

## Significant difficulties during the audit

During the course of the audit, we did not encounter any significant difficulties, and we have had the full co-operation of management.

## Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2023/24 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No questions or objections were raised with us as part of the 2023/24 audit.

# 05

Internal control conclusions

## Overview of engagement

As part of our audit, we obtained an understanding of Authority's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of Authority's internal controls, we are required to communicate to Those Charged With Governance any significant deficiencies in internal controls that we identified in during our audit.

## Deficiencies in internal control

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/or correct potential misstatements in the financial statements; or
- a necessary control to prevent, detect, and/or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered Authority's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies in the Authority's internal controls that we have identified as at the date of this report are in set out on the following pages.

## Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of Those Charged With Governance.

We have identified one significant deficiency in the Authority's internal controls as at the date of this report.

## Other observations

We also record our observations on the Authority's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

We have one other internal control observation to bring to your attention as at the date of this report.

Whether internal control observations merit attention by Those Charged With Governance and/or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

## Significant deficiency in internal control

In our view, there is a need to address the significant deficiency in internal control set out in this section to ensure that the financial misstatements are not materially misstated. Our recommendations should be actioned by management in time for the production of the 2024/25 draft financial statements.

### Land and buildings revaluations

#### Description of deficiency

The CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 requires a full revaluation of land and buildings to be undertaken at least every 5 years. A full revaluation was due to be undertaken for the 2023/24 accounts, but management had thought that the next review was due for the 2024/25 accounts. In mitigation, the Authority has undertaken an annual revaluation each year of its most significant assets which make up a large percentage of its overall portfolio. We held discussions with management and the Authority's external valuer to understand the implications for assets that had not been revalued since March 2019.

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#### Potential effects

This could result in a material misstatement of property, plant and equipment and heritage assets in the financial statements.

We had to carry out additional work to satisfy ourselves that property, plant and equipment and heritage assets were not materially impacted by this deficiency in the 2023/24 accounts. We obtained the assurance we needed in relation to this, but it is important that this issue is addressed in the preparation of the 2024/25 financial statements.

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#### Recommendation

The Authority must ensure that a full revaluation of its land and buildings is undertaken for the 2024/25 financial statements.

The Authority should consider indexing valuations of those assets that are not subject to an annual revaluation each year to avoid the risk of creeping materiality. These assets can then be subject to a full revaluation process every 5 years.

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#### Management response

The work to commission the valuer to carry out a full valuation of assets for 2024/25 has already started. In order to avoid the error in the future relating to the timing of the 5-year full valuation exercise, a line has been added to the closedown timetable to specifically check what valuation requirement is due at the point of commissioning the valuation work. In addition, whilst the desktop valuation process between full valuations was one agreed with previous auditors, there is merit at looking at the process ahead of 2025/26 in relation to either/or indexing assets in the intervening period or rotating the valued assets to ensure that the portfolio does receive full valuation on a sampling basis at least once over the 5 year period.

## Other observation on internal control

In our view, there is a need to address the observation on internal control set out in this section to ensure that the draft Annual Governance Statement is included in or published alongside the draft financial statements. Our recommendation should be actioned by management in time for the production of the 2024/25 draft financial statements.

## Preparation of draft Annual Governance Statement

### Description of deficiency

The Accounts and Audit Regulations 2015 require the Annual Governance Statement to be published alongside the draft financial statements and subject to the public inspection requirements. Detailed guidance on the preparation of the Annual Governance Statement recognises that the Annual Governance Statement may not have been approved when the draft financial statements are published, but in these cases requires a draft Annual Governance Statement to be published at that stage which can then be updated when it has been approved. The Authority did not include a draft Annual Governance Statement in its draft financial statements for 2023/24 and a draft was only prepared later in the year.

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### Potential effects

The Authority could be challenged in relation to meeting its statutory responsibilities under the Accounts and Audit Regulations 2015.

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### Recommendation

The Authority must ensure that a draft Annual Governance Statement is included in the draft 2024/25 financial statements when they are published and the public inspection period is initiated.

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### Management response

This will be brought in draft to May Finance, Risk, Audit and Standards Committee from now onwards so that it can be published in draft form alongside the financial statements.

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# 06

## Summary of misstatements

We set out below and on the following page a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £6,700.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. There were no misstatements to the financial statements identified that were adjusted by management. There were some disclosure adjustments that are summarised on page 20. Along with this, there is one unadjusted disclosure point.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued on 11 September 2024. Any subsequent changes to those figures are set out in the section 3 this report.

## Unadjusted misstatements

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

In the case of pensions, the main purpose of the reported item was to demonstrate that the pension fund auditor's reported findings would not have a material impact on the Authority's disclosures and consequently, the decision not to adjust for these is not unreasonable. The approach in relation to the other adjustment to debtors is also not unreasonable.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr Net Pension Assets			89.6	
Cr Remeasurement of Net defined Pension Liability		89.6		
Our review of the Pension Fund auditor report identified that the value of pension fund assets was understated than those originally reported, which was entirely due to timing issues compared to when the actuary prepares their report, and the final valuations received during Forvis Mazars's audit of the pension fund. Total fund understated assets were £12.8m. The Authority's share of the total assets has been estimated at 0.7%. The Pension fund assets misstatement is (£12.8 million *0.7%) £89.6k.				
Dr Short term Debtors			17	
Cr Long Term Debtors				17
The long term debtor reflected in the accounts for a number of years is due for the final balance of £17k to be repaid in 2024/25, and therefore it should have been reclassified as a short term debtor.				
<b>Aggregate effect of unadjusted misstatements</b>	<b>0</b>	<b>89.6</b>	<b>106.6</b>	<b>17</b>

## Disclosure misstatements

We identified the following disclosure points that have considered and addressed by management:

- Corrections of typographical errors;
- Updating the text to reflect the timing of the finalisation of the audit;
- A minor change to the wording of the Chief Financial Officer's certificate;
- Note 18, Members' allowances was updated to show the composition of amounts paid to members;
- Note 25, Defined Benefit Pension Scheme has been updated from the draft accounts to separately show the Authority's share of pension assets and the application of the Pension Asset Ceiling Adjustment to those pension assets; and
- Adding a post balance sheet events note (note 27) to reflect the potential impact of a legal case, known as the Virgin Media pensions case. This is a national issue impacting on all authorities.

There is one unadjusted disclosure amendment that management has agreed to address in next year's financial statements:

- Note 23, related party transactions, needs to be expanded to include the year end balance with the related parties that are disclosed as well as the income and expenditure which is included in the disclosure.

# 07

Value for Money

## Value for Money

Authority's for the year ended 31 March 2024 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report at Appendix B confirms that we have no matters to report in respect of significant weaknesses. As noted above, our commentary on the Authority's arrangements will be provided in the Auditor's Annual Report.

# Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

Address to:  
Gavin Barker  
Audit Director  
Forvis Mazars LLP

Dear Mr Barker

### **North York Moors National Park Authority - Audit for Year Ended 31 March 2024**

This representation letter is provided in connection with your audit of the financial statements of North York Moors National Park Authority for the period ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

### **My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code and applicable law.

### **My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Financial Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Authority and committee meetings, have been made available to you.

## Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority's financial position, financial performance and cash flows.

## Accounting estimates, including those measured at current and fair value

I confirm that the methods, significant assumptions and the data used by the Authority in making the accounting estimates, including those measured at current and fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

I confirm:

- that the significant judgments made in making the accounting estimates have taken into account all relevant information of which management is aware;
- the consistency and appropriateness in the selection or application of the methods, assumptions and data used by management in making the accounting estimates;
- that the assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity, when relevant to the accounting estimates and disclosures;
- that disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework;
- that appropriate specialised skills or expertise has been applied in making the accounting estimates; and
- that no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements.

## Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code and applicable law.

### Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Authority has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

### Fraud and error

I acknowledge my responsibility as Chief Financial Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

### Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code and applicable law.

I have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which I am aware.

### Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

### Charges on assets

All the Authority's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

### Future commitments

The Authority has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

### Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

### Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Authority, including the impact of mitigation measures and uncertainties, and [EITHER no disclosures are required in the financial statements. OR the disclosures made in the financial statements note [X] fairly reflects that assessment.]

### Covid-19

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and [EITHER no disclosures are required in the financial statements. OR the disclosures made in the financial statements note [X] fairly reflects that assessment.]

### Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and [EITHER no disclosures are required in the financial statements. OR the disclosures made in the financial statements note [X] fairly reflects that assessment.]

### **Going concern**

To the best of my knowledge there is nothing to indicate that the Authority will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

### **Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework, and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

### **Narrative Report**

The disclosures within the Narrative Report fairly reflect my understanding of the Authority's financial and operating performance over the period covered by the financial statements.

### **Unadjusted misstatements**

We confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

### **Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)**

I confirm that I have disclosed to you all information that would be considered relevant to your work on value for money arrangements.

Yours faithfully

Pete Williams  
Chief Financial Officer

[Date]

Appendix

Schedule of unadjusted misstatements

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr Net Pension Assets			89.6	
Cr Remeasurement of Net defined Pension Liability		89.6		
Dr Short term Debtors			17	
Cr Long Term Debtors				17
<b>Aggregate effect of unadjusted misstatements</b>	<b>0</b>	<b>89.6</b>	<b>106.6</b>	<b>17</b>

## Independent auditor's report to the members of North York Moors National Park Authority

### Report on the audit of the financial statements

#### Opinion on the financial statements

We have audited the financial statements of North Yorks Moors National Park Authority ("the Authority") for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31st March 2024 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Chief Financial Officer is also responsible for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. The Chief Financial Officer is responsible for assessing each year whether or not it is appropriate for the Authority to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Authority, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Finance, Risk, Audit and Standards Committee, as to whether the Authority is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Authority which were contrary to applicable laws and regulations, including fraud.

We evaluated the Chief Financial Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to Property, Plant and Equipment valuations, the pensions asset and the pensions liability, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Finance, Risk, Audit and Standards Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Authority. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources**

#### **Matter on which we are required to report by exception**

We are required to report to you if, in our view we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

#### **Responsibilities of the Authority**

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

#### **Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

#### **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

### Use of the audit report

This report is made solely to the members of North York Moors National Park Authority, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

### Certificate

We certify that we have completed the audit of North York Moors National Park Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Gavin Barker

Key Audit Partner

For and on behalf of Forvis Mazars LLP

The Corner

Bank Chambers

26 Mosley Street

Newcastle Upon Tyne

NE1 1DF

Date: To be finalised

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

Other communication	Response
<b>Compliance with Laws and Regulations</b>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
<b>External confirmations</b>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
<b>Related parties</b>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ul>
<b>Going Concern</b>	<p>We have not identified any evidence to cause us to disagree with Chief Financial Officer that the Authority will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Other communication	Response
<b>Subsequent events</b>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
<b>Matters related to fraud</b>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and where appropriate Those Charged With Governance, confirming that:</p> <ul style="list-style-type: none"> <li>a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>b) they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> <li>i. management;</li> <li>ii. employees who have significant roles in internal control; or</li> <li>iii. others where the fraud could have a material effect on the financial statements; and</li> </ul> </li> <li>d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ul>

# Contact

## Forvis Mazars

### Gavin Barker

Director

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**Item 6, Draft Auditors Annual Report 2023-24 is to follow.**

# North York Moors National Park Authority

## Finance, Risk, Audit and Standards Committee

Monday 3 February 2025

### Item 7, Statement of Financial Accounts 2023/24, Annual Governance Statement and Letter of Representation

**1. Purpose of the report**

1.1 To present to Members for approval a proposed final Statement of Financial Accounts (SoFA) for the year 2023/24 including the annual governance statement and audit opinion from Forvis Mazars LLP – included at Appendix A. In addition, at Appendix B is the Letter of Representation which is to be signed at the meeting also.

**2. Background**

2.1 As a result of the Environment Act 1995 the North York Moors National Park Authority is recognised as a separate corporate body which is required to produce its own SoFA.

2.2 The draft SoFA including the Annual Governance Statement was signed by the Section 151 Officer on 20 June 2024 and was published on the Authority website on the same date. The proposed final SoFA, which also includes the Annual Governance Statement is attached in Appendix A. The format and content of this document complies with the CIPFA IFRS Code of Practice on Local Authority Accounting (The Code). The Code sets out the proper accounting practice required for the SoFA, within the statutory framework of the Accounts and Audit Regulations 2015.

2.3 Following issues in completion of audits across the whole Local Government sector, backstop dates were implemented as follows:

Any audits prior to 23/24	13 December 2024
Audits for 2023/24	27 February 2024

2.4 Subject to sign off at the meeting, the Authority and Forvis Mazars LLP will have completed the audit within these dates, avoiding the issue of a modified or disclaimed opinion.

. This date is the 26 February.

### **3. Audit of the accounts**

- 3.1 The audit has been conducted by Forvis Mazars LLP. The audit is made up of two parts: the financial audit of the Statement of Financial Accounts and the value for money audit. The annual Audit Report can be found under Item 6 on this agenda.
- 3.2 The outturn figures reported to Finance, Risk, Audit and Standards Committee in May 2024 have not been adjusted or amended.
- 3.3 The audit at the point of publication is not fully concluded, but it is expected to be completed by the time of the meeting so that the accounts can be signed off in person.
- 3.4 There were two unadjusted misstatements which are detailed in the auditor reports and Letter of Representation. These are not material, the aggregate value is £106.6k.
- 3.5 The Audit Completion Report highlights two control issues to address for the 24/25 audit, including one significant issue on valuations. Details of these can be found in the Audit Completion Report including a management response and action plan.

### **4. Financial and staffing implications**

- 4.1 None.

### **5. Contribution to National Park Management Plan**

- 5.1 It is a requirement for the Authority to produce a Statement of Accounts and complete and external audit each year. A positive audit conclusion is one of the key financial targets and provides evidence of good financial controls and financial sustainability at the Authority.

### **6. Legal and sustainability implications**

- 6.1 There are no legal issues as a result of this report.

### **7. Recommendation**

- 7.1 That Members approve the Statement of Final Accounts for the financial year ended 31 March 2024 and for documents to be signed as follows:
  - Statement of Financial Accounts – Chair of the Authority
  - Annual Governance Statement – Chair of the Authority and Chief Executive
  - Letter of Representation – Chief Financial Officer

Contact Officer:

Pete Williams

Chief Financial Officer to the North York Moors National Park Authority

01439 772700



# **North York Moors National Park**

## **Appendix A: Statement of Accounts**

**2023/24**

North York Moors National Park Authority

Statement of Accounts  
2023/24

# North York Moors National Park Authority

## Statement of Accounts 2023/24

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## Narrative Statement

### Introduction

1. The North York Moors National Park Authority was constituted on 1<sup>st</sup> 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 31<sup>st</sup> March 2024 are presented in the format laid down in the "Code of Practice on Local Authority Accounting in the United Kingdom 2023/24" (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).

## Summary of Revenue Spending

3. The main components of the Latest Budget for 2023/24 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 2024 (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.
4. Financial performance in the year resulted in a transfer into reserves of £301k compared to a latest budget surplus reported at Q3 of £78k. The surplus is driven primarily by strong performance in a number of income streams in particular investment interest, planning and external funding for core funded posts and a number of budget underspends. The figure above is adjusted for carried forward budgets of £91k. The underspend of £301k equates to 2.5% of actual gross expenditure.
5. The overall expenditure in the year was £11.9m which is funded from £1.87m of earned income, £2.8m of external funding, £4.381m of DEFRA core grant and £3.134m of S106. DEFRA core grant funded 36.8% of all expenditure in year. Expenditure was £1.8m lower than anticipated in the budget due to underspends on a small number of externally funded projects and weather-related delays to core policy D works on the Woodsmith S106 agreement.
6. The most significant items of expenditure incurred by the Authority are employees at £5.2m, which equates to 44% of total expenditure in 2023/24.
7. The Authority has a performance indicator to keep expenditure in the corporate and democratic core below 5% of total expenditure excluding S106. The actual for 2023/24 was 3.7%.

	<b>Latest Budget / Q3 Forecast</b>	<b>Actual Outturn</b>	<b>Variance</b>	<b>Commentary</b>
<b>Income</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	
Cultural Heritage	15	23	8	Additional funding income.
Natural Environment	2,165	1,173	-992	Income matching reduced external funding spend.
Farming in Protected Landscapes	1,047	957	-90	Income aligned to lower project spend.
Recreation Management	1,537	1,468	-69	Access external funding not received. Coast-to-coast underspend.
Promoting Understanding	378	351	-27	Lower visitor centres sales.
Rangers and Volunteers	0	11	11	Volunteers & rangers staff recharge.
Development Management	214	239	25	Higher planning fees.
Forward Planning	0	0	0	-
Corporate and Democratic Core	370	465	95	Investment Interest and Biodiversity net gain new burdens grant.
DEFRA Grant	4,381	4,381	0	-
<b>Total Function Income</b>	<b>10,107</b>	<b>9,068</b>	<b>-1,039</b>	-
S106 Compensation & Mitigation	3,721	3,134	-587	See expenditure
<b>Total Income</b>	<b>13,828</b>	<b>12,202</b>	<b>-1,626</b>	-
<b>Expenditure</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	-
Cultural Heritage	-273	-275	-2	-
Natural Environment	-2,824	-1,790	1,034	External funded projects spend less than budget.
Farming in Protected Landscapes	-1,047	-932	115	Projects underspend.
Recreation Management	-1,871	-1,791	80	Lower spend as access funding not received.
Promoting Understanding	-1,491	-1,418	73	Visitor Centres cost of sales, rent and utilities underspend.

Rangers and Volunteers	-1,037	-1,038	-1	-
Development Management	-891	-897	-6	-
Forward Planning	-181	-187	-6	-
Corporate and Democratic Core	-414	-439	-25	Higher volunteer and staff costs.
<b>Total Function Expenditure</b>	<b>-10,029</b>	<b>-8,767</b>	<b>1,262</b>	-
S106 Compensation & Mitigation	-3,721	-3,134	587	Core policy D and Boulby underspends.
<b>Total Expenditure</b>	<b>-13,750</b>	<b>-11,901</b>	<b>1,849</b>	-
<b>NET SURPLUS/ DEFICIT</b>	<b>78</b>	<b>301</b>	<b>223</b>	-

8. There are two S106 agreements in place, one for the Woodsmith Mine and one for Boulby Mine. There was £2.669m of spend against the Woodsmith Mine agreement during the year which was lower than budget which was driven by the weather delays on Core Policy D work. £2.926m of spend has been carried forward into 2024/25 compared to £2.765m the year below, but the risk of any payback remains very low. There was £465k of spend on the Boulby mine agreement with £415k carried forward to 2024/25. The agreements run on different financial years to the Authority, Woodsmith running from May to April and Boulby from January to December.
9. External funding continues to be an area of success for the Authority, with £2.817m of delivery in year exceeding the business plan target of £2.35m but this is lower than the anticipated level of spend of £4m. There was significant spend on the Farming in Protected Landscapes programme, Ryevitalise project and Coast to Coast in year. But the Peatland Restoration, Kepwick and Arncliffe LEI, Ryevitalise and Farming in Protected Landscapes projects did spend less than anticipated at quarter 3, driving the underspend compared to budget.
10. The savings programme delivered £458k of savings compared to a £555k target. The main shortfall related to fewer vacancies in year on core posts, falling below the 2% turnover anticipated. Statutory planning fee increases were introduced in December, which was later than the assumption in the budget of October.
11. The Authority has two balance sheet reserves to manage future risk, contingency and general working balance. 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%. At the end of 2023/24 this totalled £726k with a further £100k approved as part of the underspend allocation. This £826k equates to 9.42% based on 2023/24 actual spend.
12. The accounting policies are set out formally in the Statement of Accounting Policies on Page 14. The policies adopted in 2023/24 are compliant with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2023/24' (The Code).
13. 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 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.

14. 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**

15. The pressures on the economic climate continue although we are starting to see the rate of inflation reduce with the most recent published results for December 2024 showing RPI at 3.5% and CPI at 2.5%. Continuing unrest in both the Middle East and Ukraine still presents a risk to economic stability with the potential for impacts on oil and food prices. Over the last two years, materials, fuel, utilities and insurance in particular have seen substantial increases as a result of inflation. Inflation estimates built into the 23/24 budgets was sufficient to cover but has put increasing pressure on finances. Budgets for 2024/25 have 4% inflation built in for overheads. Project re-engineering is occurring where possible, and contingencies built into project delivery will help to manage inflation linked overspend risk. Increasing prices do ultimately present a risk to levels of delivery, particularly if we see higher inflation levels again. There are also reserves that can help de-risk higher inflation in the short term. To help combat inflation, the Bank of England has increased interest rates but has more recently reduced from a peak of 5.25% to 4.75% in January 2025. The Authority currently benefits from this with no borrowings and increasing returns on cash investments. There is a risk if there is any requirement to borrow in the future that this may be at higher rates.
16. Financial pressure from pay increases continues. In 2023/24 the pay award equated to 6% increase for the Authority although this was in line with budget. Savings have had to be implemented to mitigate the effects. The Local Government Association has agreed a pay settlement averaging 4% for the Authority staff for 2024/25 in line with budget.
17. DEFRA have announced a core grant freeze for 2024/25, the 6<sup>th</sup> year in a row. Funding levels beyond this remain uncertain, 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. Pressure on core resources is a challenge that will need to be addressed if the Authority wants to continue its strategy to grow resources.
18. A new Management Plan and Business Plan were launched beginning in 2023/24. 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 reports relating to 2024/25 milestone

setting and 2023/24 performance can be found on the website on meeting agendas for National Park Full Authority meeting March 2024 and Finance, Risk and Audit Standards Committee May 2025 respectively.

19. 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. There have been changes of Board Membership from 2023/24. North Yorkshire devolution provides a further dimension and potential partnership and funding opportunities with the Mayoral Combined Authority integrating the functions of the Local Enterprise Partnership with whom the National Park Authority has a strong relationship. But this will require a proactive approach from us to ensure that the MCA recognises the significance of the National Parks to the region and the relevance of its role in delivering Management Plan objectives.
20. 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. A key risk to growing external funding delivery is availability of corporate resources to be able to support increased outputs.
  - 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. As an example, in 2023/24 the car park at Newton-Under-Roseberry has been expanded and developments at Danby Lodge are underway, which will help to deliver increased car park income. A Commercial Manager post is now established in the Authority. 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 to help to offset pressures from the core grant remaining frozen.
  - c) S106 income. In 2023/24, the Woodsmith S106 arrangement provided £2.8m of income to deliver compensation and mitigation projects, it increases in line with inflation each year, so has been protected from the recent increases. The Boulby mine agreement which has only recently commenced provided £0.88m of income in 2023/24.

- d) Farming in Protected Landscapes funding from DEFRA began in 2021/22 and was set to run for three years but has now been extended into 2024/25. Delivery has been very successful to date with a further £957k of expenditure in 2023/24.
21. A project to review the property of the Authority continues. The Beaconsfield property was disposed of in year and a piece of land purchased in Helmsley. The requirement to either refurbish existing premises or move to new premises will lead to significant future costs to ensure the property portfolio is relevant to the Authority's Park priorities and objectives. All funding options are being considered including borrowing, but this will not reach any conclusions until 2025.
22. 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 2023/24 these reserves stand at 9.42% based on 23/24 actual spend.
23. The latest medium term financial strategy (MTFS) was presented to National Park Authority in December 2024. The latest finalised budget was for 2024/25 and was approved in March 2024. The MTFS 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 including National Insurance have increased this deficit further. Identified income generation and savings are proposed in the draft budget to mitigate the deficit of £0.345m in 2025/26. At present there have been no changes to deliverables in the business plan, but there remains a risk to this if the deficits cannot be offset through increased resources or efficiencies. The Medium Term Financial Strategy can be found on the meetings section of the website on the agenda for the December 2024 meeting of the National Park Committee. The approved budget for 2024/25 can be found on the website on the March 2024 meeting agenda of the National Park Committee.

### **Changes in Accounting Policies and Presentation of the Accounts**

24. There have been no changes in accounting policies or significant changes to the presentation of accounts for 2023/24.

## 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:

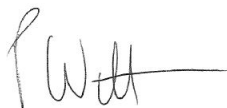
- a) Selected suitable accounting policies and applied them consistently;
- b) Made judgements and estimates that were reasonable and prudent;
- c) Complied with The Code.

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 this Statement of Accounts gives a true and fair view of the financial position of North York Moors National Park Authority at the reporting date and its expenditure and income for the year ended 31st March 2024.



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: 23/01/2025

### **Signed on behalf of the North York Moors National Park Authority**

I confirm that these accounts were approved by the Finance, Risk and Audit Standards Committee meeting on 03/02/2025 following completion of the External Audit

Jim Bailey  
Chair  
North York Moors National Park Authority

## Core Financial Statements

### Movement in Reserves Statement 2023/24

#### Movements in Reserves during 2023/24

	Usable Reserves		Unusable Reserves £000	Total Reserves £000
	General £000	Earmarked £000		
<b>Balance at 1 April 2023</b>	<b>818</b>	<b>5,120</b>	<b>12,018</b>	<b>17,956</b>
Surplus on the provision of services	1,165	0	0	1,165
Other comprehensive income and expenditure	0	0	(1,083)	(1,083)
<b>Total comprehensive income and expenditure</b>	<b>1,165</b>	<b>0</b>	<b>(1,083)</b>	<b>82</b>
Adjustments between accounting basis & funding basis under regulations	63	0	(63)	0
<b>Net increase/decrease before transfer to earmarked reserves</b>	<b>1,228</b>	<b>0</b>	<b>(1,146)</b>	<b>82</b>
Transfers (to)/from earmarked reserves	(1,364)	1,364	0	0
<b>Increase/decrease in 2023/24</b>	<b>(136)</b>	<b>1,364</b>	<b>(1,146)</b>	<b>82</b>
<b>Balance at 31 March 2024</b>	<b>682</b>	<b>6,484</b>	<b>10,872</b>	<b>18,038</b>

#### Movements in Reserves during 2022/23

	Usable Reserves		Unusable Reserves £000	Total Reserves £000
	General £000	Earmarked £000		
<b>Balance at 1 April 2022</b>	<b>351</b>	<b>4,595</b>	<b>3,254</b>	<b>8,200</b>
Surplus on the provision of services	415	0	0	415
Other comprehensive income and expenditure	0	0	9,342	9,342
<b>Total comprehensive income and expenditure</b>	<b>415</b>	<b>0</b>	<b>9,342</b>	<b>9,757</b>
Adjustments between accounting basis & funding basis under regulations	577	0	(577)	0
<b>Net increase/decrease before transfer to earmarked reserves</b>	<b>992</b>	<b>0</b>	<b>8,765</b>	<b>9,757</b>
Transfers (to)/from earmarked reserves	(525)	525	0	0
<b>Increase/decrease in 2022/23</b>	<b>467</b>	<b>525</b>	<b>8,765</b>	<b>9,757</b>
<b>Balance at 31 March 2023</b>	<b>818</b>	<b>5,120</b>	<b>12,019</b>	<b>17,957</b>

## Comprehensive Income and Expenditure Statement for Year Ended 31 March 2024

2022/23

2023/24

Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
1,813	(1,095)	718	Conservation of the Natural Environment	1,755	(1,173)	582
329	(10)	319	Conservation of Cultural Heritage	285	(23)	262
1,891	(1,173)	718	Recreation Management and Transport	1,970	(1,468)	502
2,295	(886)	1,409	Promoting Understanding	1,487	(351)	1,136
1,037	(15)	1,022	Ranger, Estates and Volunteers	994	(11)	983
999	(263)	735	Development Control	879	(239)	640
201	0	202	Forward Planning and Communities	179	0	179
1,909	(2,360)	(451)	Section 106 Compensation & Mitigation	2,329	(3,134)	(805)
240	(39)	201	Corporate and Democratic Core	329	(64)	265
894	(874)	20	Farming in Protected Landscapes	937	(957)	(20)
<b>11,608</b>	<b>(6,715)</b>	<b>4,893</b>	<b>Cost of Services</b>	<b>11,144</b>	<b>(7,420)</b>	<b>3,724</b>
			<b>Other Operating Income &amp; Expenditure</b>			
		(18)	Gain on disposal of fixed assets			(58)
			<b>Financing and Investment Income &amp; Expenditure</b>			
		16	Interest payable and similar charges			16
		(142)	Interest and investment income			(384)
		147	Pensions interest cost and expected return on assets			(82)
			<b>Grant Income</b>			
		(4,822)	National Park Grant			(4,382)
		(489)	Capital contributions			0
		<b>(415)</b>	<b>(Surplus)/Deficit on Provision of Services</b>			<b>(1,166)</b>
		(1,258)	(Surplus)/deficit on the revaluation of long-term assets			(319)
		(8,101)	Actuarial losses/(gains) on pension assets/liabilities			1,385
		17	Impairment (gains) / losses on non-current assets			17
		<b>(9,342)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>1,083</b>
		<b>(9,757)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(83)</b>

## Balance Sheet as at 31 March 2024

31 March 2023 £000		Notes	31 March 2024 £000
5,957	Property, Plant & Equipment	5	6,776
4,358	Heritage Assets	5	4,434
585	Assets Held for Sale		0
0	Intangible Assets		0
34	Long Term Debtors	10	17
1,437	Pension Fund Asset	25	0
<b>12,371</b>	<b>Non-Current Assets</b>		<b>11,227</b>
101	Inventories	8	85
2,140	Short Term Debtors	9	1,879
5,776	Cash and Cash Equivalents	9	7,425
<b>8,017</b>	<b>Current Assets</b>		<b>9,389</b>
(2,115)	Short Term Creditors	12	(2,258)
0	Short Term Provisions		0
<b>(2,115)</b>	<b>Current Liabilities</b>		<b>(2,258)</b>
(177)	Finance Lease	22	(177)
0	Provisions	11	0
(139)	Pension Liability	25	(142)
<b>(316)</b>	<b>Non-Current Liabilities</b>		<b>(319)</b>
<b>17,957</b>	<b>Net Assets</b>		<b>18,039</b>
818	General Fund Reserve	15	683
5,120	Earmarked Reserves	15	6,484
<b>5,938</b>	<b>Total Usable Reserves</b>		<b>7,167</b>
6,082	Revaluation Reserve	12	6,367
4,669	Capital Adjustment Account	14	4,677
0	Financial Instruments Adjustment Account	5	0
1,298	Pension Reserve	14	(142)
(30)	Accumulated Absences Account	15	(30)
<b>12,019</b>	<b>Total Unusable Reserves</b>		<b>10,872</b>
<b>17,957</b>	<b>Total Reserves</b>		<b>18,039</b>

## Cash Flow Statement for Year Ended 31 March 2024

2022/23 £000		Notes	2023/24 £000
	<b>Operating Activities</b>		
415	Net surplus on the Provision of Services		1,165
	<b>Adjustment to net surplus on the Provision of Services for non-cash movements</b>		
267	Depreciation	5	268
37	Impairment and revaluations	5	0
1,104	Movement in creditors	12	144
(700)	Movement in debtors	9	261
(9)	Movement in inventories	8	16
0	Movement in provisions		0
1,067	Pension liability	25	55
0	Carrying value of non-current assets written out on disposal	5	585
0	Other Non-Cash Items Charged to the Provision of Services		0
<b>1,766</b>			<b>1,329</b>
	<b>Adjustment for items included in the net surplus or deficit on the Provision of Services that are Investing and Financing Activities</b>		
<b>(491)</b>			<b>(625)</b>
<b>1,690</b>	<b>Net cash flows from Operating Activities</b>		<b>1,869</b>
	<b>Investing Activities</b>		
(793)	Purchase of property, plant and equipment	5	(843)
508	Other receipts for Investing Activities		642
<b>(285)</b>	<b>Net cash flows from Investing Activities</b>		<b>(201)</b>
<b>(17)</b>	<b>Financing Activities</b>		<b>(17)</b>
<b>1,388</b>	<b>Net increase in cash and cash equivalents</b>		<b>1,651</b>
4,388	Cash and cash equivalents at the beginning of the period	11	5,775
<b>5,776</b>	<b>Cash and cash equivalents at the end of the period</b>		<b>7,426</b>

# Notes to the Core Financial Statements

## **1. Statement of Accounting Policies**

### **1. General**

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the year-end of 31<sup>st</sup> March 2024. These Accounts have been prepared in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2023/24" (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 year-end. 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 1<sup>st</sup> 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.

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 1<sup>st</sup> April 2007. This reserve has been used solely to account for changes in asset values (either upwards or downwards) following revaluation after 1<sup>st</sup> 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 His 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 2023/24 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**

Estimation of the net liability 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 was based on the 2023 actuarial valuation. It includes a share of the overall Pension Fund investment assets. The assumptions made to calculate the net liability 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 result for the Authority as at 31 March 2024. However, further calculations carried out by the Pension Fund's actuary indicated that it is unclear that the surplus can be recognised under IAS 19 (paragraph 8 & 64) in this case. The Authority has therefore adopted a prudent approach to limit the asset (asset ceiling) and restrict the surplus recognition to nil.

## **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 2023/24 was published on 20 June 2024 by the Chief Financial Officer and has been resigned to confirm the accounts on 21<sup>st</sup> January 2025. The Statement of Accounts is then subject to the External Audit process, before being considered and approved by the Finance, Risk and Audit Standards Committee Members.

## **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

	Outturn Figures	Capital Charges	Cap Ex Funded from Rev	Pension Adjust with IAS19	Interest Received	Moors Centre	Net Exp in Final Acc
<b>2023/24</b>							
Conservation of the Natural Environment	550	11	0	20	0	0	<b>581</b>
Conservation of Cultural Heritage	252	4	0	6	0	0	<b>262</b>
Recreation Management and Transport	573	104	-205	30	0	0	<b>502</b>
Promoting Understanding	1,101	101	-61	10	0	-16	<b>1,135</b>
Rangers, Estate and Volunteers	943	37	-12	15	0	0	<b>983</b>
Development Control	616	7	0	17	0	0	<b>640</b>
Forward Planning and Communities	174	2	0	3	0	0	<b>179</b>
S106 Compensation and Mitigation	-834	0	0	30	0	0	<b>-804</b>
Corporate and Democratic Core	-197	1	76	0	384	0	<b>264</b>
Farming in Protected Landscapes	-25	0	0	5	0	0	<b>-20</b>
<b>Net Cost of Services</b>	<b>3,153</b>	<b>267</b>	<b>-202</b>	<b>136</b>	<b>384</b>	<b>-16</b>	<b>3,722</b>
Loss on Disposal							-58
Interest Payable							16
Interest Received							-384
Net Pensions Interest Cost							-82
National Park Grant							-4,382
Capital contributions							0
Deficit on provision of services							<b>-1,168</b>
Surplus on revaluation of fixed assets							-319
Actuarial gain/loss on pension assets/liabilities							1,385
Impairment (gains) / losses on non-current assets							17
<b>Total comprehensive income and expenditure</b>							<b>-85</b>

## **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

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
<b>Net Cost of Services</b>	<b>3,831</b>	<b>303</b>	<b>(286)</b>	<b>919</b>	<b>142</b>	<b>(16)</b>	<b>4,893</b>
(Gain)/Loss on Disposal							(18)
Interest Payable							16
Interest Received							(142)
Net Pensions Interest Cost							147
National Park Grant							(4,822)
Capital Contributions							(489)
<b>Deficit on Provision of Services</b>							<b>(415)</b>
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
<b>Total Comprehensive Income &amp; Expenditure</b>							<b>(9,757)</b>

### 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:

	2023/24	2022/23
	£000	£000
Fees, Charges & Service Income	(2,594)	(2,243)
Government Grants	(2,092)	(2,272)
Section 106 Compensation & Mitigation Income	<u>(3,134)</u>	<u>(2,360)</u>
<b>Total Income</b>	<b><u>(7,820)</u></b>	<b><u>(6,875)</u></b>
Employee Expenses	5,213	4,682
Other Service Expenses	<u>6,597</u>	<u>6,401</u>
<b>Total Expenditure</b>	<b><u>11,810</u></b>	<b><u>11,083</u></b>
<b>Net Expenditure</b>	<b><u><u>3,990</u></u></b>	<b><u><u>4,208</u></u></b>

### 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

	General Fund Reserve £000	2023/24 Capital Receipts Reserve £000	Movement in Unusable Res £000
<b>Adjustments involving the capital adjustment account</b>			
Reversal of items debited or credited to the statement of comprehensive income			
- Charges for depreciation, amortisation and impairment of non-current assets	267		-267
- Carrying value of non-current assets written out on disposal	585		-585
- Transfer of Sale Proceeds Credited as part of the Gain/Loss on Disposal to the CI&E	-643		643
- Capital contributions	-353		353
Insertion of items not debited or credited to the statement of comprehensive income			
- Capital expenditure charged against General Fund	-595		595
- Statutory Provision for the financing of Capital Investment	0		0
- Revenue Expenditure funded by Capital Under Statute	747		-747
<b>Adjustments involving the capital receipts reserve</b>			
Transfer of sales proceeds credited as part of the gain/loss on disposal		642	-642
Use of capital receipts		-642	642
<b>Adjustments involving the pensions reserve</b>			
Reversal of items relating to retirement benefits (Note 25)	689		-689
Employer's pension contribution payable in year (Note 25)	-634		634
<b>Adjustments involving the accumulating compensated absences adjustment account</b>			
Amount by which officer remuneration charged to the statement of comprehensive income	0		0
<b>Total adjustments</b>	<b>63</b>	<b>0</b>	<b>-63</b>

## Usable Reserves

	<u>2022/23</u>		
	General Fund Reserve £000	Capital Receipts Reserve £000	Movement in Unusable Reserves £000
<b>Adjustments involving the capital adjustment account</b>			
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)
<b>Adjustments involving the capital receipts reserve</b>			
Transfer of sales proceeds credited as part of the gain/loss on disposal		18	(18)
Use of capital receipts		(18)	18
<b>Adjustments involving the pensions reserve</b>			
Reversal of items relating to retirement benefits (Note 25)	1,651		(1,651)
Employer's pension contribution payable in year (Note 25)	(584)		584
<b>Adjustments involving the accumulating compensated absences adjustment account</b>			
Amount by which officer remuneration charged to the statement of comprehensive income	0		0
<b>Total adjustments</b>	<b>577</b>	<b>0</b>	<b>(577)</b>

## 5. Property, Plant and Equipment and Heritage Assets

### a) Movements in Property, Plant and Equipment

	Land & Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000
<b>Movements in 2023/24</b>			
<b>Historical or Revalued gross Cost</b>	<b>6,010</b>	<b>1,779</b>	<b>7,789</b>
Additions in Year	710	133	843
Cost of Disposals in Year	(585)	(141)	(726)
Gross Asset Disposal	0	0	0
Revaluations			
- Recognised in the Revaluation Reserve	127	0	127
- Recognised in Provision of Services	0	0	0
<b>Gross Value as at 31st March</b>	<b>6,262</b>	<b>1,771</b>	<b>8,033</b>
Depreciation B/fwd	(107)	(1,140)	(1,247)
Depreciation	(109)	(158)	(267)
Accumulated Depreciation of Disposals in Year gross Asset Disposal	0	141	141
Revaluations			
- Revaluations in the Revaluation Reserve	116	0	116
- Revaluations in Provision of Service	0	0	0
Transfers out			
- Transfer out to Assets Held for Sale	0	0	0
<b>Net Value as at 31 March</b>	<b>6,162</b>	<b>614</b>	<b>6,776</b>
<b>Movements in 2022/23</b>			
<b>Historical or Revalued gross Cost</b>	<b>4,642</b>	<b>1,827</b>	<b>6,469</b>
Additions in Year	589	204	792
Gross Asset Disposal	0	0	0
Cost of Disposals in Year	0	(251)	(251)
Revaluations			
- Recognised in the Revaluation Reserve	816	0	816
- Recognised in Provision of Services	(37)	0	(37)
<b>Gross Value as at 31st March</b>	<b>6,010</b>	<b>1,780</b>	<b>7,789</b>
Depreciation B/fwd	(82)	(1,230)	(1,312)
Gross Asset Disposal	(585)	0	(585)
Accumulated Depreciation of Disposals in Year	0	251	251
Depreciation for 2021/22	(107)	(161)	(268)
Revaluations	82	0	82
<b>Net Value as at 31 March</b>	<b>5,318</b>	<b>640</b>	<b>5,957</b>

## b) Gross Value of Land and Buildings

	2023/24	2022/23	2021/22	2020/21	2019/20
	£000	£000	£000	£000	£000
Gross Value of Land and Buildings					
<b>Value as at 31st March</b>	<b>6,262</b>	<b>6,010</b>	<b>4,642</b>	<b>5,047</b>	<b>4,429</b>

## 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:

	2023/24	2022/23	2021/22	2020/21	2019/20
	£000	£000	£000	£000	£000
<b>As at 1st April</b>	<b>4,358</b>	<b>3,998</b>	<b>2,554</b>	<b>2,771</b>	<b>2,781</b>
Revaluation	76	360	1,444	(217)	(10)
<b>As at 31st March</b>	<b>4,434</b>	<b>4,358</b>	<b>3,998</b>	<b>2,554</b>	<b>2,771</b>

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 2024, and will be undertaken each year prior to the next full revaluation. In 23/24 this desktop valuation included The Levisham Estate.

#### d) Current Assets Held for Sale

	2023/24	2022/23	2021/22	2020/21	2019/20
	£000	£000	£000	£000	£000
<b>As at 1st April</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfer to Assets Held for Sale	0	585	0	0	0
<b>As at 31st March</b>	<b>0</b>	<b>585</b>	<b>0</b>	<b>0</b>	<b>0</b>

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) Old Vicarage, Sutton Bank Visitor Centre, Danby Lodge & Spout House – 40 years.
- 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 with the next full valuation of assets expected for 2024/25. 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. 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 £1,590k, (£1,159k in 2022/23) was financed as follows:

	31 March 2024	31 March 2023
	£000	£000
Revenue	595	458
Capital Contributions	353	194
Capital Receipts	642	18
Capital Grant	0	489
	<b>1,590</b>	<b>1,159</b>

## h) Capital Schemes

The key capital schemes in 2023/24 were the purchase of a piece of land in Helmsley, projects on the river Rye and Esk and the Peatland project.

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£000</b>	<b>£000</b>
Land & Buildings	710	589
Vehicles, Plant & Equipment	112	182
IT & Other Equipment	21	21
REFCUS	747	367
	<b>1,590</b>	<b>1,159</b>

## 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:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
<b>Opening Capital Financing Requirement</b>	<b>178</b>	<b>179</b>
<b>Capital Investment</b>		
Property, Plant & Equipment	1,590	1,159
<b>Sources of Finance</b>		
Capital Receipts	(642)	(18)
Capital Contributions	(353)	(194)
Capital Grants	0	(489)
<b>Sums Set Aside from Revenue</b>		
Direct Revenue Contributions	(595)	(458)
Minimum Revenue Provision Finance Lease	0	0
<b>Closing Capital Financing Requirement</b>	<b>178</b>	<b>179</b>

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 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 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:

- 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

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£000</b>	<b>£000</b>
Debtors	1,610	2,026
Creditors	996	714
Bank current accounts	(526)	(629)
Short-term deposit with NYCC		
Treasury	7,950	6,403
	<b>10,030</b>	<b>8,514</b>

### Long Term Debtors (see Note 10)

Loan	17	34
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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 NYC, 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 NYC 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 NYC. 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 31<sup>st</sup> March 2024, which are included within the £1,879k 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.

	<b>31 March</b>	<b>31 March</b>
	<b>2024</b>	<b>2023</b>
	£000	£000
Less than 3 Months	786	195
3 to 6 Months	4	8
6 to 12 Months	0	14
More than 12 Months	14	23
	<b>804</b>	<b>240</b>

### 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:	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000	£000	£000
	<b>Stock for Resale</b>		<b>Footpath Maintenance Stock</b>		<b>Total</b>	
<b>Balance at 1 April 2023</b>	64	63	37	29	101	92
Purchases	135	122	72	34	207	156
Inventory Utilised Within Year	(132)	(121)	(91)	(26)	(223)	(147)
<b>Balance at 31 March 2024</b>	<b>67</b>	<b>64</b>	<b>18</b>	<b>37</b>	<b>85</b>	<b>101</b>

## 9. Short Term Debtors

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

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£000</b>	<b>£000</b>
Central Government bodies	870	1,807
Other Local Authorities	136	64
Other entities and individuals	807	215
Payments in Advance	66	54
	<b>1,879</b>	<b>2,140</b>

### Provision for Doubtful Debt

A £6.75k provision has been made for doubtful debts in 2023/24.

## 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 £34k as at 31 March 2023 and a repayment was made in 2023/24 of £17k, thus the balance of this loan is £17k as at 31 March 2024

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 Council (See Note 7b).

## 12. Short-term Creditors

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

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£000</b>	<b>£000</b>
Central government bodies	94	81
Other local authorities	23	60
Other entities and individuals	976	655
Accumulated Absences	30	30
Income in Advance	1,135	1,289
	<b>2,258</b>	<b>2,115</b>

### 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 1<sup>st</sup> April 2007, the date that the reserve was created.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>6,082</b>	<b>4,855</b>
Upward revaluation of assets	319	1,258
Difference between fair value depreciation and historical cost depreciation	(34)	(30)
<b>Balance at 31 March</b>	<b>6,367</b>	<b>6,082</b>

## 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).

	2023/24 £000	2022/23 £000
<b>Balance at 1 April</b>	<b>4,670</b>	<b>4,165</b>
Reversal of items relating to capital expenditure debited or credited to I&E		
- Charges for depreciation and impairment of non-current assets	(268)	(266)
- Revaluation losses on Plant, Property and Equipment	0	(36)
- Amounts of non-current assets written off on disposal to Statement of Comprehensive Income	(585)	0
- Write down long term debtor	(16)	(16)
- Revenue Expenditure Funded by Capital under Statute	(747)	(367)
	<b>(1,616)</b>	<b>(685)</b>
Adjusting amount written out of the Revaluation Reserve	34	30
Net written out amount of the cost of non-current assets consumed in year	<b>34</b>	<b>30</b>
Capital financing applied in year:		
- Use of capital receipts	642	18
- Capital Grants & contributions credited to the SCI	0	489
- Capital expenditure charged against the general fund	201	285
- Capital financing utilised as Revenue Expenditure Funded by Capital under Statute	747	367
	<b>1,590</b>	<b>1,159</b>
<b>Balance at 31 March</b>	<b>4,678</b>	<b>4,669</b>

## 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. The Pension Fund actuary

report as at 31 March 2023 indicates a pension asset of £4.302m before the application of surplus restriction calculations. However, with a defined benefit scheme the number recognised in the accounts should be the lower of the above surplus and the asset ceiling calculation. The latter indicates that the surplus should not be recognised, and therefore a figure of nil is accounted for at the end of the year for the funded element of the scheme. The unfunded element of the scheme has a liability of £142k.

The Authority participates in the North Yorkshire Pension Fund.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Balance as at 1 April	1,298	(5,737)
Remeasurement of Net Defined Benefit Liability	(1,385)	8,101
Reversal of Items Relating to Retirement Benefits	(689)	(1,650)
Employers Pension Contributions and Direct Payments	634	584
Balance as at 31 March	<u>(142)</u>	<u>1,298</u>

## 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 2023/24.

2023/24	Opening Balance at 31 March 2023 £000	Transfer to Reserves £000	Transfer from Reserves £000	Net Movement £000	Closing Balance at 31 March 2024 £000
Emergency Reserve	435	0	0	0	435
This Exploited Land of Iron Reserve	112	0	0	0	112
Capital & Maintenance Reserve	301	174	-60	114	415
Property Reserve	508	635	-669	-34	474
Woodsmith Section 106 Reserve	2,935	390	-214	176	3,111
Boulby S106 Reserve	0	659	0	659	659
Ryevitalise Reserve	402	167	-15	152	554
Blue Corridor Reserve	42	0	-42	-42	0
Core Signage Reserve	100	0	0	0	100
Future Match Funding Reserve	200	0	0	0	200
Budgets Carried forward from 21/22 to 23/24	0	37	-37	0	0
Project Reserves	85	596	-256	340	425
<b>Total Earmarked Reserves</b>	<b>5,120</b>	<b>2,658</b>	<b>-1,293</b>	<b>1,365</b>	<b>6,485</b>
General Fund	818	392	-527	-135	683
<b>Total Useable Reserves</b>	<b>5,938</b>	<b>3,050</b>	<b>-1,820</b>	<b>1,230</b>	<b>7,168</b>

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**

	<b>Opening Balance at 31 March 2022</b>	<b>Transfers in to Reserves</b>	<b>Transfers out of Reserves</b>	<b>Net Movement of Reserves</b>	<b>Closing Balance at 31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Emergency 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)	548	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
<b>Total Earmarked Reserves</b>	<b>4,596</b>	<b>999</b>	<b>(475)</b>	<b>524</b>	<b>5,120</b>
General Fund	350	715	(247)	468	818
<b>Total Usable Reserves</b>	<b>4,946</b>	<b>1,714</b>	<b>(722)</b>	<b>992</b>	<b>5,938</b>

## 17. Agency Services

The Authority has contracts with the following Local Authorities to provide services. Note that following local government reorganisation, Scarborough Borough Council is now part of North Yorkshire Council from 1<sup>st</sup> April 2023. The charges for 2022/23 and 2023/24 are as follows:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
North Yorkshire Council	293	0
North Yorkshire County Council	0	148
Scarborough Borough Council	0	102
	<b>293</b>	<b>250</b>

## 18. Members Allowances

The total Member's Allowances paid in 2023/24 were £69k compared to £65k in 2022/23. This is split £65k allowances and £4k expenses with special responsibility allowances being classed as expenses.

## 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 £5k starting with £50k. 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.

<b>Band</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
£50,000 - £54,999	0	0
£55,000 - £59,999	1	1
£60,000 - £64,999	1	2
£65,000 - £69,999	0	1
£70,000 - £74,999	1	0
Over £74,999	3	1
	<b>6</b>	<b>5</b>

The regulations also require that certain senior employees whose salary is £50k 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.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
<b>Chief Executive</b>		
Total Remuneration excluding Pension Contribution	102,780	92,346
Employers Pension Contribution	16,034	14,221
<b>Total Remuneration including Pension Contribution</b>	<b>118,814</b>	<b>106,567</b>
<b>Director of Planning</b>		
Total Remuneration excluding Pension Contribution	68,665	66,100
Employers Pension Contribution	10,712	10,179
<b>Total Remuneration including Pension Contribution</b>	<b>79,377</b>	<b>76,279</b>
<b>Director of Recreation &amp; Wellbeing</b>		
Total Remuneration excluding Pension Contribution	53,710	61,750
Employers Pension Contribution	8,236	9,509
<b>Total Remuneration including Pension Contribution</b>	<b>61,946</b>	<b>71,259</b>
<b>Director of Conservation</b>		
Total Remuneration excluding Pension Contribution	66,405	62,837
Employers Pension Contribution	10,359	9,677
<b>Total Remuneration including Pension Contribution</b>	<b>76,764</b>	<b>72,514</b>
<b>Director of Corporate Services</b>		
Total Remuneration excluding Pension Contribution	64,145	55,622
Employers Pension Contribution	10,007	8,566
<b>Total Remuneration including Pension Contribution</b>	<b>74,152</b>	<b>64,188</b>
<b>Senior Minerals Planner</b>		
Total Remuneration excluding Pension Contribution	50,195	0
Employers Pension Contribution	7,830	0
<b>Total Remuneration including Pension Contribution</b>	<b>58,025</b>	<b>0</b>

## 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	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
							£000	£000
£0 - £39,999	0	0	2	2	2	2	7	45
	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>7</b>	<b>45</b>

## 21. External Audit cost

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

	2023/24	2022/23
	£000	£000
Fees Payable for External Audit Services	42	20
	<b>42</b>	<b>20</b>

## 22. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2023/24:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
<b>Credited to Grant income</b>		
National Park Grant (NPG)	(4,382)	(4,822)
<b>Credited to services</b>		
Natural England	580	348
English Heritage	0	0
Forestry Commission	5	0
Environment Agency	83	128
North Yorkshire County Council	76	75
Redcar and Cleveland Borough Council	0	0
MHCLG (formerly DCLG)	0	6
European Grants	238	127
HMRC	0	0
Rural Payment Agency	16	10
Other Local Authorities	15	0
DEFRA Grants	1,079	1,089
Salix	0	489
<b>Total Government Revenue Grants (excluding NPG)</b>	<b>2,092</b>	<b>2,272</b>
Lottery Funding	270	443
Other Grants	339	211
<b>Total Revenue Grants (excluding NPG)</b>	<b>2,701</b>	<b>2,926</b>

## 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, made up of as follows :-

North Yorkshire County Council - 9 seats  
Redcar & Cleveland - 2 seats

Defra appointments Secretary of State appointments – 5 seats  
 Secretary of State Parish appointments – 4 seats

It should be noted that the Chief Financial Officer (Section 151 Officer) of the Authority is also a Head of Finance for North Yorkshire Council. The Authority's Monitoring Officer is also an employee at North Yorkshire Council. As part of local Government reorganisation, from 1st April 2023 the North Yorkshire County, Borough and District Councils became 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.

### Related Parties

	Income	Expenditure	Net	No of Trans
	£	£	£	
North York Moors Historical Railway Trust	(74,448)	275	-74,173	62
North York Moors National Park Trust	(73,389)	0	-73,389	9
North Yorkshire Council	(67,598)	568,646	501,048	289
Redcar and Cleveland Borough Council	0	8,476	8,476	1
Scarborough & Ryedale Mountain Rescue Team	0	1,600	1,600	1
	<u>(215,435)</u>	<u>578,997</u>	<u>363,562</u>	

## 24. Leases

The Authority has one finance lease for Danby Lodge 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:

<b>Finance Lease – Assets</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Other Land and Buildings	537	512
	<b>537</b>	<b>512</b>

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.

<b>Finance Lease - Liabilities</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Non-Current	177	177
Finance Costs Payable in Future Years	601	617
	<b>778</b>	<b>794</b>

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

<b>Finance Lease - Interest Payments</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Not Later than 1 Years	16	16
Later than 1 Year and Not Later than 5 Years	63	63
Later than 5 Years	522	538
	<b>601</b>	<b>617</b>

<b>Finance Lease - Principal Repayments</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Not Later than 1 Years	0	0
Later than 1 Year and Not Later than 5 Years	1	1
Later than 5 Years	176	176
	<b>177</b>	<b>177</b>

### Operating Lease

As at the 31<sup>st</sup> March 2024, the Authority was not committed to making any payments under operating leases in 2023/24.

## **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 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 31<sup>st</sup> March 2024, the Authority has paid all pension contributions due in the 2023/24 financial year, to the North Yorkshire Pension Fund.

## Comprehensive Income and Expenditure Statement

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
	<b>Net Cost of Service</b>	
(1,483)	Current service cost	(747)
(35)	Past service cost inc. Curtailments	0
(21)	Administrative expenses	(24)
	<b>Financing and Investment Income</b>	
(147)	Net interest expense	82
<b>(1,686)</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Service</b>	<b>(689)</b>
	<b>Remeasurement of the net defined benefit liability</b>	
1,450	Actuarial gains and (losses)	(142)
<b>(236)</b>	<b>Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(831)</b>
	<b>Movement in Reserves Statement</b>	
(1,651)	Reversal of net charges made to the surplus or deficit for the provision of Services for Post-Employment benefits in accordance with the code	(689)
584	Actual amount charged against the General Fund Balance for employer's pension contributions in the year	634
<b>(1,067)</b>		<b>(55)</b>

The cumulative amount of actuarial gains/losses recognised in the Comprehensive Income and Expenditure Statement to 31st March 2024 is a gain of £55k (£1.067m in 2022/23).

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.

<b>Authority's Net Position</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
Estimated share of liabilities in the scheme	(28,035)	(27,792)
Estimated share of assets in the scheme	32,195	29,208
<b>Authority's gross surplus</b>	<b>4,160</b>	<b>1,416</b>
Asset ceiling adjustment	(4,302)	(118)
<b>Authority's net deficit</b>	<b>(142)</b>	<b>1,298</b>
<b>Scheme Assets and Liabilities</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
<b>Pension liabilities at beginning of year</b>	(27,792)	(37,679)
Current service cost	(771)	(1,503)
Interest cost	(1,290)	(1,013)
Contributions by scheme participants	(260)	(227)
Actuarial (loss)/gain	1,114	11,963
Curtailments	0	(35)
Benefits paid	964	702
Past service cost	0	0
<b>Pension liabilities at end of year</b>	<b>(28,035)</b>	<b>(27,792)</b>
<b>Pension assets at beginning of year</b>	<b>29,090</b>	<b>31,943</b>
Movement in assets in year:		
Interest income	1,372	864
Actuarial (loss)/gain	1,803	(3,708)
Employer contributions	634	584
Contributions by scheme participants	260	227
Benefits paid	(964)	(702)
<b>Pension assets at end of year</b>	<b>32,195</b>	<b>29,208</b>
Asset ceiling adjustment	(4,302)	(118)
<b>Adjusted pension assets at end of year</b>	<b>27,893</b>	<b>29,090</b>
<b>Deficit/Surplus</b>	<b>(142)</b>	<b>1,298</b>

The key risks for North Yorkshire Pension Fund are described in the Risk Register for the Fund which can be found on North Yorkshire 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 are available at [www.nypf.org.uk](http://www.nypf.org.uk).

	<b>31 March</b>	<b>31 March</b>
	<b>2024</b>	<b>2023</b>
	<b>Years</b>	<b>Years</b>
Mortality Assumptions:		
Longevity at 65 for current pensioners		
Men	22.1	22.6
Women	24.6	25.0
Longevity at 65 for future pensioners		

Men	22.1	23.5
Women	24.6	26.0

Assets in the Pension Fund are valued at fair value, principally market value for investments, totalling £32.195m at 31<sup>st</sup> March 2024 (£29.2m at 31<sup>st</sup> March 2023), and consists of the following categories.

Investments - Fair Value	Fair Value of Scheme Assets	Fair Value of Scheme Assets
	2023/24 £000	2022/23 £000
Equity instruments	16,774	14,598
Property	2,060	1,779
government bonds	3,541	3,057
Bonds	2,318	2,001
Cash/liquidity	451	389
Other	5,344	4,613
Multi Asset Credit	1,706	1,473
<b>Total assets</b>	<b>32,195</b>	<b>27,910</b>

Note : the table above does not include the asset ceiling adjustment.

The actuarial gain identified as movements on the Pensions Reserve in 2023/24 can be analysed into the following categories, measured as absolute amounts and as a percentage

	2023/24 £000	2022/23 £000	2021/22 £000	2020/21 £000	2019/20 £000
Difference between the expected and actual return on assets	2,499	3,827	41	(5,946)	328
Difference between actuarial assumptions about liabilities and actual experience	344	3,455	117	(315)	1,655
Changes in the financial assumptions used to estimate liabilities	(1,030)	(15,707)	(2,762)	0	8
Changes in the demographic assumptions used to estimate liabilities	(428)	289	(381)	0	(917)
	<b>1,385</b>	<b>(8,136)</b>	<b>(2,985)</b>	<b>(6,261)</b>	<b>1,074</b>

of assets or liabilities at 31<sup>st</sup> March 2024 with comparative data for the previous four financial years:

The total contribution expected to be made to the Local Government Pension Scheme by the Authority in the year to 31<sup>st</sup> March 2024 is £634k.

## **26. Material Contingent Liabilities**

There are currently no material contingent liabilities.

## **27. Post Balance Sheet Events**

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling has since been appealed. In a judgement delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court. The most recent update in July 2024 is that the relevant certificate in respect of the Local Government Pension Scheme 2008 reforms has yet to be located. While it is known there is the potential for additional pension liabilities to be recognised, the financial impact is not known and it is reasonable to form the view that an estimate cannot be made. While the Court of Appeal upheld the High Court Judgement, there are further actions that could be taken regarding the case. In addition, the certificate in respect of the 2008 reforms could be located.

## 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.

### **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 2024 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 previous arrangement of county, district, and borough councils in North Yorkshire. This resulted in a number of changes to the membership of the Authority meaning that NYC councillors form the biggest single group.

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 (Recreation and Wellbeing and Conservation and Climate Change). Membership is drawn from Authority Members to support the work of the National Park Authority Board in determining policy, scrutinising performance and overseeing delivery in these two areas of work. Following a review of our governance arrangements in 2023, co-options have been invited to both Forums to represent the interests of young people.
- There is a quarterly Equality, Diversity and Inclusion Group in which Officers work jointly with representatives of a variety of interest groups and other organisations. An Authority Member chairs this group, and two other members also sit on the group which reports directly back to NPA.
- Standing Orders and the Public Speaking arrangements allow 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 consultations 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.

3.4 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 on standards and governance arrangements.

3.5 In 2023/24, the Authority received 10 complaints (11 in 2022/23). 7 of the 10 were justified or partially justified. In the same period, the Authority also received 87 compliments. Details of all these are reported quarterly to Members. There were no Local Government Ombudsman referrals.

3.6 There were no formal Member complaints in 2023/24.

3.7 The Authority's governance framework seeks to ensure that the principles of good governance are embedded into all aspects of its work. The Staff Code of Conduct was

reviewed following a revision of the Authority's values and the governance review in 2023. No significant changes were deemed necessary.

- 3.8 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 an Annual Monitoring Statement that monitors progress ([Management Plan Annual Monitoring Statement](#)) against a broad range of targets and strategic indicators. Oversight of the Plan is supported by a Partner Delivery Group which meets twice a year.
- 3.9 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.
- 3.10 The Authority adopted a Local Plan in 2020, in accordance with statutory requirements, to assist in guiding planning decisions. An Annual Monitoring Report - published around September- is prepared to check progress against plans and policies.
- 3.11 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.
- 3.12 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 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.
- 3.13 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 corporate risk register is reviewed quarterly by the Authority's Senior Leadership Team (SLT) and by Members via FRASC.
- 3.14 Managing the risk management process is the responsibility of the Director of Corporate Services; the risk register itself is discussed by the SLT 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.

- 3.15 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 SLT 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.
- 3.16 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.
- 3.17 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.
- 3.18 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 through a scorecard of key performance indicators (KPIs). This approach continues to be refined to ensure that KPIs relevant to ongoing business and operational performance are tracked.

#### **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.
- 4.2 These normal review methods and the implementation of 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 2023/24

- Implement all changes and recommendations arising from the Governance Review.
- Complete the recruitment of a new Independent Person.
- Complete the induction and integration into the Authority’s work of the new North Yorkshire Council and Secretary of State Members.

4.4 The recommendations contained within the Governance Review have been implemented, notably changes to the focus and remit of the two Forums and the establishment of the Equality, Diversity and Inclusion group which will help to improve member awareness and understanding of these key issues

4.5 The new Independent Person has been recruited, inducted and is now taking an appropriate part in the Authority’s governance arrangements.

4.6 The induction and integration of new Members has taken place throughout the year and the work has now been completed.

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 2023/24 audits was Substantial Assurance.

**5. Governance actions**

5.1 The following areas have been identified to be addressed in 2024/25.

- Implement all actions recommended by the Head of Internal Audit arising from the 2023/24 audit programme and establish the internal audit regime for 2024/25.
- Introduce the new external auditors (Forvis Mazars) to the Authority and implement any recommendations from their initial audit.

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.

Signed:

.....  
T Hind (Chief Executive)

Date:

.....  
J Bailey (Chair)  
Date:

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

# Independent auditor's report to the members of North York Moors National Park Authority

## Report on the audit of the financial statements

### Opinion on the financial statements

We have audited the financial statements of North York Moors National Park Authority ("the Authority") for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31st March 2024 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of the Chief Financial Officer for the financial statements**

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Chief Financial Officer is also responsible for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. The Chief Financial Officer is responsible for assessing each year whether or not it is appropriate for the Authority to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Authority, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Finance, Risk, Audit and Standards Committee, as to whether the Authority is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Authority which were contrary to applicable laws and regulations, including fraud.

We evaluated the Chief Financial Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to Property, Plant and Equipment valuations, the pension fund asset and the pension liability, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Finance, Risk, Audit and Standards Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Authority. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources**

### **Matter on which we are required to report by exception**

We are required to report to you if, in our view we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

### **Responsibilities of the Authority**

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

### **Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

### **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

## **Use of the audit report**

This report is made solely to the members of North York Moors National Park Authority, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report

and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Certificate**

We certify that we have completed the audit of North York Moors National Park Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Gavin Barker

Key Audit Partner

For and on behalf of Forvis Mazars LLP

The Corner

Bank Chambers

26 Mosley Street

Newcastle Upon Tyne

NE1 1DF

Date: To be inserted when confirmed

Date: 3 February 2025

Gavin Barker  
Audit Director  
Forvis Mazars LLP

Dear Mr Barker

**North York Moors National Park Authority - Audit for Year Ended 31 March 2024**

This representation letter is provided in connection with your audit of the financial statements of North York Moors National Park Authority for the period ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

**My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code and applicable law.

**My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Financial Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Authority and committee meetings, have been made available to you.

### **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority's financial position, financial performance and cash flows.

### **Accounting estimates, including those measured at current and fair value**

I confirm that the methods, significant assumptions and the data used by the Authority in making the accounting estimates, including those measured at current and fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

I confirm:

- that the significant judgments made in making the accounting estimates have taken into account all relevant information of which management is aware;
- the consistency and appropriateness in the selection or application of the methods, assumptions and data used by management in making the accounting estimates;
- that the assumptions appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity, when relevant to the accounting estimates and disclosures;
- that disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework;
- that appropriate specialised skills or expertise has been applied in making the accounting estimates; and
- that no subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements.

## **Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code and applicable law.

## **Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Authority has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## **Fraud and error**

I acknowledge my responsibility as Chief Financial Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

### **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code and applicable law.

I have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which I am aware.

### **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

### **Charges on assets**

All the Authority's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

### **Future commitments**

The Authority has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

### **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

### **Impacts of Russian Forces entering Ukraine**

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Authority, including the impact of mitigation measures and uncertainties, and no disclosures are required in the financial statements.

## **Covid-19**

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and no disclosures are required in the financial statements.

## **Brexit**

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and no disclosures are required in the financial statements.

## **Going concern**

To the best of my knowledge there is nothing to indicate that the Authority will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

## **Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

## **Narrative Report**

The disclosures within the Narrative Report fairly reflect my understanding of the Authority's financial and operating performance over the period covered by the financial statements.

## **Unadjusted misstatements**

We confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix. The details can also be found in the Audit Completion Report.

## **Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)**

I confirm that I have disclosed to you all information that would be considered relevant to your work on value for money arrangements.

Yours faithfully

Pete Williams  
Chief Financial Officer

## Appendix: Schedule of unadjusted misstatements

Details of Adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr £000	Cr £000	Dr £000	Cr £000
Dr Net Pension Assets			89.6	
Cr Remeasurement of net defined pension liability		89.6		
Dr Short-Term Debtors			17	
Cr Long-Term Debtors				17
<b>Aggregate effect of unadjusted misstatements</b>	<b>0</b>	<b>89.6</b>	<b>106.6</b>	<b>17</b>

# North York Moors National Park Authority

## Finance, Risk, Audit and Standards Committee

3 February 2025

### Item 8, Internal Audit progress report for 2024/25

#### 1. Purpose of the report

1.1 To introduce the Internal Audit progress report 2024/25.

#### 2. Background

2.1 The Authority has an annual programme of internal audits with this service being provided by Veritau. The work was undertaken in November/December 2024 with some follow up actions in January 2025. Officers have worked with Veritau staff to develop an action plan arising from the audits finalised so far.

2.2 Members will note that the Head of Internal Audit's overall opinion is that the cyber security and main accounting audits provide Substantial Assurance. The other Audits are nearing completion at the time of writing and a verbal update will be given at the meeting.

#### 3. Financial and staffing implications

3.1 There are no significant additional financial or staff issues related to the contents of this report.

#### 4. Legal and sustainability implications

4.1 There are no legal and sustainability implications to the contents of this report.

#### 5. Recommendation

5.1 That Members note the contents of the Internal Audit progress report and make any comments that they wish to.

Contact Officer:

Ian Nicholls

Director of Corporate Services

01439 772700



# Internal Audit Progress Report 2024/25

Date: 3 February 2025

ANNEX 1

## CONTENTS

- 3** Background
- 3** Internal audit progress
- 3** Other developments
- 5** Appendix A: Internal audit work in 2024/25
- 6** Appendix B: Summary of key issues from finalised audits
- 8** Appendix C: Audit opinions and finding priorities



## BACKGROUND

- 1 Internal audit provides independent and objective assurance and advice about the Authority's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control, and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government, and the CIPFA Statement on the role of the Head of Internal Audit.
- 3 In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Finance, Risk, Audit and Standards Committee, and to identify any emerging issues which need to be brought to the attention of the committee.
- 4 The internal audit work programme was agreed by this committee in August 2024.
- 5 Veritau has adopted a flexible approach to work programme development and delivery. Work to be undertaken during the year is kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council.
- 6 The purpose of this report is to update the committee on internal audit activity up to 17 January 2025.



## INTERNAL AUDIT PROGRESS

- 7 A summary of internal audit work currently underway, as well as work finalised in the year to date, is included in appendix A.
- 8 Since our last report to this committee, two audits have been finalised. These are the audits of the Authority's cyber security arrangements and of the main accounting system. Two other internal audit engagements are in progress, and we expect to finalise these over the coming weeks.



## OTHER DEVELOPMENTS

### Changes to professional standards

- 9 The profession's local government standards setter, CIPFA, is currently consulting on a Public Sector Application Note for the new Global Internal Audit Standards (which were released in January 2024) and an accompanying Code of Practice for the Governance of Internal Audit in Local Government.

- 10 Once both the Global Internal Audit Standards (GIAS) and Application Note come into effect on 1 April 2025, these will replace the PSIAS. There will no longer be a requirement for the PSIAS as these are fully incorporated into the GIAS and the Application Note. Taken together, the GIAS and Application note will be referred to as the Global Internal Audit Standards (UK public sector).
- 11 The primary audience for the Code of Practice, which will also come into effect from 1 April 2025, is those charged with governance of internal audit. It is intended to support public sector organisations in interpreting the essential conditions for governance of internal audit, as set out in the Global Internal Audit Standards, and with how to apply them in a public sector context.
- 12 We are not anticipating that these updates to public sector internal audit standards will require any significant changes to Veritau's working practices or to the governance of the service. Future reports to this committee will explain how Veritau has responded to the new regime and will present an updated internal audit charter.

#### **Changes to ratings of findings**

- 13 For 2024/25, we have updated our rating system for audit findings and actions. Previously, actions were rated on a 1 (highest) – 3 (lowest) scale in terms of risk. These are now rated on a scale of 'critical', 'significant' and 'moderate', along with a colour coding. These ratings reflect the severity of the issue identified and the agreed actions then inherit the rating of the finding to which they are attached.
- 14 We have also introduced a new 'opportunity' rating for findings where the issue does not represent a risk to the organisation, but there is an opportunity to improve processes or outcomes. Previously, these types of issues may have been communicated informally to officers, so this change provides us with a formal way of documenting and reporting them.
- 15 Definitions for the new finding ratings can be found at Appendix C.

## APPENDIX A: INTERNAL AUDIT WORK IN 2024/25

### Audits in progress

Audit	Status
Externally generated income	In progress
Project management	In progress

### Final reports issued

Audit	Reported to Committee	Opinion
Cyber security	February 2025	Substantial Assurance
Main accounting	February 2025	Substantial Assurance

## APPENDIX B: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
Cyber security	Substantial Assurance	<p>We reviewed the controls in place to ensure:</p> <ul style="list-style-type: none"> <li>• There are appropriate ICT security governance and risk management arrangements in place.</li> <li>• There are appropriate cyber security training and awareness programmes for staff.</li> <li>• ICT assets are suitably protected and stored.</li> </ul> <p>Actions raised in the 2022 Cyber security audit were also followed up.</p>	<p>The Authority has suitable ICT governance and risk management arrangements in place. However, although short-term improvement plans are in place, no longer-term ICT strategy has been documented.</p> <p>Most staff (89%) are up to date with cyber security training. Monitoring of training completion takes place, but there is no formal process in place for escalating non-compliance. Phishing simulations are also sent to a sample of staff monthly, with feedback and follow-up training provided.</p> <p>Staff are only required to read and agree to the ICT Acceptable Use and Security policy during induction, but not at any other time, such as after a significant policy change.</p> <p>The Authority's manually maintained asset register was found to be out of</p>	<p>Four moderate priority findings were agreed.</p> <p>An ICT Strategy will be prepared that runs to the same timeframe as the Business and Management plan.</p> <p>The Director of Corporates Services will report on outstanding training for users on a quarterly basis to Senior Leadership Team.</p> <p>Following any significant changes to the Acceptable Use and Security policy, staff agreement will be obtained via the Authority's online training system and a follow up process will be put in place for users who do not</p>

System/area (month issued)	Opinion	Area reviewed	Comments / Issues identified	Management actions agreed
			<p>date, with several disposed-of assets still on it. The Authority could make use of M365 Endpoint Manager to manage its assets, but this requires updating.</p> <p>The actions raised in the 2021/22 audit were followed up and were confirmed to have been completed.</p>	<p>complete the agreement / course.</p> <p>The manually maintained asset register will be retired and Endpoint Manager used as the source of managing assets. The Authority asset tag will be added alongside the ID given by Endpoint Manager.</p> <p>All actions are planned to be completed by 31 March 2025.</p>
Main accounting	Substantial Assurance	<p>We reviewed the controls in place to ensure:</p> <ul style="list-style-type: none"> <li>• System access is appropriate.</li> <li>• Bank reconciliations, journals, virements are processed and authorised correctly.</li> <li>• Suspense accounts are monitored and cleared regularly.</li> </ul>	<p>Access to the main accounting system was found to be appropriate.</p> <p>Bank reconciliations were found to be conducted appropriately and periodically.</p> <p>No issues were noted with the use of journals or virements. Transactions in suspense are resolved and allocated in a timely manner. No findings were raised.</p>	No further actions required.

## APPENDIX C: ASSURANCE AUDIT OPINIONS AND FINDING PRIORITIES

### Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

### Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

# North York Moors National Park Authority

## Finance, Risk, Audit and Standards Committee

3 February 2025

### Item 9, Quarterly Performance Scorecard

#### 1. Purpose of the report

1.1 To present the latest quarterly Performance Scorecard for review.

#### 2. Background

2.1 The Scorecard provides officers and Members with an ongoing assessment of the Authority's performance measured through a series of key performance indicators (KPIs). These KPIs relate to key areas of corporate performance, and indicators which demonstrate progress towards achieving Strategy and Business Plan objectives.

2.2 The latest scorecard is at appendix 1.

#### 3. Main points

3.1 **Officers can offer verbal comments on progress against indicators at this meeting.** The majority of performance indicators are on track or exceeding targets, except:

3.1.1 **Social media reach.** Impressions (content seen) are down in Q3 2024 compared to Q3 2023. As with previous quarters, we are posting fewer organic posts but undertaking more paid social media activity, which is not included in the Scorecard. Christmas could also be a factor as many organisations increase their paid posts at this time, appearing in feeds more compared to organic posts. In addition, the public post more on Meta platforms over the seasonal period, therefore social media is generally a more competitive market overall during Q3. Engagements ('likes' or comments on posts) and video views have, however, increased compared to Q3 2023, with two volunteers now onboard, who capture excellent content, enabling us to post video more often. Video-views are one of the most-sought after engagements on social media channels, with algorithms favouring video views more.

3.1.2 **Section 106 (S106) spend.** The 2024/25 financial year target for S106 spend (Woodsmith S106 Landscape & Ecology) is £1,409,774 for 26 projects. In Q3 2024-25 there are 28 projects underway, however the spend so far is below the annual end of year target. £75k underspend on access projects in Q3 will now be carried forward into 2025/2026 instead. All other currently profiled spend in Q4 is on track to deliver. This includes c. £63k allocated match funding (Birds on the Edge, Raiding the Bank, GrubsUp!) which will not be journalled out of the Section 106 budget until Q4, and also spend on a number of schemes such as boundary restoration and tree planting which mainly occurs in Q4.

**3.1.3 Volunteers.** All volunteer indicators (active volunteers, volunteer hours and volunteer days) are 'underway but behind schedule,' as the Q3 figures show that these are unlikely to meet their target for year-end (Q4). As part of the forthcoming new Volunteering Strategy, a more systematic approach will be adopted to accurately assess the likely volunteering contribution in each year. The current approach of adopting a similar target each year does not properly reflect the ebb and flow of volunteering support across our range of externally funded projects.

#### **4. Financial and staffing implications**

4.1 Work on the scorecard is carried out within existing budgets.

#### **5. Contribution to National Park Management Plan**

5.1 The Performance Framework helps the Authority understand whether it is likely to be on track towards the achievement of its Strategy and Business Plan objectives. Many of these flow directly from the Management Plan.

#### **6. Legal and sustainability implications**

6.1 None.

#### **7. Recommendation**

7.1 That Members note the scorecard.

Contact Officer:

Kate Clark

Performance Management Officer

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## Appendix 1 - Performance Scorecard

### Organisational excellence

#### Social media reach

Performance indicator – increased social media engagements, impressions and video views over the same quarter for the previous year.

<b>2022/23</b>					
-	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23	Total 2022/23
Engagements	192,309	228,468	226,313	182,771	<b>829,861</b>
Impressions	3,992,986	5,101,960	5,835,175	4,136,387	<b>19,066,508</b>
Video views	46,453	60,592	46,907	63,258	<b>217,210</b>
<b>2023/24</b>					
-	Q1 2023/24	Q2 2023/24	Q3 2023/24	Q4 2023/24	Total 2023/24
Engagements	303,507	335,337	462,558	294,885	<b>1,396,287</b>
Impressions	6,345,648	7,272,920	13,342,997	7,435,879	<b>34,397,444</b>
Video views	166,502	266,143	348,436	199,045	<b>980,126</b>
<b>2024/25</b>					
-	Q1 2024/25	Q2 2024/25	Q3 2024/25	Q4 2024/25	Total 2024/25
Engagements	221,336	226,486	516,315	-	-
Impressions	8,207,480	7,264,498	12,302,654	-	-
Video views	413,587	607,032	2,069,220	-	-

<b>% change on previous 4 quarters</b>			
-	<b>Q1</b> (Q1 2024/25 versus Q1 2023/24)	<b>Q2</b> (Q2 2024/25 versus Q2 2023/24)	<b>Q3</b> (Q3 2024/25 versus Q3 2023/24)
Engagements	-27.1%	-32.5%	11.6%
Impressions	29.3%	-0.1%	-7.8%
Video views	148.4%	128.1%	493.9%

#### Note:

Engagements: 'likes' or comments on posts

Impressions: content seen

Social media reach is 'underway but behind schedule' as although Q3 2024/5 engagements and video views have increased compared to Q3 2023/24, impressions have decreased 7%. To be judged 'underway and on target,' all three indicators must be increased compared to the same quarter for the previous year.

**Underway but behind schedule**

## Short term absence

Performance indicator – keep short-term absence equal to or below 2 days per year.

2022/23					
-	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23	Total 2022/23
Days FTE	0.3	0.5	1.0	1.0	2.8
2023/24					
-	Q1 2023/24	Q2 2023/24	Q3 2023/24	Q4 2023/24	Total 2023/24
Days FTE	0.3	0.2	0.5	0.5	1.5
2024/25					
-	Q1 2024/25	Q2 2024/25	Q3 2024/25	Q4 2024/25	Total 2024/25
Days FTE	0.5	0.5	0.5	-	-

## Rolling year total (sum of last four quarters)

-	Q1 2024/25	Q2 2024/25	Q3 2024/25
Days FTE	1.7	2.0	2.0

Short-term absence is ‘underway and on target’ as the rolling year (sum of last four quarters) number of short-term absence days (full-time equivalent) is two days.

**Underway and on target**

## Staff turnover

Performance indicator – maintain staff turnover below 7% annually

2022/23					
-	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23	Total 2022/23
Turnover	1.1%	2.4%	1.1%	2.4%	7.0%
2023/24					
-	Q1 2023/24	Q2 2023/24	Q3 2023/24	Q4 2023/24	Total 2023/24
Turnover	1.5%	1.2%	1.2%	1.6%	5.5%
2024/25					
-	Q1 2024/25	Q2 2024/25	Q3 2024/25	Q4 2024/25	Total 2024/25
Turnover	1.2%	1.5%	1.2%	-	-

## Rolling year total (sum of last 4 quarters)

-	Q1 (2024/25)	Q2 (2024/25)	Q3 (2024/25)
Days FTE	5.2%	5.5%	5.5%

Staff turnover is 'underway and on target' as the sum of the last four quarters (Q4 2023/4 – Q3 2024/25) is below 7%. The percentage turnover is added between quarters as the staff complement is consistent across the last 4 quarters.

**Underway and on target**

**Meet key financial targets**

Corporate and democratic costs. Performance indicator - corporate and democratic costs less than 5% of total spend.

<b>Actual outturn 2023/24</b>	3.7%
<b>Forecast outturn at Q4 2024/25</b>	3.0%

**Underway and on target**

**External income**

Performance indicator - external income target of £2.5m by 2026/27.

<b>Actual outturn at Q4 2023/24</b>	£2,817,000
<b>Actual outturn at Q3 2024/25</b>	£4,760,000

**Underway and on target**

**Non-core grant income**

Performance indicator – non-core grant income to be a minimum of 55% of total income.

<b>Q4 Actual 2023/24</b>	64%
<b>Forecast outturn Q3 2024/25</b>	68%

**Underway and on target**

## Visitor centre footfall

Performance indicator- Increase visitor centre footfall over 2022/23 levels.

<b>2022/23</b>					
Visitor Centre	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23	Total 2022/23
Sutton Bank	42,613	38,251	23,612	25,470	<b>129,946</b>
Danby Lodge	19,717	19,838	5,872	6,372	<b>51,799</b>
Total	62,330	58,089	29,484	31,842	<b>181,745</b>
<b>2023/24</b>					
Visitor Centre	Q1 2023/24	Q2 2023/24	Q3 2023/24	Q4 2023/24	Total 2023/24
Sutton Bank	44,808	40,868	22,854	34,016	<b>142,546</b>
Danby Lodge	16,162	26,710	10,382	8,128	<b>61,382</b>
Total	60,970	67,578	33,236	42,144	<b>203,928</b>
<b>2024/25</b>					
Visitor Centre	Q1 2024/25	Q2 2024/25	Q3 2024/25	Q4 2024/25	Total 2024/25
Sutton Bank	43,005	41,532	27,790	-	-
Danby Lodge	16,030	27,819	11,620	-	-
Total	59,035	69,351	39,410	-	-

<b>Year on year change by quarter</b>			
Visitor Centre	Q1 (Q1 2024/25 versus Q1 2023/24)	Q2 (Q2 2024/25 versus Q2 2023/24)	Q3 (Q3 2024/25 versus Q3 2023/24)
Sutton Bank	<b>-4.0%</b>	<b>1.6%</b>	<b>21.6%</b>
Danby Lodge	<b>-0.8%</b>	<b>4.2%</b>	<b>11.9%</b>
Total	<b>-3.2%</b>	<b>2.6%</b>	<b>18.6%</b>

Visitor centre footfall is 'underway and on target' as Q3 2024/25 visitor numbers are increased overall at both Danby Lodge and Sutton Bank visitor centres compared to Q3 2023/24.

**Underway and on target**

## Timely determination of planning applications.

Performance indicator – 60% of major applications and 70% of non-major applications to be decided within statutory deadlines.

2022/23					
Application type	Q1 2022-23	Q2 2022-23	Q3 2022-23	Q4 2022/23	Average 2022/23
Actual - Majors	33.3%	100.0%	100.0%	100.0%	<b>83.3%</b>
Actual - Non-majors	87.6%	87.5%	90.0%	94.6%	<b>89.9%</b>
2023/24					
Application type	Q1 2023/24	Q2 2023/24	Q3 2023/24	Q4 2023/24	Average 2023/24
Actual - Majors	No applications	100.0%	100.0%	No applications	<b>100.0%</b>
Actual - Non-majors	91.0%	82.9%	85.8%	81.7%	<b>85.4%</b>
2024/25					
Application type	Q1 2024/25	Q2 2024/25	Q3 2024/25	Q4 2024/25	Average 2024/25
Actual - Majors	66.7%	No applications	66.7%	-	-
Actual - Non-majors	71.8%	75.2%	76.4%	-	-

% change on previous year's quarter			
Application type	Q1 2024/25 versus Q1 2023/24	Q2 2024/25 versus Q2 2023/24	Q3 2024/25 versus Q3 2023/24
Actual - majors	66.7%	-100.0% <sup>1</sup>	-33.3%
Actual - non-majors	-21.1%	-9.3% <sup>2</sup>	-11.0%

<sup>1</sup>Because there were no applications in Q2 2024/25 and Q4 2023/24

<sup>2</sup>Corrected from previous report

Timely determination of planning applications is 'underway and on target' as in Q3 2024/25, over 60% of major applications and over 70% of non-major applications were decided within statutory deadlines.

**Underway and on target**

## Planning appeals

Performance indicator - Percentage of planning appeals dismissed to exceed 66%.

<b>2022/23</b>							
-	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23	Total for year	Average 2022/23	4 year rolling average of dismissed
Total	5	2	3	1	11	-	-
Dismissed	3	1	3	1	8	-	-
Allowed	2	1	0	0	3	-	-
Percentage dismissed	60%	50%	100%	100%	-	72.7%	70.0%
<b>2023/24</b>							
-	Q1 2023/24	Q2 2023/24	Q3 2023/24	Q4 2023/24	Total for year	Average 2023/24	4 year rolling average of dismissed
Total	3	2	1	3	9	-	-
Dismissed	1	2	1	2	6	-	-
Allowed	2	0	0	1	3	-	-
Percentage dismissed	33%	100%	100%	67% <sup>1</sup>	-	66.7%	69.0%
<b>2024/25</b>							
-	Q1 2024/25	Q2 2024/25	Q3 2024/25	Q4 2024/25	Total for year	Average 2024/25	4 year rolling average of dismissed
Total	5	3	4	-	-	-	-
Dismissed	3	2	3	-	-	-	-
Allowed	2	1	1	-	-	-	-
Percentage dismissed	60% <sup>2</sup>	67%	75%	-	-	-	-

<sup>1</sup>Corrected, previously this was stated as 50% in error.

<sup>2</sup>Corrected, previous this was stated as 50% in error.

Planning appeals are 'underway and on target' as over 66% were dismissed in Q3 2024/25.

**Underway and on target**

## Health and wellbeing

### Volunteers

Performance indicators: Volunteering hours – 50,000 per annum; days on which volunteering has taken place – 7,500; active volunteers – number that have volunteered in the last quarter to be 500 or more.

2024/25				
-	Q1 2024/25	Q2 2024/25	Q3 2024/25	Q4 2024/25
Active volunteers	480	475	469	-
Total volunteering hours	11,097	14,046	10,360	-
Days on which volunteering has taken place.	1,592	1,945	1,682	-

Average and totals for 2024/25 to Q3				
-	Q1 2024/25	Q2 2024/25	Q3 2024/25	
Active volunteers (average of 2024/25 to Q3)	-	478	475	
Total volunteering hours (sum of 2024/25 to Q3)	-	25,143	35503	
Days on which volunteering has taken place (sum of 2024/25 to Q3)	-	3,537	5219	

Active volunteers are ‘underway but behind schedule’ as the total for Q3 and the average for 2024/25 so far are below 500.

Both total volunteering hours and days on which volunteering has taken place are ‘underway but behind schedule,’ as both are less than 75% of their annual targets.

### Underway but behind schedule

### Health and wellbeing events

Performance indicator - exceed 2022/23 baseline of 489 people at events.

2023/24					
Type of event	Q1 2023/24	Q2 2023/24	Q3 2023/24	Q4 2023/24	Total 2023/24
Led wellbeing walks	21	257	18	14	<b>310</b>
Breath of fresh air walks	255	210	71	17	<b>553</b>
Wellbeing training days	10		0	3	<b>13</b>
Total	286	467	89	34	<b>876</b>
2024/25					
Type of event	Q1 2024/25	Q2 2024/25	Q3 2024/25	Q4 2024/25	Total 2024/25
Led wellbeing walks	103	21	28	-	-
Breath of fresh air walks	336	298	133	-	-
Wellbeing training days	14	15	9	-	-
Total	453	334	170	-	-

Health and wellbeing events are ‘underway and on target’ as by Q3 2024/25 the target of 489 event attendees has already been exceeded.

### Underway and on target

## Resilient, biodiverse landscape

Performance indicator - Section 106 landscape and ecology projects spend on profile – 2023/24: 15 projects spending £1,503,963. 2024/25: 26 projects spending £1,409,774.

<b>2023/24</b>					
-	Q1 2023/24	Q2 2023/24	Q3 2023/24	Q4 2023/24	<b>Total 2023/24</b>
Actual spend	£114,608	£322,210	£154,287	£360,452	£951,557
<b>2024/25</b>					
-	Q1 2024/25	Q2 2024/25	Q3 2024/25	Q4 2024/25	<b>Total 2024/25</b>
Actual spend	£120,903	£144,474	£192,443	-	-

In 2024/25 there are now 28 projects.

Section 106 spend is ‘underway but behind schedule’ as the total spend so far for Q3 is significantly less than the target for the year.

### Underway but behind schedule

## Project delivery

### Project spend

Performance indicator - external funding project spend to be no more than 10% lower than the previous forecast position.

<b>Q2 2024/25 Spend (£k)</b>	4,824
<b>Q3 2024/25 forecast slippage (£k)</b>	228
<b>Q3 2024/25 Percentage Slippage (%)</b>	5%

### Underway and on target

# North York Moors National Park Authority

## Finance, Risk, Audit and Standards Committee

Monday 3 February 2025

### Item 10, Quarter 3 Financial update 2024/25

#### 1. Purpose of the report

1.1 To provide Members with an update on the financial position at the end quarter 3 of 2024/25 with the latest forecast for the full financial year.

#### 2. Background

2.1 This report details the position of income and expenditure to 30 November 2024 compared with the budget and the latest forecast position. Timing of the reports has meant that November actuals are used rather than December. The report highlights any key issues to bring to Members' attention.

2.2 The original budget was set at full Authority in March 2024.

#### 3. Budget changes

3.1 The latest budget now contains the Q2 forecast adjustments in the report to FRASC in November 2024.

3.2 2024/25 Budget summary as of 31 December 2024.

-	Original Budget	Q2 Budget	Latest Budget	Change Q2 v Q3
-	£k	£k	£k	£k
Gross Income	14,202	15,496	15,492	-4
Gross Expenditure	-14,202	-15,482	-15,469	13
<b>Net movement in Reserves</b>	<b>0</b>	<b>14</b>	<b>23</b>	<b>9</b>

## 4. Financial performance overview

4.1 The table below summarises the current position as of 30 November 2024.

-	Q3 Budget	Actual Q3	Variance Q3	Annual budget	Forecast outturn	Full year variance
-	Nov-24	Nov-24	Nov-24	Mar-25	Mar-25	Mar-25
-	£k	£k	£k	£k	£k	£k
<b>Income</b>						
Earned income	1,247	1,440	193	1720	1,729	9
External income	2,064	2,206	142	5,414	5,196	-218
NPG grant income	3,589	3,589	0	4,382	4,382	0
S106 Compensation & mitigation	2,760	2,761	1	3,976	3,976	0
<b>Total Income</b>	<b>9,660</b>	<b>9,996</b>	<b>336</b>	<b>15,492</b>	<b>15,283</b>	<b>-209</b>
<b>Expenditure</b>						
Core expenditure	-4,213	-4,115	98	-6,669	-6,628	41
External expenditure	-1,985	-2,059	-74	-4,824	-4,596	228
S106 Compensation & mitigation	-2,355	-2,200	155	-3,976	-3,976	0
<b>Total expenditure</b>	<b>-8,553</b>	<b>-8,374</b>	<b>179</b>	<b>-15,469</b>	<b>-15,200</b>	<b>269</b>
<b>Total surplus/deficit</b>	<b>1,107</b>	<b>1,622</b>	<b>515</b>	<b>23</b>	<b>83</b>	<b>60</b>

4.2 At the end of November, there is a surplus of £515k. The main driver of this is increased investment interest which will be transferred to reserves at the end of the year and external project income received earlier than anticipated. Expenditure is 2% behind profile overall at the end of Q3.

4.3 The forecast at Q3 indicates a surplus of £83k, an increase of £60k from Q2. There are a number of favourable and adverse variances making up this movement which are detailed in sections 5 and 6 and the appendices.

## 5. Income

5.1 The key earned income streams are detailed below.

Earned income	Q3 Budget	Actual Q3	Variance Q3	Annual budget	Forecast outturn	Full year variance
-	Nov-24	Nov-24	Nov-24	Mar-25	Mar-25	Mar-25
-	£k	£k	£k	£k	£k	£k
Car parking	637	622	-15	784	784	0
Retail & central stock sales	173	158	-15	235	210	-25
Planning fees	197	237	40	270	300	30
Outdoor learning & exhibitions	62	52	-10	60	60	0
Income from assets	64	87	23	126	126	0
Income initiatives	32	54	22	54	58	4
Other	82	230	148	191	191	0
<b>Total</b>	<b>1,247</b>	<b>1,440</b>	<b>193</b>	<b>1,720</b>	<b>1,729</b>	<b>9</b>

5.2 There have been concerns all year relating to car parking and planning income in particular. It now looks like planning income will recover to original budget level but car parking income continues to fall short of expectations.

5.3 Car parking income is currently 2.3% below budget the revised budget levels in the year to date. All car parks are lower than the revised budget at the end of November with the exception of Sutton Bank which has had a strong autumn and Chop Gate which is marginally higher. Whilst weather has had an impact, other areas have been impacted by delays in some initiatives such as revised signage, concessions and motorhome income (in the other line). Danby continues to be on budget which shows excellent year on year recovery. The table below shows the car park performance in the quarter against budget by location. It is however felt with some caution that income could recover over the 4<sup>th</sup> quarter, so no additional adverse forecast is made, but it is closely monitored month on month as a risk.

Car park income variance to budget (+ surplus – shortfall)	November 24	
	£	%
Hutton-Le-Hole	-3,047	-7%
Thornton-le-Dale	-5,460	-5%
Newton under Roseberry	-3,477	-3%
Saltergate	-371	-1%
Chop Gate	155	4%
Goathland	-2,746	-3%
Grosmont	-1,913	-5%
Sutton Bank	2,234	2%
Danby Lodge	-75	0%
Other	-100	-2%
<b>Total</b>	<b>-14,802</b>	<b>-2%</b>

5.4 Planning income is showing some recovery following lower average application values in the early part of the year. The favourable year to date figures however contain two large applications to the value of c£50k which has helped to offset the shortfall from smaller applications. The forecast assumes that there will be no further large applications but with a recovery in smaller applications continuing, the overall budget position should recover to original budget levels. There is therefore a £30k improvement in planning income in the Q3 forecast.

5.5 Retail sales income at Danby Lodge is behind budget at Q3, with this reflected in the budget. Lower cost of sales overall though across both sites has helped to offset this at Q3 overall – so a net nil on the service. The full review of retail operations is underway with actions already being taken to reduce old stock levels and a new retail strategy based on customer surveys to be pulled together in Q4 ahead of the new financial year. The favourable year to date variance relating to income from assets relates to cafes at the visitor centres where the new agreements for this year are higher than anticipated in the budget. There are however likely to be some impacts with the change of tenants in January following the successful food and beverage tender exercise was completed, so caution is taken in the forecast.

5.6 Investment income is capped at £156k as per the budget, with any additional investment interest going into reserves. Current forecasts indicate that the contribution to reserves could be in the region of £250k.

## 6. Earned/Defra grant expenditure

6.1 Overall year to date expenditure is £179k lower than budget, the core element of which is predominantly due to timing on insurance and accounting services payments in the Corporate function.

6.2 There is a £46k forecast reduction to expenditure against earned/Defra grant driven by the following:

- Danby Lodge rent negotiation means that there will be a reduction in the rental costs of £15k.
- Visitor centre cost of sales reduced by £25k.
- Income from external sources is helping to offset core staffing costs, including Biodiversity Net Gain funding at £10k.
- Smaller savings on litter and community transport budgets.
- The vacancy factor position has worsened, so this has been reduced in the forecast by a further £8k.

6.3 The projects that are delivering through the additional £500k of Defra funds are progressing well with all presently on target to deliver in the financial year. Details on progress are included at appendix 3.

## 7. Savings

7.1 As part of the budget process, a number of savings were proposed in 2024/25. Vacancy factor and external funding targets for access and outdoor learning were introduced in 23/24 and are now part of ongoing budget monitoring. The two savings below were new for 2024/25.

Savings category	Budget £k	Forecast £k	Comment
Earned income generation	71	51	The increase in footfall at Danby is being achieved but is not translating to retail. Increased income from concessions and motorhomes has not been delivered as yet. A general increase in footfall from marketing of other car park sites has not been seen but that is difficult to split from other factors impacting visitor numbers.
Funding diversification	40	97	This target related to core budgeted staff being funded from external funding or third parties. This has been exceeded as a result of additional posts receiving funding.
-	<b>111</b>	<b>148</b>	-

## 8. S106 Agreements – Financial update

8.1 The table below shows a breakdown of the current S106 expenditure position against budget including carried forward budget from previous years.

S106 Agreement	Agreement section	Actual Nov 24	23/24 C/F budget	24/25 budget	Total budget	Full year F'cast @ Q3	Full year variance
		£	£	£	£	£	£
Woodsmith	Core Policy D	604	1,095	991	<b>2,086</b>	1,039	<b>-1,047</b>
	L&E	376	540	870	<b>1,410</b>	833	<b>-577</b>
	Tourism	628	401	826	<b>1,227</b>	874	<b>-353</b>
	Archaeology/Geology	54	74	66	<b>140</b>	66	<b>-74</b>
	Employment	59	0	59	<b>59</b>	59	<b>0</b>
	Monitoring	77	109	150	<b>259</b>	137	<b>-122</b>
	Signage	40	490	0	<b>490</b>	40	<b>-449</b>
	<b>Total</b>	<b>1,838</b>	<b>2,709</b>	<b>2,962</b>	<b>5,671</b>	<b>3,048</b>	<b>-2,623</b>
Boulby	L&E	205	411	597	<b>1,008</b>	670	<b>-338</b>
	Tourism	91	94	226	<b>320</b>	150	<b>-170</b>
	Peat	47	143	157	<b>300</b>	280	<b>-20</b>
	Heritage	3	11	20	<b>31</b>	22	<b>-9</b>
	Monitoring	12	0	14	<b>14</b>	18	<b>4</b>
	<b>Total</b>	<b>358</b>	<b>659</b>	<b>1,014</b>	<b>1,673</b>	<b>1,140</b>	<b>-533</b>

8.2 At the end of November, spend profiles are £155k (6.6%) behind target to date. The Woodsmith agreement is £13k ahead of profile driven. The Boulby agreement is £152k behind profile, predominantly on woodland, boundaries and access works. The majority of spend on both programmes is through Q3 and Q4 as they are seasonally dependent, and whilst it is expected that projects will fully delivered by the end of Q4 there are concerns that the cold weather and recent icy conditions could hamper delivery.

8.3 In the Woodsmith forecast, tourism and core policy D are expected to spend more than their in-year allocation, reducing the prior underspends. Landscape and ecology projects are forecast to underspend, in part due to access works focus on delivery of the Defra funded additional works which have to be spent in-year. S106 funded works will roll forward if there is an underspend as anticipated. The signage project is now progressing with £40k expected to be spent in-year, but £460k of spend has been forecast into the next financial year now.

8.4 The forecast on the Boulby agreement is that a large proportion of this will be spent within this financial year with many of the peat and woodland works to take place over the winter months. It is anticipated that there will likely be a further underspend in the peat restoration work planned for this winter as there have been delays to securing land manager and regulatory agreements.

8.5 Overall, spend is expected to exceed the in-year allocation in total, reducing previous carry forwards. There are not deemed to be any payback risks at this time.

## 9. Externally funded projects

9.1 A progress table is included at appendix 4 showing financial progress on projects of more than £50k of expenditure in year. Projects are only added at the point that a budget is established and they begin to spend.

9.2 At the end of quarter 3, there have been forecasts against three projects:

- There has been an extension to the Moor to Restore peatland project, so some spend is now expected to be incurred in 2025/26. However, focus is still to deliver this winter where possible. Overall spend in 24/25 has been reduced by £77k. There is a further risk to 24/25 spend with one proposal in the project undergoing Natural England assessment. The £130k is still included in forecast spend but is considered at higher risk.
- Linking Levisham was expected to push back from the early profile of spend due to timing of commencement and recruitment for the project. £90k has been pushed back into 25/26.
- On the Coast-to-Coast project, there will be a small delay into 25/26 for £60k of works as a result of weather conditions.

9.3 FIPL Q1 update

-	<b>Q3 Budget</b>	<b>Actual Q3</b>	<b>Variance Q3</b>	<b>Annual budget</b>	<b>Forecast outturn</b>	<b>Full year variance</b>
-	<b>Nov-24</b>	<b>Nov-24</b>	<b>Nov-24</b>	<b>Mar-24</b>	<b>Mar-24</b>	<b>Mar-24</b>
-	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Income	700	723	23	1,626	1,626	0
Expenditure	-256	-298	-42	-1,626	-1,626	0
<b>Total</b>	<b>444</b>	<b>425</b>	<b>-19</b>	<b>0</b>	<b>0</b>	<b>0</b>

9.3.1 At Q3, expectations are that all of the funding will be delivered. The current expenditure is ahead of expectations at this stage, and the nature of the grants and works means that most spend will be incurred in the final quarter of the year. The pipeline of projects indicates that the full grant is allocated, and underspends will only occur should projects not be completed within timelines.

## 10. Reserves

10.1 The opening balance reserves at the beginning of 2024/25 were £7.123m and the closing Q3 reserves balance was £6.74m, which is a decrease of £383k. This relates to drawdowns for the play area installation at Danby Lodge £150k, £56k for vehicles, £84k for EV projects and £93k on other smaller projects. A full table can be found in appendix 5.

10.2 A full review and release of reserves against spend will be completed in the outturn position in May.

<b>Reserve summary (£k)</b>	<b>2024/25 opening position</b>	<b>Q1 &amp; Q2 usage</b>	<b>Q1 review</b>	<b>2024/25 Q2 position</b>
Risk	826	0	0	826
S106 and External Funding	4284	0	-112	4172
Capital replacement programmes	414	-56	0	358
Capital property	675	0	254	929
Committee approved projects	924	-327	-142	455
<b>Restricted and committed reserves</b>	<b>7,123</b>	<b>-383</b>	<b>0</b>	<b>6,740</b>

## **11. Waivers and virements**

11.1 There have been 3 waivers to procurement rules in Q3.

- Toilet works on Hutton-Le-Hole - £37k. Only two providers able to supply the full suite of works required at that location. Value for money demonstrated from the two quotations but also comparison to other similar works undertaken at other locations previously.
- Joint campaign activity with Visit York - £70k. Make it York / Visit York is the only Destination Management Organisation undertaking marketing for York so the only supplier able to undertake the work.
- Sutton Bank Signage – the company that carried out Phases 1 and 2 of the project to complete phase 3 of installation to ensure consistency but also enable hitting the tight deadlines associated with the funding for this.

11.2 There have been no virements over £50k to report to FRASC.

## **12. Conclusion**

12.1 At the end of Q3 there is a forecast underspend of £83k which is £60k higher than that reported at Q2. This is driven by improving planning income, external funding of core staff and small cost savings on a range of budgets.

12.2 Externally funded projects are progressing well, but three projects have had some spend rephased to 2025/26 and as always, some delivery in the winter months will be at risk of adverse weather. There has been a reduction in spend quarter on quarter by around 7%.

12.3 FiPL project has allocated all of its funding to projects, so should fully spend. But there is risk every year of projects that don't deliver for the end of March deadline.

12.4 Woodsmith spend is on profile and expected to deliver but there are additional risks to current Boulby forecasts.

**13. Financial and staffing implications**

13.1 As detailed in the report.

**14. Contribution to National Park Management Plan**

14.1 It is a requirement for the Authority to produce quarterly updates on the financial position and an outturn report at the end of the year. The financial position underpins the delivery of the Management Plan.

**15. Legal and sustainability implications**

15.1 There are no legal issues as a result of this report.

**16. Recommendations**

16.1 That Members note the content of the report.

Contact Officer:

Pete Williams

Chief Finance Officer

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## Appendix 1 - 2024/25 Income and Expenditure Summary as at 30th September 2024

-	Nov 24 Budget	Nov 24 Actual	Variance Nov 24	Annual budget	Forecast outturn	Full year variance	Commentary
Income	£k	£k	£k	£k	£k	£k	
Cultural Heritage	142	234	92	149	149	0	Raiding Bank income advance for 25/26
Natural Environment	904	895	-9	2,138	2,048	-90	External Project Linking Levisham
Farming in Protected Landscapes	700	723	23	1,626	1,626	0	
Recreation Management	941	951	10	1,702	1,642	-60	External Project Coast to Coast
Promoting Understanding	320	324	4	543	518	-25	Q3 forecast VC Sales income reduction
Rangers and Volunteers	5	23	18	7	11	4	Q3 recharge for staff time
Development Management	197	237	40	270	300	30	Planning fees, Q3 annual budget increase
Forward Planning	0	0	0	0	0	0	
Corporate and Democratic Core	102	259	157	199	209	10	Investment interest, Q3 BNG income
DEFRA Grant	3589	3589	0	4,882	4,882	0	-
<b>Total Function Income</b>	<b>6,900</b>	<b>7,235</b>	<b>335</b>	<b>11,516</b>	<b>11,385</b>	<b>-131</b>	-
S106 Compensation & Mitigation	2,760	2,761	1	3,976	3,976	0	-
<b>Total Income</b>	<b>9,660</b>	<b>9,996</b>	<b>336</b>	<b>15,492</b>	<b>15,361</b>	<b>-131</b>	-
Expenditure	£k	£k	£k	£k	£k	£k	-
Cultural Heritage	-265	-247	18	-424	-424	0	-
Natural Environment	-1,200	-1,278	-78	-2,696	-2,606	90	External Project Linking Levisham
Farming in Protected Landscapes	-256	-298	-42	-1,626	-1,626	0	-
Recreation Management	-1,042	-1,090	-48	-2,218	-2,152	66	Q3 savings on litter and community transport budgets, Ext Proj Coast to Coast
Promoting Understanding	-1,118	-1,077	41	-1,860	-1,820	40	VC cost of sales and Danby L rent saving
Rangers and Volunteers	-559	-547	12	-1,103	-1,103	0	-
Development Management	-476	-466	10	-925	-925	0	-
Forward Planning	-89	-85	4	-206	-206	0	-

-	Nov 24 Budget	Nov 24 Actual	Variance Nov 24	Annual budget	Forecast outturn	Full year variance	Commentary
Corporate and Democratic Core	-1,193	-1,086	107	-435	-440	-5	Insurance , External Audit and Collaboration, Q3 Vacancy factor, S106 staff recharge offset by supplies & services savings
<b>Total Function Expenditure</b>	<b>-6,198</b>	<b>-6,174</b>	<b>24</b>	<b>-11,493</b>	<b>-11,302</b>	<b>191</b>	-
S106 Compensation & Mitigation	-2,355	-2,200	155	-3,976	-3,976	0	-
<b>Total Expenditure</b>	<b>-8,553</b>	<b>-8,374</b>	<b>179</b>	<b>-15,469</b>	<b>-15,278</b>	<b>191</b>	-
<b>NET SURPLUS/ DEFICIT</b>	<b>1,107</b>	<b>1,622</b>	<b>515</b>	<b>23</b>	<b>83</b>	<b>60</b>	-

## Appendix 2 – Subjective Analysis

-	Q3 Budget	Actual Q3	Variance Q3	Annual budget	Forecast outturn	Full year variance
-	Nov-24	Nov-24	Nov-24	Mar-25	Mar-25	Mar-25
Income type	£k	£k	£k	£k	£k	£k
Other external grants	2,046	2,140	94	4,910	4,682	-218
Retail sales	173	158	-15	235	210	-25
Planning fee income	197	237	40	270	300	30
Car park income	637	622	-15	784	784	0
Other income	146	233	87	228	232	4
Match funding	34	20	-14	34	34	0
Capital receipts	0	15	15	17	17	0
Investment income	78	221	143	156	156	0
Section 106 income	2,760	2,761	1	3,976	3,976	0
Defra grant	3,589	3,589	0	4,882	4,882	0
<b>Total income</b>	<b>9,660</b>	<b>9,996</b>	<b>336</b>	<b>15,492</b>	<b>15,273</b>	<b>-209</b>
Expenditure type	£k	£k	£k	£k	£k	£k
Employees	-3,654	-3,746	-92	-5,591	-5,591	0
Premises	-318	-297	21	-562	-562	0
Transport	-132	-242	-110	-194	-194	0
Supplies and services	-4,101	-3,904	197	-8,592	-8,323	269
Third party payments	-348	-185	163	-530	-530	0
<b>Total expenditure</b>	<b>-8,553</b>	<b>-8,374</b>	<b>179</b>	<b>-15,469</b>	<b>-15,200</b>	<b>269</b>
<b>Surplus/(Deficit)</b>	<b>1,107</b>	<b>1,622</b>	<b>515</b>	<b>23</b>	<b>73</b>	<b>60</b>

### Appendix 3 – Defra additional funds

Proposed Spend £k	Revenue	Capital	Comment
Property project costs	111	-	Helping to fund the architect and planning costs for the project in 2024/25.
IT software	25	-	Purchase of systems for Rights of Way Management and Historic Environments Records Management. Website new platform migration.
Danby Lodge car park	15	-	Relining of the car park and additional 10 spaces
Saltergate car park	4	-	Replacement of the car park wall
Northern Ranger Depot Move	9	-	Costs associated with lease of new depot and associated moves.
Mosaic match funding	5	-	Match funding for the Mosaic project.
Rights of way	31	19	One-year additional funding to meet current obligations during development of the new service specification with Local Highways Authorities.
Tramper Officer	35	-	To extend contract to the end of 2025/26
Specialist HR Support	15	-	To assist with develop the HR service including updating of policies, training and service review.
Sutton Bank Signage	-	45	Completing the Sutton Bank signage refresh.
Solar panels and battery system- SB	-	25	Installation of solar panels and battery system which will generate utility savings.
Levisham fencing replacement	-	75	Replacement of fencing on Levisham estate to allow conservation grazing of Farwath.
Levisham pond work	-	15	Maintenance work to ponds on the Levisham estate.
Hole of Horcum viewing platform	-	31	Installation of an accessible viewing platform at Hole of Horcum, similar to that installed at Cawthorne Camp.
Sutton Bank Heating system	-	30	-
Cawthorne Camp signage	-	10	Improved and new signage and information boards at this site to enhance visitor experience.
<b>Total Grant</b>	<b>250</b>	<b>250</b>	-

## Appendix 4 – Externally Funded Projects update

Externally Funded Project (£k)		Q3 Budget	Q3 Actual	Variance Q3	Annual budget	Forecast outturn	Full year variance	Comment
		Nov-24	Nov-24	Nov-24	Mar-25	Mar-25	Mar-25	
Ryevitalise	Income	-301	-113	<b>188</b>	-484	-484	<b>0</b>	Q2 Grant not yet received
	Expenditure	479	496	<b>17</b>	490	490	<b>0</b>	
	<b>Total</b>	<b>178</b>	<b>383</b>	<b>205</b>	<b>6</b>	<b>6</b>	<b>0</b>	
Active Travel Capacity Fund	Income	-100	-100	<b>0</b>	-100	-100	<b>0</b>	-
	Expenditure	37	51	<b>14</b>	100	100	<b>0</b>	-
	<b>Total</b>	<b>-63</b>	<b>-49</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>	-
Arncliffe Wood LEI	Income	-16	-56	<b>-40</b>	-16	-16	<b>0</b>	Income received in advance for spend in 25/26
	Expenditure	6	1	<b>-5</b>	16	16	<b>0</b>	
	<b>Total</b>	<b>-10</b>	<b>-55</b>	<b>-45</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Cleveland Way	Income	0	-42	<b>-42</b>	-169	-169	<b>0</b>	£15k part exchange income & income carried forward to offset purchase of new vehicle
	Expenditure	97	121	<b>24</b>	203	203	<b>0</b>	
	<b>Total</b>	<b>97</b>	<b>79</b>	<b>-18</b>	<b>34</b>	<b>34</b>	<b>0</b>	
Coast to Coast	Income	0	-5	<b>-5</b>	-291	-231	<b>60</b>	spend & income to carry forward to 25/26
	Expenditure	91	94	<b>3</b>	291	231	<b>-60</b>	
	<b>Total</b>	<b>91</b>	<b>89</b>	<b>-2</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Esk Yorks W (Pearl Mussel)	Income	-55	-73	<b>-18</b>	76	76	<b>0</b>	-
	Expenditure	19	21	<b>2</b>	-76	-76	<b>0</b>	
	<b>Total</b>	<b>-36</b>	<b>-51</b>	<b>-15</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Generation Green Night under the Stars	Income	-29	-17	<b>13</b>	-95	-95	<b>0</b>	-
	Expenditure	48	27	<b>-21</b>	73	73	<b>0</b>	-
	<b>Total</b>	<b>18</b>	<b>10</b>	<b>-8</b>	<b>-22</b>	<b>-22</b>	<b>0</b>	-
Birds on the Edge	Income	-34	-37	<b>-3</b>	-75	-75	<b>0</b>	-
	Expenditure	51	37	<b>-13</b>	75	75	<b>0</b>	
	<b>Total</b>	<b>17</b>	<b>0</b>	<b>-17</b>	<b>0</b>	<b>0</b>	<b>0</b>	
NE Species Rec Esk Restore	Income	-48	-48	<b>0</b>	-48	-48	<b>0</b>	This project will not continue after Q1 and the budget of £445k has been reduced.
	Expenditure	48	59	<b>11</b>	48	48	<b>0</b>	
	<b>Total</b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Externally Funded Project (£k)		Q3 Budget	Q3 Actual	Variance Q3	Annual budget	Forecast outturn	Full year variance	Comment
		Nov-24	Nov-24	Nov-24	Mar-25	Mar-25	Mar-25	
<b>Linking Levisham</b>	Income	-49	0	<b>49</b>	-290	-200	<b>90</b>	Q2 grant not yet received, Q3 forecast spend £90k carried forward to 25/26
	Expenditure	49	61	<b>13</b>	290	200	<b>-90</b>	
	<b>Total</b>	<b>0</b>	<b>61</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Kepwick LEI</b>	Income	-74	-74	<b>0</b>	-74	-74	<b>0</b>	Timing £20k spend now expected in Jan 25
	Expenditure	46	25	<b>-21</b>	74	74	<b>0</b>	
	<b>Total</b>	<b>-28</b>	<b>-49</b>	<b>-21</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Raiding the Bank</b>	Income	-136	-227	<b>-91</b>	-136	-136	<b>0</b>	Income received in advance for spend in 25/26 No current issues.
	Expenditure	132	120	<b>-12</b>	136	136	<b>0</b>	
	<b>Total</b>	<b>-3</b>	<b>-107</b>	<b>-103</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Peatland Restoration Grant</b>	Income	-174	-142	<b>32</b>	-854	-854	<b>0</b>	This project has been extended to end March 26 instead of March 25, therefore some spend/income will be carried forward to 25/26
	Expenditure	186	212	<b>26</b>	854	854	<b>0</b>	
	<b>Total</b>	<b>12</b>	<b>70</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>See Moor (Shared Prosperity Fund)</b>	Income	-62	-64	<b>-2</b>	-192	-192	<b>0</b>	-
	Expenditure	288	267	<b>-22</b>	192	192	<b>0</b>	
	<b>Total</b>	<b>226</b>	<b>203</b>	<b>-23</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## Appendix 5 – Reserves

Reserve Summary (£k)	2024/25 Opening position	Q1 - Q3 Usage	Q1 Review	2024/25 Q3 position
General working balance	535			535
Contingency	291			291
TELI Match funding	112		-112	0
Woodsmith Section 106	3113			3113
Boulby Section 106	659			659
Ryevitalise income	400			400
<b>Restricted and committed reserves</b>	<b>5,110</b>	<b>0</b>	<b>-112</b>	<b>4,998</b>
Capital: Sutton Bank Visitor Centre	37			37
Capital: Vehicle replacements	213	-56		157
Capital: IT replacements	164			164
Capital: Property reserve	675		254	929
Projects: Future match funding pot	200	-32	-142	26
Projects: Ryevitalise match funding	153			153
Projects: Asset income generation	23			23
Projects: Signage	100			100
Projects: IT work at Danby Lodge	15			15
Projects: Improvements to Visitor Centres	150	-150		0
Projects: Car Park signage	90	-5		85
Projects: Cawthorne Camp	35	-18		17
Projects: EV & E Bike Charging Points	52	-52		0
Projects: Transport Review	15			15
23/24 budgets underspend	91	-70		21
<b>Committee approved reserves</b>	<b>2,013</b>	<b>-383</b>	<b>112</b>	<b>1,742</b>
<b>Total reserve balance</b>	<b>7,123</b>	<b>-383</b>	<b>0</b>	<b>6,740</b>

# North York Moors National Park Authority

## Finance, Risk and Audit Standards Committee

Monday 3 February 2025

### Item 11, Budget 2025/26

#### 1. Purpose of the report

1.1 To provide Members with details of the proposed budget 2025/26 for approval.

#### 2. Background

2.1 The budget is set in the context of the Authority's Strategy and Business Plan objectives, which contributes to the delivery of the National Park Management Plan. This budget provides the financial assurance to enable delivery of the milestones in 2025/26.

2.2 The budget proposal focusses delivery on the following three Management Plan outcomes, which Members have previously agreed should be Business Plan priorities, in addition to our planning, corporate and democratic functions:

- A resilient landscape at the forefront of addressing climate change.
- A more biodiverse landscape.
- A place that lifts the nation's health and well-being.

2.3 A Medium-Term Financial Strategy (MTFS) paper was brought to the Authority meeting in December. The paper indicated a deficit budget position in 2025/26 growing each year thereafter. It also highlighted that there were proposed mitigation measures that would help to offset the deficit in 2025/26, more detail of which would be presented in this paper.

2.4 A strategic approach to this future deficit is underway with continuing work on efficiency and savings opportunities but also the move towards an organisation with project delivery at its heart. However, developing long-term strategic plans is increasingly challenging when there are so many uncertainties such as Defra grant and pay awards. It makes planning for financial sustainability increasingly difficult.

2.5 This budget continues to underpin the financial strategy of growing the Authority. Despite flat cash settlements for the last 6 years, and a budget that assumes this to continue, there is a continuing ambition to continue growing the organisation through increased external funding and landscape scale project delivery. Whilst the budget is lower than last year, the driver of this is the end of the Farming in Protected Landscapes scheme which reduced overall budgets by £1.4m. In addition, only secured funding is included in the budget, but there are some other

bids in application stage which may be secured by the time we begin the financial year.

- 2.6 Both Defra grant and pay award are assumed prudently in the budget, but material changes to these cannot be ruled out, and therefore there may be decisions to be taken in-year to revise the budget.

### 3. Budget summary

- 3.1 The table below illustrates that the budget being set is balanced as is required by legislation. The main drivers behind the lower budget is the Farming in Protected Landscapes (FiPL) programme and a reduced level of external funding at this stage of the year. At the time of writing, Defra has indicated that there will be a further one-year extension of FiPL in 2025/26 but has not been able to indicate funding allocations. Until this is confirmed FiPL grant funding is not included at this time.

-	24/25 Original budget	24/25 Latest budget	25/26 Draft Budget
-	£k	£k	£k
<b>Income</b>	14,202	15,492	12,519
<b>Expenditure</b>	14,202	-15,469	-12,519

- 3.2 A breakdown of the elements that make up the budget can be found in the body of the report below and in appendices 1 and 2.

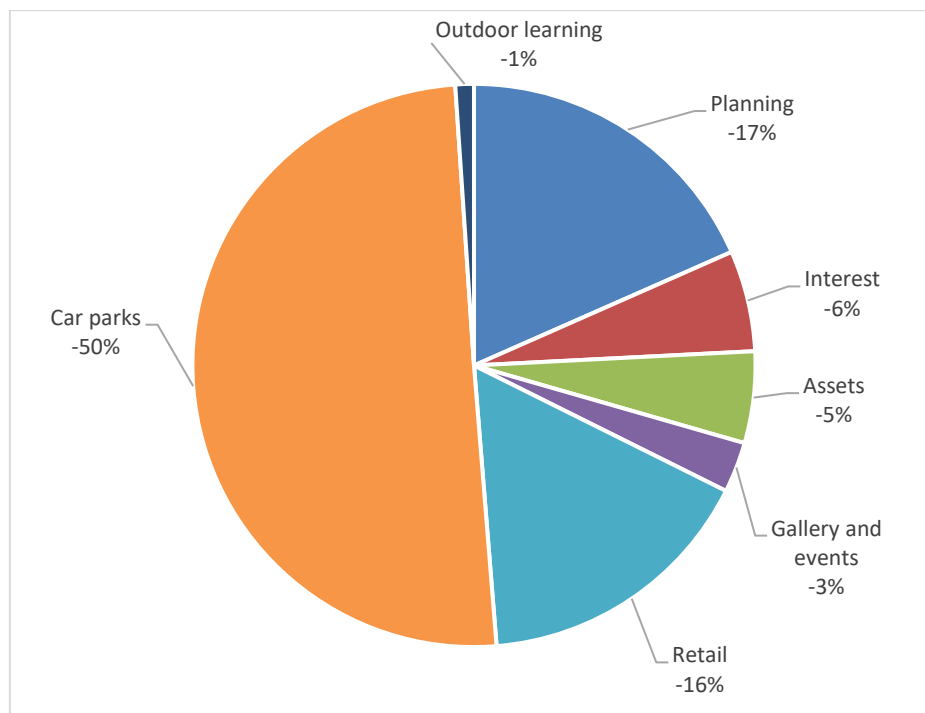
### 4. Income

- 4.1 The table below shows the breakdown of £12.5m income in 2025/26 compared to the original 2024/25 budget of £14.2m. It shows an increase in earned income and S106 funding, but currently a decrease in external funding and absence of FiPL grant funding. The gap in external funding will reduce as in application status bids are secured. In particular, the level of work that has gone into Moor Connected is a key reason why there is less secured external income at this stage.

-	24/25 Budget	Proportion of total income	25/26 budget	Proportion of total income	Year on Year Growth
-	£k	%	£k	%	£k
<b>Earned</b>	1,787	12.60%	1,851	14.8%	64
<b>External</b>	2,666	18.70%	2,099	16.8%	-567
<b>Farming in Protected Landscapes</b>	1,402	9.90%	126	1%	-1,276
<b>S106</b>	3,965	27.80%	4,061	32.4%	96
<b>Defra Core Grant</b>	4,382	31.00%	4,382	35.0%	0
<b>Total Income</b>	<b>14,202</b>	<b>100.00%</b>	<b>12,519</b>	<b>100.00%</b>	<b>-1,683</b>

## **Earned income**

- 4.2 Earned income is defined as all income which is generated from business activities and assets, for example retail, car parking or letting agreements. It also includes investment income. Overall, this has increased from £1.79m to £1.85m, with increases in car parking and planning income partly offset by a reduction in investment income. The breakdown of earned income can be found in appendix 3.
- 4.3 Car parking income is projected to increase from £859k to £907k due to a recommended tariff increase of £0.25p on each tariff level. This equates to 5.1% which is in line with inflation increases since the last time it was raised in April 2023. This increase is in line with the commitment to raise tariffs more frequently than has been done previously. Car park permits have also been reviewed with a recommendation for simplified and clearer categories and a £5 increase in the all-car parks tariff. The administration of permits will become more efficient with the launch of online ordering functionality later this year.
- 4.4 After a poor first quarter in 2024/25, volumes of planning applications has recovered a little. Two larger applications have also helped with income in 24/25. It is still appropriate to not budget for larger applications, which are unpredictable. Therefore, planning volumes are considered to remain the same as budget assumptions for 2024/25. However, it is expected that there will be a doubling of householder fees as well as an inflation linked increase to statutory fees. This will help to bring in a further £40k to the Authority in 2025/26.
- 4.5 There have been challenges in the profitability of our retail activities in recent years with a retail strategy currently underway to address the issues associated with this. Margins, levels of turnover and cost of sales have been addressed in budgets, and an additional £5k margin at each site applied to recognise the outcomes from the new strategy which should increase sales and efficiency.
- 4.6 The above increases are offset by reducing investment income. Whilst rates remain at the 5% level, it is expected that as inflation becomes more controlled and closer to Government target 2%, this will start to reduce. It is also anticipated that there will be a reduction in cash balances. The temporary nature of this income should not be seen as part of building sustainable budgets. Consequently, investment interest in the budget is capped at £120k (assuming 2% on £6m cash) with any amount exceeding that in year proposed to go to property reserves. This is a £36k reduction to revenue budgets compared to 2024/25. The loan to Esk Energy (Yorkshire) Ltd comes to an end in 2024/25 resulting in reduced interest receipts of £16.8k per annum.
- 4.7 All other areas of income remain at similar levels to 2024/25, albeit with inflationary increases applied where appropriate.
- 4.8 The graph below illustrates the sources of earned income and illustrates the importance of car park income to the Authority.



### **S106 income**

- 4.9 The Authority has two substantial S106 agreements (Woodsmith and Boulby mines) for authorised development which provide compensation payments to mitigate the adverse impacts of these developments. The budgeted value of these agreements has increased from £3.966m in 2024/25 to £4.061m in 2025/26. Final amounts are to be agreed depending on February inflation figures.
- 4.10 The S106 delivery is still being finalised, but the budgeted income breakdown within the agreements can be found in appendix 5.

### **External funding**

- 4.11 For the purposes of the budget this is defined as any grant income from a third-party source which is not earned income, S106 agreements or core Defra A grant. Consequently, it includes any Defra income including FiPL in previous years that are not part of the core grant agreement.
- 4.12 The level of external income budgeted correlates to the value of expenditure expected against this during the year. The budget only includes secured external funding at this stage. The external funding target of £2.4m for 25/26 has not yet been met with secured funding of £2.225m in 25/26, or £2.099m if Farming in Protected Landscapes funding is excluded. However, the pipeline of potential projects indicates that the level of external funding is very likely to increase further should applications currently being considered be secured including Moor Connected. As further projects are secured, they will be added into the budget in year and reported as budget changes through the quarterly reporting process.
- 4.13 As reported in the Medium-Term Financial Strategy, there is increasing pressure on corporate functions as a result of externally funded projects which don't fully factor in core overhead costs. This may be a limiting factor to the levels of

external funding growth that can be delivered. This is starting to be addressed through systems investment which should help to alleviate resource pressures in finance and through ensuring that services are bolstered through external funding received for those services.

- 4.14 A breakdown of the budgeted external funding income can be found in appendix 4.

### **Defra grant**

- 4.15 There is currently uncertainty over the level of the settlement for 2025/26 with best case scenario being considered as flat cash and the risk of a cut to core revenue funding not excluded at this stage. The Authority will be able to address this within current budgets up to a level of £150k per year, but anything higher than that will need strategic consideration. The core grant included in the budget is £4.382m in line with previous years. This aligns with the MTFS assumption. This represents 35% of total budgeted spend which is lower than the financial KPI which indicates that Defra grant funding should be no higher than 45% of total income.
- 4.16 The freeze in the grant directly required £170k of deficit mitigation to help balance the budget based on estimates on increasing pay and overheads costs.
- 4.17 Should there be a further cut to DEFRA grant after the budget has been formally signed off at NPA, then a revised budget position will be brought to FRASC in May. There are sufficient reserves to be able to cover a short-term deficit position, although preference is to address this strategically if required.

## **5. Expenditure**

- 5.1 Total expenditure for the Authority in 2025/26 is budgeted at £12.519m. This is broken down into Defra and subjective headings in appendices 1 and 2.
- 5.2 Staffing costs are just over £4.0m which includes all roles funded from external sources as well as core funded posts. In recent years, high levels of inflation have translated to higher pay awards whilst the core grant remains frozen. This year there is currently no indication of what the NJC offer will be but with the award last year averaging at around 4% for the Authority, inflation coming down and a public sector offer of 2.8% being tabled, the assumption in the 2025/26 budget of 3% does not seem unreasonable at this point. However, without any indication of the offer, this represents a major area of risk in the budget with any variation to the offer needing to be dealt with in year. Each 1% increase equates to a £35k core grant funding gap which would need to be found in both 2025/26 and future years. It is as a result of increasing pay awards and frozen grant that the financial KPI that core funded staff costs will not exceed 50% of the value of the grant can no longer be met.
- 5.3 In the autumn budget statement, the Chancellor of the Exchequer announced an increase to employer's National Insurance contributions. The change to the

thresholds has the most impact, with the Authority pay bill increasing by £125k as a result. Despite indications of potential public sector support for this increase, it is now clear that this will be additional cost that will need to be mitigated in budgets.

5.4 Inflation is having the biggest impact on budgets. Inflation is now applied to all relevant overhead budgets. Inflation assumptions in 24/25 were a little higher than expected, so despite inflation sitting at a little higher than the 2% mark, this level seems appropriate for increasing of overhead budgets. Inflation rates applied are included in the table below:

Category	Inflation rate	Comment
<b>Pay</b>	3%	Estimated at 3% - just above current inflation rates and close to the 2.8% public sector pay offer.
<b>General overheads</b>	2%	2% applied which is below current inflation levels but reflective of OBR forecasts.

5.5 Inflation on utilities is aligned with general overheads for 25/26, although £50k of savings are included for 25/26 reflecting the change to usage and also increases not being as high as previously anticipated under the new contract.

5.6 Other year on year changes in spend include:

- Increase to net cost of L2 apprentice scheme due to NYMR agreement coming to an end £29k.
- Expected increase to external audit fees £7k.
- Additional finance system costs £5k.
- Lower vacancy factor due to low turnover in recent years - £23k.
- Lower training costs. £10k.
- A reduction in communications team spend through efficiency or raising of income for publications. £10k.

5.7 All capital spend in the year is expected to be funded from either external funding or reserves. Details of the reserves funded property, IT and vehicle capital programmes are in the table below.

Capital purchase	Value £k (Net of any disposal)	Reserve funding
Trailers x 2	£10k	Vehicles and plant
Track Barrow	£6k	Vehicles and plant
Kitchen area refurbishment – Danby	£5k	Property
Paving replacement – Danby	£5k	Property
<b>Total</b>	<b>£26k</b>	-

5.8 Additional drawdown requirements from reserves for the main property move project will be brought via separate approvals.

## 6. Savings plan

6.1 The increasing pressure of inflation when compared to the flat cash grant means that savings plans are essential to financial sustainability. After natural savings in utilities and other overheads, there are a number of savings which will need to be monitored to ensure delivery. These are laid out below.

Savings category	£k	Comment
Vehicle and IT replacement efficiencies	25	More efficient approach to replacement of vehicles including shared usage, focus on vehicle type and timing trade ins to ensure minimum net cost,
Communications savings	10	To be generated through reduced output or income generation to help fund publications.
Volunteer service external funding.	20	Seeking opportunities to part fund the volunteer management and admin service through external funding from projects,
Retail improved performance	10	Retail strategy being rolled out which should result in increased performance.
Car park tariff	48	Increase the tariff by £0.25 on each fee level in line with inflation.
Smarter procurement	25	Looking at opportunities to put in place contracts to maximise efficiencies of purchasing where we currently procure items from multiple providers.
Planning Fees	40	Expected increase to householder fees and inflation.
Increase in external funding contribution to core-funded revenue and overheads	60	Reflecting the increasing trend of external funding covering Defra core grant funded posts.
<b>Total</b>	<b>238</b>	-

6.2 Progress on the delivery of the savings programme will be included in the quarterly reporting to FRASC committee through the year.

## 7. Reserves

7.1 Of the current £6.74m of reserves, £4.172m relates to ringfenced income in advance pertaining to S106 agreements and external funding. S106 funds are drawn down in advance so there is always likely to be a balance in reserves for this whilst the agreements are ongoing.

- 7.2 Risk Reserves: there is currently a general working balance reserve to help to manage cash flow and represents the minimum level of reserves that should be held. This is set at 5% of gross expenditure excluding S106 and Farming in Protected Landscapes project which are deemed to be low risk areas. For 2025/26 this will be £416k, the reserve is currently at £535k, so it is recommended that £85k of this is moved to the contingency reserve. The contingency reserve is being built up to the 5% level on the same basis as the general working balance reserve and currently stands at £291k (3.5%). The additional £85k will bring this to 4.5%. Overall risk reserves are just under the 10% mark based on this budget.
- 7.3 Budgeted contributions to capital reserves in 2025/26 are proposed at £30k for IT, £65k for vehicles and plant and £50k for planned capital maintenance of assets. IT and vehicle reserves have reduced year on year.
- 7.4 There is £26k of new capital spend which will be drawn from IT, property and vehicle reserves in 2025/26 as laid out in point 5.7 of the report.
- 7.5 Remaining earmarked reserves are expected to be spent as projects progress. A detailed breakdown of reserves can be found in appendix 6.
- 7.6 The Chief Financial Officer considers that there are sufficient reserves currently to be able to address any potential short-term issues that may occur in 2025/26.

## **8. Key budget risks**

- 8.1 There remains some uncertainty in the budget, and it is worth reiterating some of the assumptions that will need to be monitored through the year via the quarterly reporting:
- Defra grant assumed at flat cash.
  - Pay award assumed at 3%.
  - Overhead inflation assumed at 2%.
  - Savings to be achieved.
  - Planning income and application levels.
  - Property review – this will be separate business case.

## **9. Conclusion**

- 9.1 The 25/26 proposed balanced budget delivers £12.519m of activity, 35% of which is funded from core grant. There are increases year on year in earned and S106 income. Only secured external funding is included at this stage but this has decreased primarily as a result of FiPL project budgets coming to an end. There is no requirement to draw from reserves to balance the budget.
- 9.2 The budget may increase from projects currently at application stage including Moor Connected.

- 9.3 The budget still contains a number of assumptions on pay and overhead inflation that will need to be monitored and should there be any variation this will need to be addressed in year.
- 9.4 There are £238k of savings that will be monitored through the year to ensure delivery of the balanced budget.
- 9.5 The budget will enable the delivery of the 2025/26 business plan objectives.
- 9.6 The reserves position continues to be healthy but earmarked reserves are still expected to be spent over time. The level of risk reserves is currently strong based on the current budgeted spend levels.
- 9.7 From 2026/27, there is a growing deficit position as a result of the continued assumption that Defra core grant will remain frozen. The ongoing work to approach these deficits strategically will continue.

## **10. Financial and staffing implications**

- 10.1 As detailed in the report.

## **11. Contribution to National Park Management Plan**

- 11.1 An approved balanced budget is essential to ensuring the deliverability of the Authority's objectives as set out in the Management Plan and Business Plan.

## **12. Legal and sustainability implications**

- 12.1 The Authority has a legal obligation to set a balanced budget each year which is financially sustainable.

## **13. Recommendations**

- 13.1 That Members comment on the budget ahead of approval at NPA in March.

Contact Officer:  
Pete Williams  
Chief Financial Officer  
01439 772700

## Appendix 1, 2023/24 Budget summary by Defra headings

-	2024/25 Budget	2025/26 Budget	-
Income	£k	£k	Comment
Conservation Of Cultural Heritage	294	214	Raiding the Bank £80k less than 24/25
Conservation Of The Natural Environment	4,231	4,109	Movement in project spend
Corporate and Democratic Core	179	126	Investment Interest reduced
Development Management	496	546	Planning Fees increased for new fee levels
Farming in Protected Landscapes	1,402	126	Project funding coming to an end in 24/25
Forward Planning	0	0	
Promoting Understanding	1,631	1,490	See Moor External Project finished
Rangers & Volunteers	0	0	
Recreation Management	1,587	1,526	CP Fees increased by £48k, Apprentice income reduced £30k, Ext Projects grant reduced £80k
Defra Grant	4,382	4,382	-
<b>Total Income</b>	<b>14,202</b>	<b>12,519</b>	-
<b>Expenditure</b>		-	-
Conservation Of Cultural Heritage	-485	-404	Raiding the Bank project £80k less than 24/25
Conservation Of The Natural Environment	-4,884	-4,755	Movement in project spend
Corporate and Democratic Core	-298	-318	-
Development Management	-1,133	-1,152	
Farming in Protected Landscapes	-1,402	-126	Project funding coming to an end in 24/25
Forward Planning	-206	-202	-
Promoting Understanding	-2,873	-2,722	See Moor External Project finished in 24/25
Rangers & Volunteers	-993	-993	-
Recreation Management	-1,928	-1,847	External Projects reduced by £80k
<b>Total Expenditure</b>	<b>-14,202</b>	<b>-12,519</b>	-
<b>Surplus/Deficit</b>	<b>0</b>	<b>0</b>	-

## Appendix 2, 2023/24 Budget summary by subjective

-	2024/25 Budget	2025/26 Budget	Comment
<b>Income</b>	<b>£k</b>	<b>£k</b>	-
Other Grants	4,061	2,225	Reduction to FIPL and External Funding
Sales	277	292	Retail targets increased
Fees & Charges	86	87	-
Booking Fees	56	57	-
Car Park Income	859	907	Increase in car park tariffs
Planning Fees	305	351	Increase in fee levels
Other Income	37	37	-
Investment Income	173	120	Lower interest rates expected.
External Match Funding	0	0	-
Defra Grant	4,382	4,382	-
S106 Income	3,966	4,061	Inflation
<b>Total Income</b>	<b>14,202</b>	<b>12,519</b>	-
<b>Expenditure</b>	-	-	-
Employees	-3,955	-4,060	Higher NI rates & pay award partly offset by lower staff costs on projects.
Premises	-614	-595	Saving on utility costs
Transport	-167	-177	Inflation
Supplies & Services	-3,330	-2,748	External projects lower spend level
Grants	-1,477	-197	End of most of FiPL programme.
Third Party	-518	-536	Inflation
Contribution to reserves	-175	-145	Reduced contribution for 10 yr programmes
S106 Spend	-3,966	-4,061	Inflation
<b>Total Expenditure</b>	<b>-14,202</b>	<b>-12,519</b>	-

### Appendix 3, Earned income breakdown

-	2024/25 Budget	2025/26 Budget	Comment
<b>Earned Income Source</b>	<b>£k</b>	<b>£k</b>	-
Car parking	859	907	Fees increased by inflation
Planning Fees	305	351	Expected increase in statutory fees
Retail	277	292	To reflect new retail strategy
Interest	173	120	Lower Bank of England base rates
Fees & Charges	86	87	-
Outdoor Learning	18	18	-
Gallery Exhibitions	38	39	-
Events	11	11	-
Other fees	20	26	-
<b>Total</b>	<b>1,787</b>	<b>1,851</b>	-

## Appendix 4, External funding breakdown

Project	£k
Farming In Protected Landscapes	126
Restoring Roseberry	60
Coast to Coast	210
National Trails	174
REConnect Esk	286
Apprentice Schemes	54
Birds on the Edge*	54
Mosaic Championing NPs for Everyone	96
Esk : Catchment Based Approach*	15
Linking Levisham	511
Raiding the Bank	145
Grubs Up	61
Kepwick & Arncliffe LEIs	7
Peat Restoration	354
Access	50
Outdoor Learning	22
<b>Total</b>	<b>2,225</b>

\* Note: asterisked projects are the Authority delivery element of projects run by the North York Moors National Park Trust.

## Appendix 5, S106 Budgeted funding

<b>S106 Agreement</b>	<b>Budget</b>	<b>-</b>
<b>Boulby</b>	Heritage	21
	Landscape	618
	Peat	163
	Monitoring	33
	Tourism	234
<b>Woodsmith</b>	Landscape & Ecology	869
	Core Policy D	990
	Tourism	296
	Tourism Cont Construction	148
	Tourism Impact Review	107
	Tourism Local Business	74
	Tourism Visit England	148
	Tourism Whitby	74
	Archaeological Data Contribution	33
	Geological Data Contribution	33
	Scarb Employment	59
	Monit Contribution Construction	161
	<b>-</b>	<b>Estimated Income</b>

## Appendix 6 – Reserves latest Q3 24/25 position

Reserve Summary (£k)	2024/25 Opening position	Q1 - Q3 Usage	Q1 Review	2024/25 Q3 position
General working balance	535	-	-	535
Contingency	291	-	-	291
TELI Match funding	112	-	-112	0
Woodsmith Section 106	3113	-	-	3113
Boulby Section 106	659	-	-	659
Ryevitalise income	400	-	-	400
<b>Restricted and committed reserves</b>	<b>5,110</b>	<b>0</b>	<b>-112</b>	<b>4,998</b>
Capital: Sutton Bank Visitor Centre	37	-	-	37
Capital: Vehicle replacements	213	-56	-	157
Capital: IT replacements	164	-	-	164
Capital: Property reserve	675	-	254	929
Projects: Future match funding pot	200	-32	-142	26
Projects: Ryevitalise match funding	153	-	-	153
Projects: Asset income generation	23	-	-	23
Projects: Signage	100	-	-	100
Projects: IT work at Danby Lodge	15	-	-	15
Projects: Improvements to Visitor Centres	150	-150	-	0
Projects: Car Park signage	90	-5	-	85
Projects: Cawthorne Camp	35	-18	-	17
Projects: EV & E Bike Charging Points	52	-52	-	0
Projects: Transport Review	15	-	-	15
23/24 budgets underspend	91	-70	-	21
<b>Committee approved reserves</b>	<b>2,013</b>	<b>-383</b>	<b>112</b>	<b>1,742</b>
<b>Total reserve balance</b>	<b>7,123</b>	<b>-383</b>	<b>0</b>	<b>6,740</b>

# North York Moors National Park Authority

## Finance, Risk, Audit and Standards Committee

3 February 2025

### Item 12, External funding and project progress

#### 1. Purpose of the report

- 1.1 To update Members on the work currently being undertaken to secure external funding for the Authority’s Business Plan priorities and to provide an overview of quarterly project performance, with a focus on development and delivery progress.
- 1.2 This report has been modified to better reflect the external funding position and incorporate project delivery performance. The report now includes:
  - Detail on funds awarded in each financial year.
  - Progress against Business Plan targets and objectives to 2026/27, with greater alignment of income generation and project delivery metrics.
  - Identification of funding gaps and risks requiring mitigation, particularly in the pipeline phase.

#### 2. External funding position

2.1 Figure 1 below illustrates the total value of funding awarded each year during the first three years of the Business Plan period, as well as the progress achieved so far in the current financial year. This provides a clear overview of the Authority’s external funding performance, showcasing the significant successes achieved by the teams involved in securing funding across the Authority.

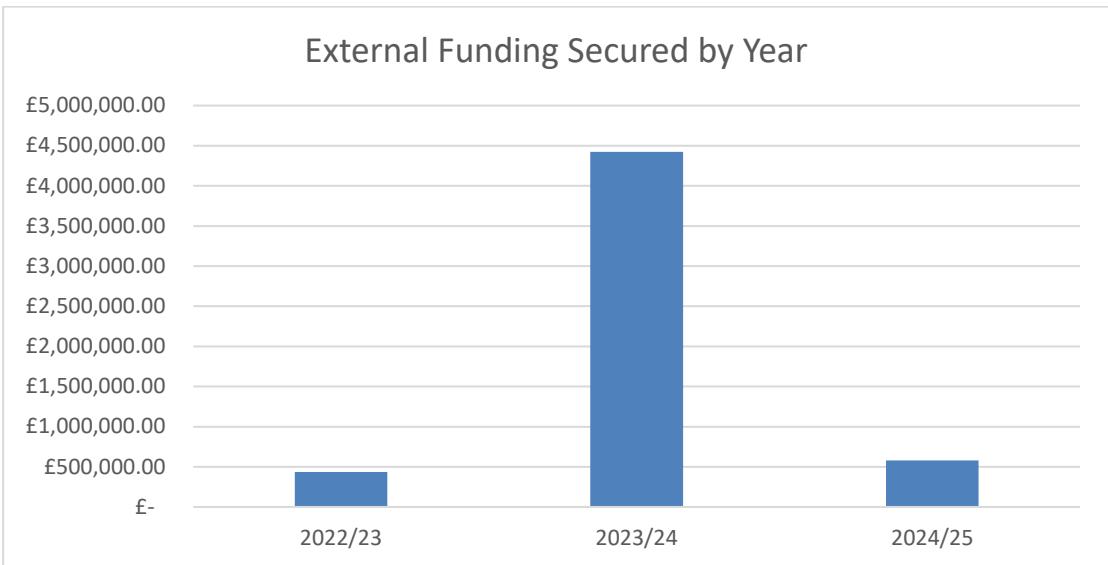


Figure 1

2.2 Funding applications submitted and awaiting a decision:

<b>Project title</b>	<b>Description</b>	<b>Funder(s)</b>	<b>Partners</b>	<b>Staffing implications</b>	<b>Total grant value (£)</b>	<b>Status</b>
Danby Lodge: Gateway to the stars	Capital funding for the new observatory	Wolfson Foundation - Public engagement with science organisations	Whitby & District Astronomical Society	Capital fund only	To be decided by funder during assessment process. Total project cost: £126,413.00	Expression of Interest (EOI) approved in August, full application to be submitted by 1 March 2025, outcome in June
Moor Connected	Linking nature and people corridors across the Esk, Rye and B-line landscape	The National Lottery Heritage Fund	Howardian Hills National Landscape, North York Moors National Park Trust, NTUK, NE, YWT, HE, NYC, Public Health, NT, North York Moors Tourism Network, EA, and North Yorkshire Sport	7 new project staff	£9,741,246	EOI approved in July, full application for the development phase submitted in November, outcome end of March.
Bransdale Conservation Management Plan	Landscape scale restoration plan and targeted species action	National Grid via NPP	NT, FE, YWT, landowners	1 new Project Officer	£460,000	NPP meeting with funder on 30 Jan, contract award due end of Feb, if awarded.
Coast-to-Coast Green Link: Connecting Nature and Communities	Green bridge over the A19 coast to coast path for people and nature	National Highways	NE, NYC, PLP, Defra, NTUK, landowners	Capital fund only	£6m-£10m	Project idea submitted December, to be reviewed in January.
<i>Coast to Coast nature corridor – NPE lead body</i>	<i>Development phase grant – mapping and research</i>	<i>National Lottery Heritage Fund</i>	<i>4 Protected landscapes, National Trails UK and Local Authorities that the C2CP passes through.</i>	-	<i>£250,000</i>	<i>Written by the Authority but submitted by NPE – passed project enquiry stage and now in full application stage.</i>

2.3 Project proposals recently funded (total grant value over the Business Plan period shown).

<b>Project title</b>	<b>Description</b>	<b>Funder(s)</b>	<b>Partners</b>	<b>Staffing implications</b>	<b>Total grant value 2022/27 (£)</b>
GrubsUp!	The project will work with farmers to protect, preserve and manage key grassland sites and promote good management of hedgerows and traditional boundaries Park wide.	Howdens	-	1 Project Officer	£42,000
		Santander	-		£80,000
Restoring Roseberry	Roseberry Topping path repair, habitat creation and archaeological mitigation	Landscape Enhancement Initiative - National Grid	National Trust	-	£281,000

2.4 Figure 2 below shows the spend profile for all externally funded projects across the 5-year Business Plan period to highlight progress towards the funding target.

2.5 The graph now details the following:

- The target line, set to increase up to £2.5m by the end of the Business Plan period (2026/27)
- Details of externally funded projects which are now complete (blue)
- Projects being delivered with secured external funding (green), plus FIPL (purple)
- Expression of interest applications (EOIs) approved by a funder and being developed for the next stage of the application process (yellow)
- projects currently being developed in our pipeline as a priority (orange)

2.6 The data for 2024/25 shows that the total value of grants secured, along with those applications submitted or forecast for submission by the end of Quarter 4, is expected to exceed the target.

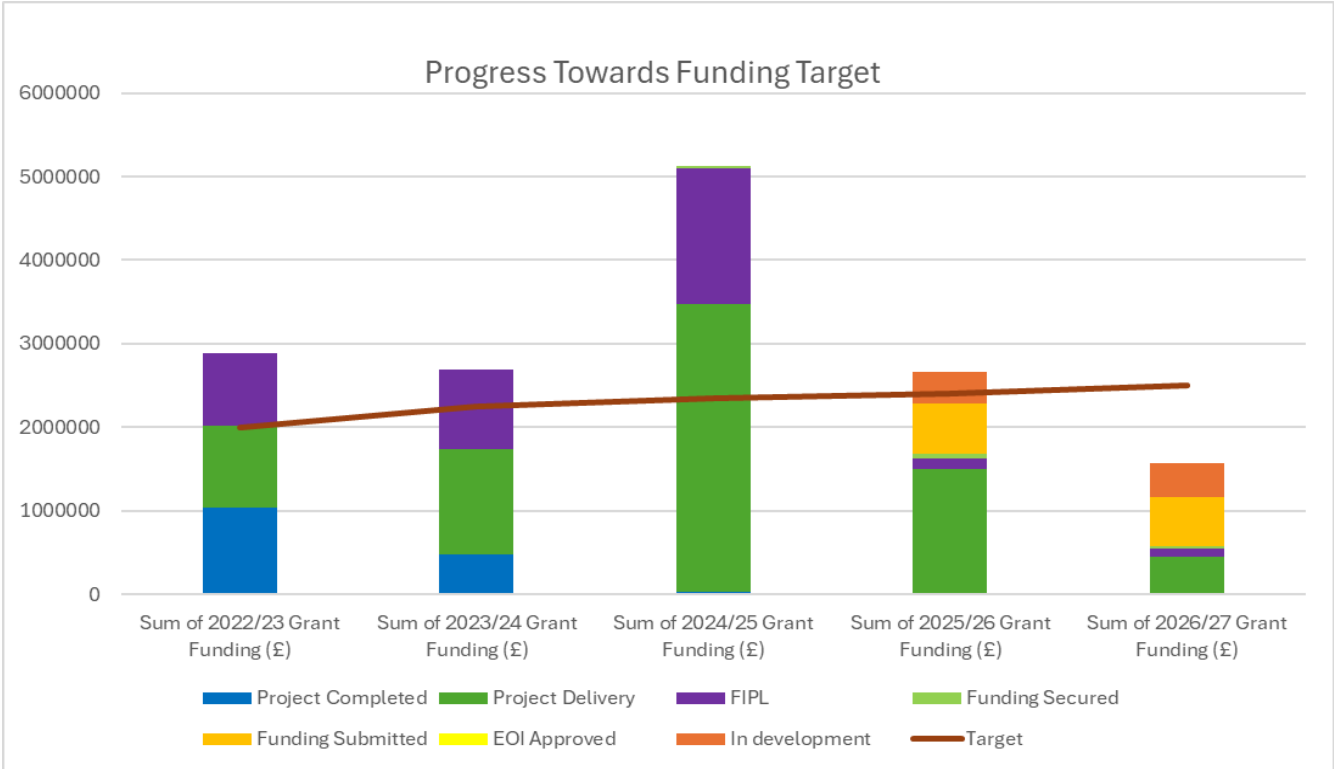
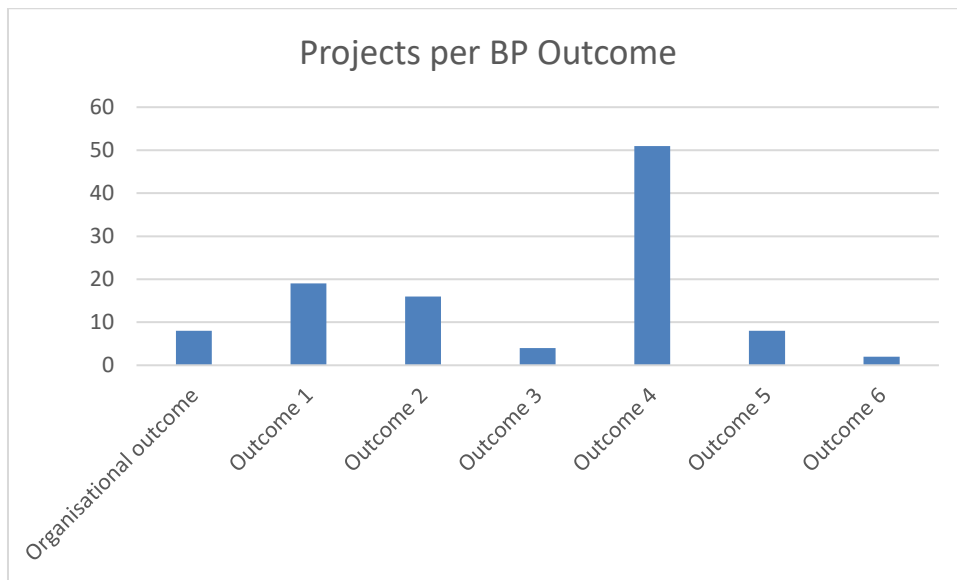


Figure 2

2.7 Figure 3 illustrates the number of Business Plan Outcomes being achieved by externally funded projects, and whilst it is only a numerical count and doesn't reflect the scale or value of the contributions, it does indicate a strong correlation between the two and is helpful for identifying gaps.



<b>Organisational outcome</b>	<b>A high profile, contemporary organisation, fit for purpose</b>
Outcome 1	A resilient landscape at the forefront of addressing climate change
Outcome 2	A nature rich, more biodiverse landscape
Outcome 3	A landscape rich in heritage and highly valued for its sense of remoteness and tranquillity
Outcome 4	A place that lifts the nation's health and well being
Outcome 5	A place that supports a more diverse and flourishing net zero carbon economy
Outcome 6	A place of great beauty where local communities thrive

Figure 3

- 2.8 Some objectives have lower or no values as they are not directly relevant to externally funded projects. For example, Business Plan objectives 4 and 21 relate to delivering excellent customer service and increasing affordable housing, neither of which fall within the remit of externally funded initiatives.
- 2.9 Figure 4 illustrates the distribution of external grant funding across various spending categories. It highlights how the funding is allocated, including amounts distributed to partners for project delivery, external funding contributions towards core, expenditure on project teams, and investments in project works such as capital expenditure.

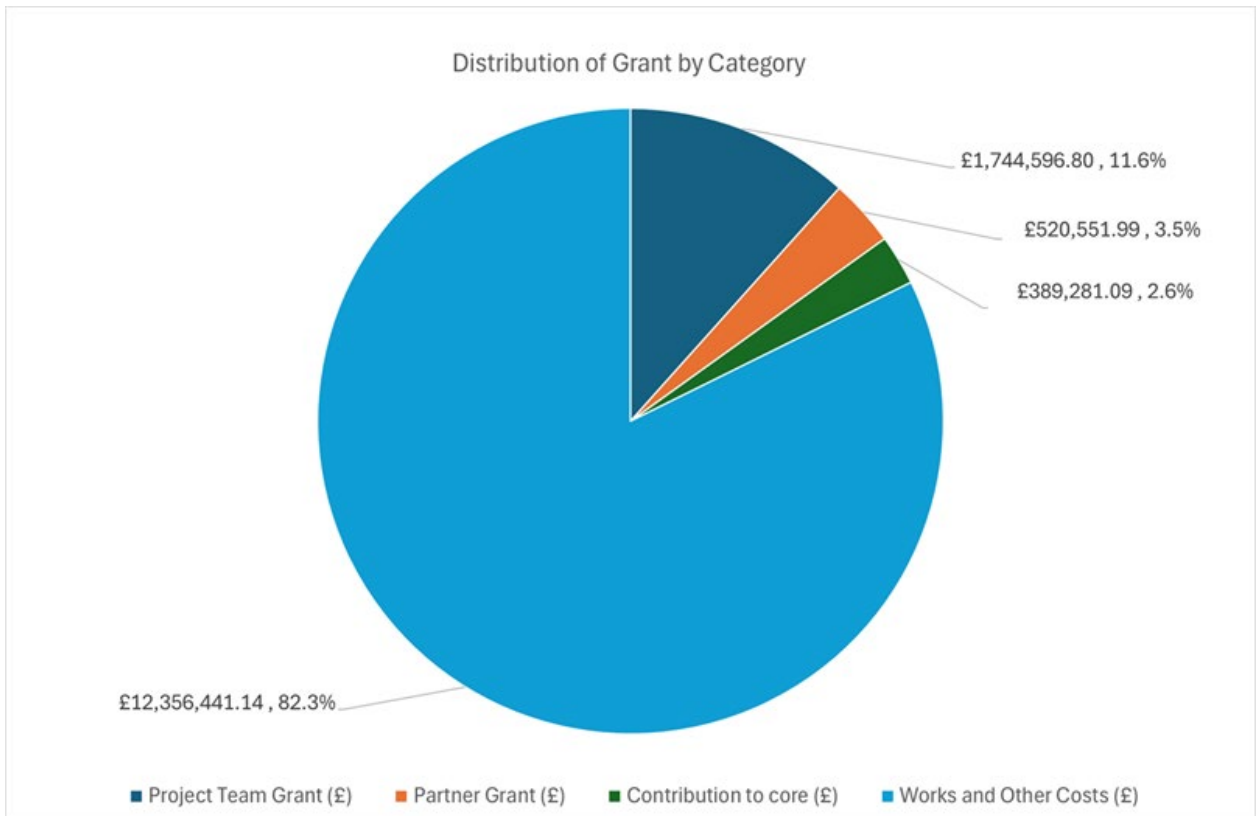


Figure 4

### 3. Project delivery health check

3.1 Figure 5 below indicates the distribution of project health (Red, Amber and Green).

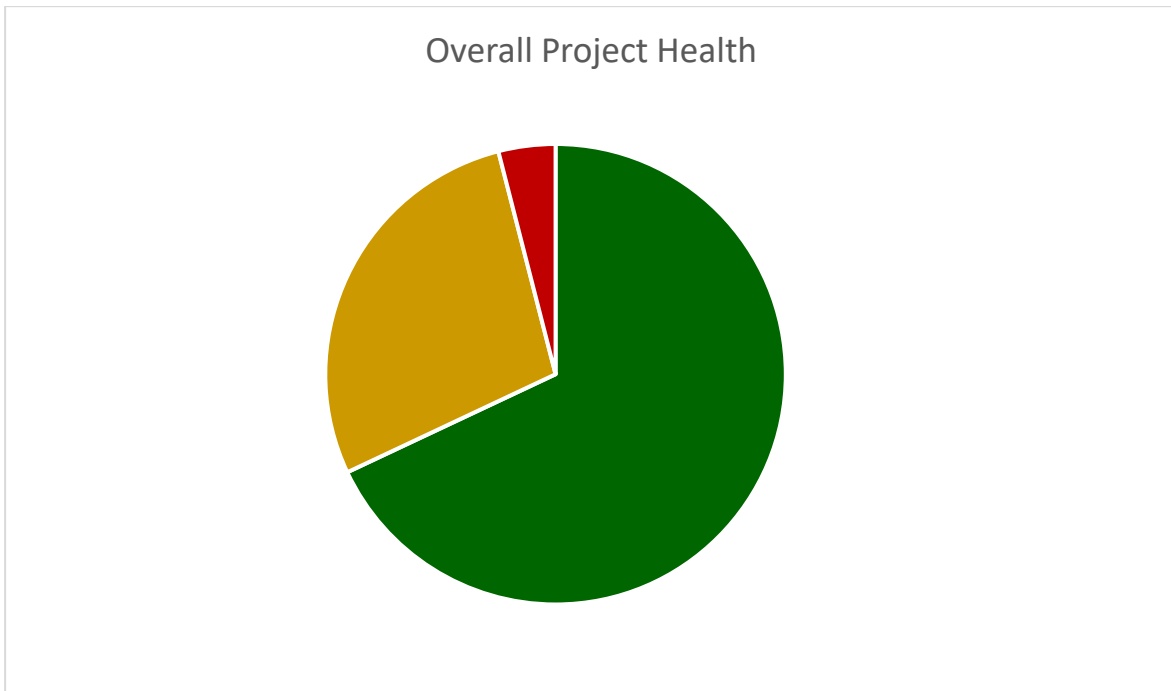


Figure 5

3.2 Below is an overview of the project health for our externally funded projects. Where Amber or Red risks have been identified by the project manager, a summary description and associated mitigation plans is provided:

**GrubsUp! - Overall RAG rating: Green**

**Restoring Roseberry - Overall RAG rating: Green**

**Youth Voice Mentoring - Overall RAG rating: Green**

**Explorer Volunteers - Overall RAG rating: Green**

**Local Cycling and Walking Infrastructure Plan - Overall RAG rating: Green**

**Nights Under the Stars - Overall RAG rating: Green**

**RiverEskCONNECT (REConnect) - Overall RAG rating: Green**

**Raiding the Bank - Overall RAG rating: Green**

**Linking Levisham - Overall RAG rating: Green**

**Mosaic Championing National Parks for Everyone - Overall RAG rating: Green**

**See Moor - Overall RAG rating: Amber**

- **Amber (Schedule):** Setbacks with art trails at centres due to frost damage and contractor issues.

Mitigation: Solutions have been put in place with artists, with completion expected before the project's end date.

- **Amber (Resources):** Challenges with support for artist and with project delivery and evaluation capacity.

Mitigation: A new staff member, Sophie, has joined to support artist/project delivery and evaluation.

- **Green (Budget, Outcomes, and Stakeholder Relationships all on track).**

**Sustainable Lastingham - Overall RAG rating: Amber**

- **Amber (Schedule):** Deliverables are complete but not to satisfactory quality.

Mitigation: Pursuing rectification or redoing of reports with contractor to meet required standards.

- **Amber (Budget):** Issues with the quality of deliverables have led to withholding payments.

Mitigation: Consultants must rectify issues before further payments are made.

- **Amber (Outcomes):** Factual errors and specification shortfalls.

Mitigation: Errors and specification shortfalls have been raised with the contractor, and a breach of contract may be pursued if issues are not resolved.

- **Amber (Stakeholder Relationships):** Errors and shortfalls have created dissatisfaction with the contractor.

Mitigation: Despite this, relationships with funders and community groups remain positive, with ongoing communication to keep all parties informed.

- **Green (Resources on track).**

#### **River Esk Store (REStore) - Overall RAG rating: Red**

- **Red (Schedule):** Natural England funding has ended, and further funding will not be pursued. Designs are still being finalised, but consultant delays are causing slippage.

Mitigation: Reassess project scope and identify alternative funding or resources to expedite design finalisation.

- **Amber (Budget):** Staff costs previously covered by Species Recovery funds have been diverted, and additional costs may arise during the design and consenting phases.

Mitigation: Explore securing supplementary funding to cover unforeseen costs.

- **Red (Outcomes):** Consultant delays are challenging progress on design and consenting work.

Mitigation: Senior management to address consultant performance issues.

- **Amber (Stakeholder Relationships):** Difficulties arranging on-site meetings have delayed progress.

- Mitigation: Escalation of concerns and issues.

- **Amber (Resources):** A lack of consistent staff leads has impacted the project.

- Mitigation: Senior management engaged to support in managing consultants.

#### **Peatland Restoration - Overall RAG rating: Amber**

- **Red (Schedule):** Delays in agreements with landowners and Natural England permissions are holding up progress, particularly on Newton Mulgrave Moor.

Mitigation: Negotiation of permissions prioritised and escalated as immediate actions.

- **Amber (Budget):** Underspending due to project delays at Newton Mulgrave and other sites.

Mitigation: Revised budget plan developed to optimise spending while addressing delays.

- **Amber (Outcomes):** Outcomes remain achievable but are at risk due to delays.

Mitigation: Resources focused on critical outcome areas and adjust project scope to ensure priority deliverables are achieved within the timeline.

- **Green** (Resources and Stakeholder Relationships on track).

**Ryevitalise - Overall RAG rating: Green**

**Esk Freshwater Pearl Mussels/REStore - Overall RAG rating: Green**

**National Trails Coast to Coast - Overall RAG rating: Green**

**Bransdale CMP - Overall RAG rating: Green**

**Birds on the Edge - Overall RAG rating: Green**

#### **4. Financial and staffing implications**

- 4.1 The GrubsUp! project will fund one new officer for 2 years and Restoring Roseberry will provide funding towards a part time Engagement Officer.

#### **5. Legal and sustainability implications**

- 5.1 None at this stage.

#### **6. Recommendation**

- 6.1 That Members note the content of the report and agree the current work being done to secure external funding and project development, emphasising the continued development of the Moor Connected project and other pending opportunities.
- 6.2 Monitor quarterly progress, especially for pending and opportunity funding, to ensure the Authority's Business Plan objectives are met.

Contact Officers:

Ellen Cross

External Funding Manager

and

Mark Young

Project Development Manager

01439 772700

# North York Moors National Park Authority

## Finance, Risk, Audit and Standards Committee

3 February 2025

### Item 13, Health and Safety update

#### 1. Purpose of the report

- 1.1 To update Members on health and safety activity since the November FRASC report.

#### 2. Background

- 2.1 This quarterly report forms part of the Authority's approach to the formal reporting of Health and Safety matters to Members. Part of the purpose of sharing this information is to enable Members to fulfil their scrutiny function in this key area.

#### 3. Sickness absence

- 3.1 In the 9 months to 31 December 2024, there have been 357 days of sickness absence. 143 of these days were for longer term absence (defined as over 10 days) with the remaining 214 days of sickness being for short term absence.
- 3.2 The Authority's target is 2 days short term absence per full time equivalent (FTE) member of staff per annum. At the end of December, the short-term absence rate was 1.58 days per full time equivalent staff member. This is on target and absence rates at the moment are not a cause for concern.
- 3.3 There are three members of staff who are currently absent due to longer term issues. None of these absences are work-related. All three are being actively managed by the respective line managers with HR and Occupational Health support where necessary. These three absences had resulted in 101 days of the 143 days longer term absence so far this year. At the time of writing this report, all three colleagues are expected to return to work in late January or February on phased returns.

#### 4. Construction Design and Management (CDM) Regulations

- 4.1 Members have been previously made aware of the work done during 2024/25 to ensure that practical work undertaken by the Authority complies appropriately and proportionately with the CDM regulations.
- 4.2 Officers felt that it would be useful to summarise the work that has been undertaken. CDM training and briefing on new requirements has been provided to all relevant staff in Recreation and Wellbeing and Conservation teams. Specific measures include:

- Emphasis has been placed on those undertaking practical work on a daily basis. As a result, all Rangers now have a personal “Gang Pack” that they carry in their vehicles. This includes:
    - Copies of the most up to date relevant Risk Assessments.
    - Training record and tickets.
    - Insurance documentation.
  - Introduction of Site-Specific Risk Assessments for all activities, to be used in conjunction with relevant task specific Generic Risk Assessments.
  - Introduction of a hierarchy of activities to dictate the level of CDM documentation required.
    - Small jobs – Up to 5 days, low risk, transient works.
    - Medium jobs – Low risk but of duration 1 to 2 weeks.
    - Large scale/High risk jobs – Over two weeks or high-risk activity.
- 4.3 To go alongside this, documentation has been produced detailing Safe Systems of Work guidance and clarification of CDM roles and responsibilities. A key task for 2025/26 will be to ensure that colleagues who undertake practical work more infrequently fully follow the Safe Systems of Work guidance.

## **5. Accidents and near misses**

- 5.1 Since the last meeting, there has been one notable incident involving NYM volunteers working on a joint piece of work led by the Yorkshire Wildlife Trust. The abusive and threatening behaviour by a local resident towards the YWT task leader led to the task being abandoned and the matter being reported to the police. The NYM Task Day Leader dealt with the incident in an exemplary fashion and all appropriate permissions to work had been obtained in advance. The name of the individual concerned has been shared internally to ensure that no work will be undertaken adjacent to his property.

## **6. Health and Safety Action Plan 2024/25**

- 6.1 At the time of writing this report, the practical observations part of the external audit being undertaken by North Yorkshire Council are still ongoing. A full update on the outcome of the audit and actions arising from it will be provided to members at the annual health and safety update at the National Park Authority meeting in March.
- 6.2 Comments so far from Dominic Passman who is undertaking the Audit confirms that ‘the initial findings are very favourable with a strong sensible health and safety culture evident across all the service areas so far covered. The systems in place for training provision and managing the volunteering activities appear to be very effective. I am sure that there will be some areas for further development but that is building on a well-established approach to health and safety management.’

## **7. Other Health and Safety matters**

- 7.1 Mindful that the balance between home and office working is now well established, Officers are undertaking a piece of work to ensure that all those who work from home have satisfactory arrangements to do so safely. While advice will be given, it is up to each individual to confirm that they have the correct set-up for a table, chair and laptop.
- 7.2 As previously reported to Members, all staff undertaking regular practical work have annual health checks. The results of these have been shared with those individuals and their managers. Actions are in place where necessary (and documented).
- 7.3 On a similar topic, members were made aware last year of an insurance claim by a former member of staff relating to Hand Arm Vibration Syndrome. The claim was also in relation to other employers. The Authority provided detailed evidence of working practices, outcomes of health checks and so on. The individual has subsequently withdrawn his case.
- 7.4 All practical risk assessments have been updated by the Ranger team and site teams have also updated all caretaking related risk assessments.

## **8. Financial and staffing implications**

- 8.1 There are no significant additional financial or staff issues related to the contents of this report. Budgetary provision is sufficient to pay for all appropriate health and safety training and personal protective equipment.

## **9. Legal and sustainability implications**

- 9.1 There are no legal and sustainability implications to the contents of this report.

## **10. Recommendation**

- 10.1 That Members note the contents of this report

Contact Officer:

Ian Nicholls

Director of Corporate Services

01439 772700

### **Background documents to this report**

FRASC reports 2023 and 2024, NPA report March 2024

CIPD Health and Wellbeing at Work Report September 2023

[Health and wellbeing at work \(cipd.org\)](https://www.cipd.org)

# North York Moors National Park Authority

## Finance, Risk, Audit and Standards Committee

3 February 2025

### Item 14, Corporate Risk Register update

#### 1. Purpose of the report

1.1 To update Members on progress being made to manage the risks highlighted in the 2024/25 Corporate Risk Register (CRR).

#### 2. Background

2.1 As Members are aware, the Authority maintains a CRR which is updated annually and then considered by FRASC quarterly after approval at the March Authority meeting.

2.2 A revised CRR for 2025/26 has been drafted by the Chief Executive and Directors in a process facilitated by NYC's Insurance and Risk Management Team during January 2025 and will be presented to the National Park Authority for approval in March.

2.3 This paper is the final update for Members on the 2024/25 CRR.

#### 3. Corporate risk register 2024/2025

3.1 Detailed below is a summary of each of the risks and the progress made to date on managing each one.

- **Information Security – category high.** At the May FRASC members were presented with a paper outlining current protection measures, account security and the improvements planned for 2024/25. This was updated in November, and there has been a very positive Internal Audit which is referenced elsewhere on this agenda. Although, there is no recommendation to change the risk category now, Officers are considering reducing it for 2025/26.
- **Woodsmith/Boulby Mines (implementation of planning decisions) – category high.** The day-to-day relationship with both sites is now well established and normalised as part of our LPA role. Monitoring of planning conditions is adequately resourced and effective. Following separate announcements relating to both the Woodsmith project and ICL's operations at Boulby and Teesport, it is recommended that the risk rating remains High.
- **Property Assets – category medium high.** An approved plan for reviewing our property is in place with significant progress being made this year to establish a long-term northern Ranger base, improve facilities for visitors at both National Park Centres as well as progress plans to develop a new

HQ/Ranger depot in Helmsley which now has planning consent from North Yorkshire Council. Actions detailed in the CRR are progressing well.

- **Financial resilience – category medium high.** While this risk has been well managed this year, at the time of writing this report there is no indication of the level of the core National Park Grant or pay award for 2025/26, which results in a high degree of uncertainty and concern. In addition, employer NI costs are going to increase from 1 April. Progress against the CRR actions for 2024/25 is as expected. An additional piece of work this year has been the procurement of a new finance system with a product that is far better suited to current project based working methods. It is anticipated that this will be implemented in the summer of 2025 and will reduce processing time as well as provide significantly improved management information.
- **People, capacity, and skills – category medium high.** The Organisational Development Plan is now in place and there are a number of key actions this year. Members were updated on progress at the November FRASC. Balancing day to day work requirements with project development and securing longer term funding for the apprentice team continue to be key current areas of work in managing this risk.
- **Health and safety and safeguarding – category medium.** While health and safety are well managed with external expertise easily available, the reputational risks of a fatality or serious accident are significant. The main area of work this year has been in improving the Authority's approach to being able to demonstrate compliance with the CDM regulations. The planned external review of health and safety practice is underway with a final report expected shortly.
- **Project Management and Delivery – category medium.** Successful delivery of projects is key to continued funding and employment of a significant number of staff. The external funding paper elsewhere in the agenda covers progress on project development and Members have been made aware of the very significant bid that has been prepared and submitted. Managing the balance between the demands of delivery and continuing the pipeline of developing projects continues to be a priority.
- **National Park Targets and Outcomes – category medium.** Achieving targets set nationally is increasingly important for the reputation of National Parks. A new national Protected Landscapes Targets and Outcomes Framework was announced in January 2024. Work is progressing to support the apportionment and incorporation of national targets into the National Park Management Plan. A number of the targets are stretching and all of them require significant buy-in from various stakeholders to secure achievement.
- **Legislative Requirements and potential breach of statutory duties – category medium.** Following the General Election and change of government there are some developments in policy and legislation that affect National Park Authorities, notably in relation to planning. At the NPA in September, Members had the opportunity to comment on the Authority's response to changes proposed to the NPPF. The Authority must also consider the impact of relevant environment, employment, health and safety and equalities

legislation in its work and there is some risk of reputational damage and financial penalties for poor performance.

- **Climate change - category low.** This relates to the Authority managing the carbon emissions resulting from its own activities. Work on the CRR actions is progressing as expected. The state of the ageing pool car fleet has allowed the replacement with electric vehicles to commence. A contract has also been let to provide for the installation of solar panels on the visitor centre at Sutton Bank.

#### **4. Financial and staffing implications**

4.1 There are no financial implications arising directly from this report.

#### **5. Legal and sustainability implications**

5.1 There are no legal or sustainability implications resulting from this report.

#### **6. Recommendation**









6.1 That Members note the progress being made to manage risk and make any comments they wish to on the contents of the paper.






Contact Officer:

Ian Nicholls




Director of Corporate Services

01439 772700











Phase 1 - Identification									
<b>Ref.</b>	NYM_9	<b>Title</b>	Information Security	<b>Risk Owner</b>	NYM CEO	<b>Risk Manager</b>	NYM Do CS		
<b>Risk Description</b>	Failure to ensure the security and quality of the Authority's digital systems and data, its effective storage and use to maximise its value as a key Authority asset. This could result in an impact on efficiency and decision making, potential data breaches, disruption, criticism and loss of service.					<b>Risk Group</b>	Info Gov		
Phase 2 - Current Assessment									
Current Control Measures									
Permission to access key security systems e.g. firewalls are restricted to IT staff only; permissions regarding file structure limit access to those who need to use the data held; external consultancy support available via contract for any unforeseen issues; off-site backup of data ensures availability; up to date anti-virus protection on all systems; regular external audits are undertaken with recommendations followed up and reported to members; an IT Disaster Recovery Plan is in place; advice has been given regarding data security and homeworking. Data protection training is provided periodically; FoI/DPA requests are dealt with and answered centrally; IT Manager is part of NPA network for exchange of advice and support. Run quarterly scans on external IP address to check security via an automated system; implementing any recommendations arising from this;									
<b>Current Probability</b>	H	<b>Current Impact</b>	VH	<b>Current Risk Score</b>	20	<b>Current Risk Category</b>	Very High		
Phase 3 - Risk Mitigation Plan									
Reduction Action				Action Manager		Due Date and status		%	Date Completed
RR_NYM_102	Improve the connectivity of Danby Lodge to ensure that all corporate systems are consistently accessible			NYM Do CS		30-May-2024		100%	30-May-2024
RR_NYM_103	Ensure that all staff undergo IT security training during the year			NYM Do CS		31-Mar-2025		75%	
RR_NYM_65	Ensure that any advice from the National Centre for Cyber Security is considered and implemented (ongoing)			NYM IT Manager		31-Jan-2025		100%	31-Jan-2025
RR_NYM_66	A programme of quarterly information security reminders for all staff – to be circulated via The Hub (1st update by 30 April 2024)			NYM IT Manager		31-Jan-2025		50%	
RR_NYM_67	Update of IT acceptable use policy and recirculation to staff			NYM IT Manager		30-Sep-2024		75%	
RR_NYM_68	Review and revise Business Continuity and Disaster Recovery Plans			NYM CFO; NYM Do CS; NYM IT Manager		30-Sep-2024		100%	31-Dec-2024
RR_NYM_69	Develop protocols in the event of the loss of financial and planning systems			NYM CFO; NYM Do CS; NYM Do P		31-Dec-2024		100%	31-Dec-2024
RR_NYM_95	Establish sufficient financial and staffing to enable risk reduction actions to be achieved			NYM CEO; NYM CFO		30-Apr-2024		100%	30-Apr-2024
Phase 4 - Target Risk Assessment									
<b>Target Probability</b>	H	<b>Target Impact</b>	H	<b>Target Risk Score</b>	16	<b>Target Risk Category</b>	High		

Phase 1 - Identification									
<b>Ref.</b>	NYM_7	<b>Title</b>	Woodsmith and Boulby Mines – Implementation of Planning Decisions		<b>Risk Owner</b>	NYM CEO	<b>Risk Manager</b>	NYM Do CON&CC	
<b>Risk Description</b>	Failure to maintain effective working relationships with the developers, including timely engagement at a senior level, with adverse consequences for the delivery of efficient relationship management and corresponding adverse impact on the resources required to be deployed by the Authority to achieve appropriate regulatory oversight of the developments and the delivery of appropriate and timely mitigation and compensation actions through planning conditions and Section 106. Changes in Development programme and the wider commercial contexts to the developments having financial implications to the Authority. A corresponding reputational risk to the Authority may also arise.					<b>Risk Group</b>	Strategic		
Phase 2 - Current Assessment									
Current Control Measures									
Availability of a dedicated staff resource to manage the day to day interface between the Authority's regulatory oversight role and the developers; Availability of specialist staff as appropriate to deliver effective Section 106 mitigation and compensation activities and management and monitoring of Section 106 resource deployment; Arrangements in place for regular liaison at a senior level between the Authority and the developers. Continual review of financial commitments related to s106 programmes.									
<b>Current Probability</b>	H	<b>Current Impact</b>	VH	<b>Current Risk Score</b>	20	<b>Current Risk Category</b>	Very High		
Phase 3 - Risk Mitigation Plan									
Reduction Action					Action Manager	Due Date and status	%	Date Completed	
RR_NYM_50	Continue to work with Anglo American and ICL to ensure positive engagement and working relations at an appropriate level of seniority and frequency and across all functions relevant to the delivery of planning control and Section 106 delivery, and including to help manage the relationship				NYM Do P	31-Mar-2025		90%	
RR_NYM_51	Develop annual action plans and implement and monitor for both s106 contributions including financials.				NYM Do CON&CC	31-Mar-2025		90%	
RR_NYM_52	Ensure robust processes are followed and seek external advice where risk areas are identified in relation to major scheme changes (ongoing)				NYM Do P	31-Mar-2025		90%	
RR_NYM_54	Work with major landowners to identify woodland creation and peat restoration sites (ongoing)				NYM Do CON&CC	31-Mar-2025		90%	
RR_NYM_55	Continue good working relationship with ICL in relation to the deployment of the s106 contribution				NYM Do CON&CC	31-Mar-2025		90%	
Phase 4 - Target Risk Assessment									
<b>Target Probability</b>	H	<b>Target Impact</b>	H	<b>Target Risk Score</b>	16	<b>Target Risk Category</b>	High		

Phase 1 - Identification									
Ref.	NYM_8	Title	Property Assets	Risk Owner	NYM CEO	Risk Manager	NYM Do CS		
Risk Description	Failure to operate from properties that are fit for purpose. Offices need to be suitable in size, location and design for blended working patterns and increased levels of collaboration between teams. Depots need to have long term tenure, low running costs and be robust from a safety point of view. A credible financial plan to deliver this needs to be established. Failure to achieve these outcomes will result in an adverse impact on operational ability to deliver services, financial impact and internal and external criticism.					Risk Group	Property		
Phase 2 - Current Assessment									
Current Control Measures									
A property review with agreed terms of reference has been established and initial decisions taken; member/officer working group established to oversee the review process and recommend options to the Authority; robust mechanisms in place to measure CO2e emissions from the Authority's buildings; multiple streams of property work established (not necessarily running concurrently). Contractor engaged to develop and cost plans for a new HQ/depot;									
Current Probability	H	Current Impact	VH	Current Risk Score	20	Current Risk Category	Very High		
Phase 3 - Risk Mitigation Plan									
Reduction Action				Action Manager		Due Date and status		%	Date Completed
RR_NYM_104	Undertake local consultation with community for HQ/depot development			NYM Do CS; NYM Do P		31-May-2024		100%	31-May-2024
RR_NYM_105	Undertake internal staff consultation for HQ/depot development			NYM Do CS; NYM Do P		31-May-2024		100%	31-May-2024
RR_NYM_106	Develop costed plans and achieve planning permission for HQ/depot development			NYM CFO; NYM Do CS		31-Dec-2024		100%	16-Jan-2025
RR_NYM_107	Let contract for professional support for construction phase			NYM CFO; NYM Do CS		31-Jan-2025		50%	
RR_NYM_108	Procure contractors for building phase			NYM CFO; NYM Do CS		31-Mar-2025		25%	
RR_NYM_109	Undertake planned Danby Lodge development work			NYM Do CS; NYM Do RW		30-Jun-2024		100%	30-Jun-2024
RR_NYM_110	Installation of EV charging points at key car parks			NYM Do RW		31-Mar-2025		95%	
RR_NYM_111	Establish requirements of northern Ranger team for depots and scope out long-term locations			NYM Do RW		31-Mar-2025		100%	30-Sep-2024
RR_NYM_112	Engage external advice to manage new development risk assessment process (ongoing after 1 April 2024)			NYM Do CS		01-Apr-2024		100%	01-Apr-2024
RR_NYM_58	Ensure that sufficient financial resources are made available to deliver the agreed property plan and that this is part of the Authority's long term financial strategy.			NYM CEO; NYM CFO; NYM Do CS		30-Sep-2024		100%	30-Sep-2024
RR_NYM_62	Develop appropriate financial contingency plans for building projects			NYM CEO; NYM CFO; NYM Do CS		30-Sep-2024		100%	30-Sep-2024
RR_NYM_79	Develop end to end project plan for new HQ/depot building			NYM Do CS		01-Apr-2024		100%	31-Dec-2024







RR_NYM_81	Conclude Danby Lodge rent review			NYM Do CS	31-Jan-2025		100%	31-May-2024
RR_NYM_88	Put the necessary agreements in place and sell surplus property assets.			NYM Do CS	31-Mar-2025		50%	
RR_NYM_89	Agree spatial use of the Riccal Drive site			NYM CEO; NYM Do CS	01-Apr-2024		100%	01-Apr-2024
<b>Phase 4 - Target Risk Assessment</b>								
<b>Target Probability</b>	M	<b>Target Impact</b>	H	<b>Target Risk Score</b>	<b>12</b>	<b>Target Risk Category</b>	Medium High	

Phase 1 - Identification									
Ref.	NYM_2	Title	Financial Resilience		Risk Owner	NYM CEO	Risk Manager	NYM CFO	
Risk Description	Failure to manage financial risks adequately resulting in consequent risk to work programmes delivery of services and business plan objectives.					Risk Group	Financial		
Phase 2 - Current Assessment									
Current Control Measures									
Reserves reviewed for adequacy; established budget monitoring processes; setting a balanced budget; production of an annually-reviewed MTFs; measures in place to mitigate against fraudulent activity; engagement with Defra and other partners; focus on earned income generation; focus on opportunities to grow income from external funding; effective day to day financial management; Financial Framework developed to enable appropriate decision taking and governance; good, externally verified processes and financial control measures in place; regular financial training for staff and Members;									
Current Probability	H	Current Impact	H	Current Risk Score	16	Current Risk Category	High		
Phase 3 - Risk Mitigation Plan									
Reduction Action					Action Manager	Due Date and status		%	Date Completed
RR_NYM_1	Ensure NP Business Plan objectives are manageable within the resources available to the Authority				NYM All Mgt Board	31-Mar-2025		90%	
RR_NYM_2	Set stretching but realistic income targets; continue to monitor performance of the income generating services against monetary expectations (quarterly)				NYM All Directors	31-Mar-2025		90%	
RR_NYM_3	Work to develop staff understanding of the changing relationship between DEFRA grant and external funding for core posts (ongoing)				NYM CFO	31-Mar-2025		90%	
RR_NYM_5	Produce a Medium Term Financial Strategy (MTFS) which incorporates a number of scenarios for how different levels of settlements and pay awards will be managed. Review level of reserves to manage current levels of risk				NYM CFO	31-Dec-2024		100%	31-Dec-2024
RR_NYM_70	Consider and agree actions required due to a diminishing National Park grant as a result of an adverse Comprehensive Spending Review settlement				NYM All Directors	31-Dec-2024		90%	
RR_NYM_71	Develop and implement a strategy which will enable service delivery to continue despite persistent inflationary cost increases				NYM All Directors	31-Mar-2024		100%	01-Apr-2024
RR_NYM_73	Consider a plan to deliver DEFRA priorities and funding for 24/25 where tightly defined/inflexible timescales and income rules will impact on our core operation				NYM All Directors	31-Mar-2025		75%	
RR_NYM_8	Continue to horizon scan to identify and quantify changes to assumptions which underpin the MTFs and annual budget recognising the complexity and interdependencies (ongoing)				NYM CFO	31-Mar-2025		90%	
RR_NYM_82	Continue to carry out financial training for staff and Members				NYM CFO	31-Jan-2025		85%	
RR_NYM_83	Ensure investment in Danby Lodge to reduce net cost of operations				NYM All Directors	31-Mar-2025		95%	
RR_NYM_84	Work with DEFRA to increase core grant funding and enable overheads to be included in external funding (eg NLHF)				NYM All Directors	31-Mar-2025		75%	
RR_NYM_85	Put a financial plan in place to fund property investment over the next 5 years				NYM All Directors; NYM CFO	31-Mar-2025		75%	
Phase 4 - Target Risk Assessment									
Target Probability	M	Target Impact	H	Target Risk Score	12	Target Risk Category	Medium High		





Phase 1 - Identification									
Ref.	NYM_5	Title		People Capacity and Skills		Risk Owner	NYM CEO	Risk Manager	NYM Mgt Team
Risk Description	Failure to ensure that there is sufficient staff capacity, together with an ability to attract candidates of sufficient calibre to fill key posts results in an inability to deliver an ambitious work programme contained in the Business Plan; failure to deal effectively with workload peaks resulting in significant decline in effectiveness, service quality &/or insufficient progress in delivering desired outcomes.						Risk Group	Capacity	
Phase 2 - Current Assessment									
Current Control Measures									
Revised Business Plan to April 2027 is clear about the Authority's priorities; there is active management of workload through the formal appraisal scheme; strong emphasis on making health advice available to ensure wellbeing, flexible approach to working hours and work location. Review of skills required when vacancy arises to ensure individual posts are fit for purpose; long standing range of opportunities for younger people to work for the Authority via apprenticeships, graduate traineeships and internships, all supported by an adequate training budget. Consultancy assistance to provide professional and technical advice, particularly in relation to legal and financial matters; plan developed to ensure that delivery of outputs is not adversely affected by retirements over the next 5 years; external staff resource provided for finance, legal, health and safety, performance properly focussed on assisting with delivery of the Business Plan; funding secured to enable the continuation and expansion of apprentice training programmes;									
Current Probability	H	Current Impact	H	Current Risk Score	<b>16</b>	Current Risk Category	High		
Phase 3 - Risk Mitigation Plan									
Reduction Action				Action Manager	Due Date and status	%	Date Completed		
RR_NYM_113	Engage with NYMR to agree long term funding programme for practical apprenticeships			NYM Do CS	31-Mar-2025	 70%			
RR_NYM_28	Continue to monitor staff costs and review adequacy of people resources to deliver agreed work programmes (ongoing)			NYM CEO; NYM CFO; NYM Do CS	31-Mar-2025	 90%			
RR_NYM_31	Members and senior officers to ensure that the focus of work is on delivering agreed BP targets (ongoing)			NYM Members; NYM Mgt Team	31-Mar-2025	 90%			
RR_NYM_32	Ensure a coherent plan for staff communication is put in place by 30 April and delivered throughout the year (ongoing)			NYM Mgt Team	31-Mar-2025	 90%			
RR_NYM_33	Ensure the delivery of the volunteering strategy supports both areas of high workload and priority (ongoing)			NYM Do CS	31-Mar-2025	 90%			
RR_NYM_37	Agree staff survey improvement plan and implement all actions			NYM All Directors; NYM Do CS	31-Dec-2024	 75%			
RR_NYM_38	Complete review of 10 core HR policies			NYM Do CS	31-Dec-2024	 75%			
RR_NYM_74	Implement new performance framework and approach to rewards/recognition			NYM All Directors; NYM Do CS	01-Apr-2024	 100%	01-Apr-2024		
RR_NYM_75	Commence working practice change management programme			NYM Do CS	30-Jun-2024	 70%			
RR_NYM_76	Implement new approach to salary progression			NYM All Directors; NYM Do CS	30-Apr-2024	 100%	30-Apr-2024		
RR_NYM_77	New leadership development programme to commence delivery			NYM Do CS	31-Mar-2025	 35%			







Phase 1 - Identification							
<b>Ref.</b>	NYM_6	<b>Title</b>	Health, Safety and Safeguarding	<b>Risk Owner</b>	NYM CEO	<b>Risk Manager</b>	NYM Do CS
<b>Risk Description</b>	Failure to meet Health, Safety and Safeguarding statutory requirements resulting in possible loss of life/serious injuries, prosecution, claims, reputational damage and fines.					<b>Risk Group</b>	Health, Safety & Wellbeing
Phase 2 - Current Assessment							
Current Control Measures							
Cross departmental Health and Safety Group meeting regularly; up to date health and safety policies; risk assessments of all key activities; annual corporate action plans; periodic reviews of health and safety practice; individual responsibility made clear in job descriptions; initial training and refresher training periods established; regular managerial monitoring of health and safety practice; health and safety standards made explicit to external contractors; volunteers are routinely briefed on H&S prior to practical work tasks; Service Level Agreement with NYC to provide additional expert support; standing agenda item at team and SLT meetings; enhanced IoSH training for Managers; agreements with partner volunteer groups in place; support staff both internally (through mental health first aiders and prevailing management style) and externally via Health Assured. Annual review of the Health and Safety and Safeguarding policies plus generic risk assessments to ensure that they remain fit for purpose and take external advice where appropriate;							
<b>Current Probability</b>	M	<b>Current Impact</b>	H	<b>Current Risk Score</b>	12	<b>Current Risk Category</b>	Medium High
Phase 3 - Risk Mitigation Plan							
Reduction Action		Action Manager		Due Date and status		%	Date Completed
RR_NYM_41	Provide information for the progress report to members quarterly to allow scrutiny of actions May, September, November 2024 and February 2025	NYM Do CS		31-Mar-2025		95%	
RR_NYM_42	Implement agreed annual health & safety action plan for 2024/25	NYM All Directors; NYM Do CS		31-Mar-2025		85%	
RR_NYM_43	Develop and implement a programme of communication on health and safety matters for staff/volunteers, using a variety of different communication methods (plan to be developed by 31 May 2024, implementation then ongoing)	NYM Do CS; NYM Ho Vol Service		31-Mar-2025		75%	
RR_NYM_44	Ensure appropriate training is provided to Members relating to their specific role in holding officers to account on health and safety matters	NYM Do CS		31-Mar-2025		100%	31-May-2024
RR_NYM_91	Ensure compliance with COSSH at all Authority sites	NYM Do CS; NYM Do RW		31-Mar-2025		85%	
RR_NYM_92	Arrange an external H&S audit for staff and volunteers; and implement findings	NYM Do CS		31-Dec-2024		75%	
RR_NYM_93	Review and implement H&S training plan	NYM Do CS		31-Mar-2025		85%	
RR_NYM_94	Arrange and deliver CDM training for new staff	NYM Do CS		30-Apr-2024		100%	30-Apr-2024
Phase 4 - Target Risk Assessment							
<b>Target Probability</b>	L	<b>Target Impact</b>	H	<b>Target Risk Score</b>	8	<b>Target Risk Category</b>	Medium






Phase 1 - Identification								
<b>Ref.</b>	NYM_12	<b>Title</b>	Project Management and Delivery	<b>Risk Owner</b>	NYM CEO	<b>Risk Manager</b>	NYM DoC&CC	
<b>Risk Description</b>	Failure to effectively manage, monitor and deliver organisational projects resulting in under achievement of business objectives, loss of reputation with external funders leading to loss of income, adverse effect on core operational services, erosion of confidence among a large segment of the workforce,					<b>Risk Group</b>	Financial	
Phase 2 - Current Assessment								
Current Control Measures								
Project Dashboard in place; regular reporting on project performance to SLT and Members; introductory training for all staff undertaken; specialist project manager in place; Heads of Service Group in place; infrastructure for identifying projects; regular engagement with wider workforce to encourage inclusion; positive engagement with external funders; Existing pipeline of projects in place and regularly updated.								
<b>Current Probability</b>	M	<b>Current Impact</b>	H	<b>Current Risk Score</b>	12	<b>Current Risk Category</b>	Medium High	
Phase 3 - Risk Mitigation Plan								
Reduction Action					Action Manager	Due Date and status	%	Date Completed
RR_NYM_100	Develop project pipeline aligned with external funding plans to ensure that a continual programme of projects are identified, developed and ready for funding at intervals which minimise pressure on operational staff				NYM Ex FM; NYM PDM	31-Mar-2025	 75%	
RR_NYM_101	Deliver a programme of training across all teams that reinforce the project management procedures and embed into practice for all staff				NYM PDM	31-Mar-2025	 75%	
RR_NYM_96	Develop skilled project managers across the Authority and where necessary and appropriate, procure specialist project management skills.				NYM All Directors; NYM PDM	31-Mar-2025	 75%	
RR_NYM_97	Work with a variety of external funders and with the North York Moors Trust to maximise opportunity for project funding				NYM Ex FM	31-Mar-2025	 75%	
RR_NYM_98	Where appropriate, ensure project staff are multiskilled to assist transition between projects and retain knowledge and experience				NYM All Line Mgrs	31-Mar-2025	 75%	
RR_NYM_99	Work with partners to embed project management principles and also to enable them to lead of projects so increasing capacity to deliver.				NYM All Directors	31-Mar-2025	 75%	
Phase 4 - Target Risk Assessment								
<b>Target Probability</b>	L	<b>Target Impact</b>	M	<b>Target Risk Score</b>	6	<b>Target Risk Category</b>	Medium	






Phase 1 - Identification									
<b>Ref.</b>	NYM_11	<b>Title</b>	<b>National Park Targets and Outcomes</b>	<b>Risk Owner</b>	NYM CEO	<b>Risk Manager</b>	NYM CEO		
<b>Risk Description</b>	Failure to achieve the North York Moors' National Park's contribution to national targets and outcomes for Protected Landscapes resulting in loss of reputation and potential risk to funding in due course					<b>Risk Group</b>	Strategic		
Phase 2 - Current Assessment									
Current Control Measures									
National Park Management Plan that includes objectives and targets that are achievable and supported by key partners agreed; working with National Parks England & Defra to ensure national targets are relevant, appropriate and fair;									
<b>Current Probability</b>	M	<b>Current Impact</b>	M	<b>Current Risk Score</b>	9	<b>Current Risk Category</b>	Medium		
Phase 3 - Risk Mitigation Plan									
Reduction Action					Action Manager	Due Date and status	%	Date Completed	
RR_NYM_118	Adopt and maintain governance mechanisms that secure the ongoing presence and participation of key partners with responsibilities for delivering the Management Plan				NYM CEO	31-Mar-2025		75%	
RR_NYM_119	Work with National Parks England & Defra to ensure national targets are relevant, appropriate and fair (ongoing)				NYM CEO	31-Mar-2025		75%	
RR_NYM_120	Work with Management Plan Partner Delivery Group & Natural England to agree local share of nationally allocated targets				NYM CEO	31-Mar-2025		25%	
RR_NYM_121	Adopt provisional targets to incorporate at next Management Plan review				NYM CEO	31-Mar-2025		0%	
RR_NYM_122	Ensure that key stakeholders are well-informed and adequately briefed on the impact of LURA duties on relevant authorities				NYM CEO	01-Jun-2024		100%	31-Dec-2024
RR_NYM_123	Review composition of Partner Delivery Group to ensure that all key partners with responsibilities for new national targets are represented				NYM CEO	01-Jun-2024		100%	01-Jun-2024
RR_NYM_124	Ensure NPA Business Plan objectives, targets and KPIs support measurement and achievement of national targets and outcomes				NYM CEO	01-Jun-2024		100%	01-Jun-2024
RR_NYM_125	Allocate sufficient staff resources to data capture and monitoring to support measurement of performance against all targets and outcomes				NYM All Directors; NYM Members	31-Mar-2024		100%	31-Jul-2024
Phase 4 - Target Risk Assessment									
<b>Target Probability</b>	L	<b>Target Impact</b>	M	<b>Target Risk Score</b>	6	<b>Target Risk Category</b>	Medium		




Phase 1 - Identification									
Ref.	NYM_10	Title	Legislative Requirements – Potential Breach of Statutory Duties	Risk Owner	NYM CEO	Risk Manager	NYM CEO		
Risk Description	Failure to comply with legislative requirements such as new environmental responsibilities, equality and new planning legislation including statutory government targets leading to legal challenge, financial penalties, adverse publicity on poor performance and reputational harm.					Risk Group	Legislative		
Phase 2 - Current Assessment									
Current Control Measures									
Provision of in-house legal advice and Monitoring Officer: DPD staff training including planning legal update courses; Tracking of public sector legal cases on weekly basis. Consideration of legal implications on all Committee Reports: Regular exchange through professional officer networks, regular monitoring of statutory planning performance indicators good cross departmental working on joint issues such as BNG.									
Current Probability	L	Current Impact	H	Current Risk Score	8	Current Risk Category	Medium		
Phase 3 - Risk Mitigation Plan									
Reduction Action					Action Manager	Due Date and status	%	Date Completed	
RR_NYM_114	Use of external trainer for significant changes to legislation				NYM CEO	31-Mar-2025		40%	
RR_NYM_115	Deliver specific training for Members on range of legislative risks and implications				NYM CEO; NYM Do CS	31-Mar-2025		40%	
RR_NYM_116	Carry out annual review of current control measures to assess effectiveness				NYM CEO	31-Dec-2024		50%	
RR_NYM_117	Embed performance monitoring and management processes across all Authority including appointment of performance monitoring officer				NYM CEO; NYM Do P	30-Jun-2024		100%	31-Jul-2024
Phase 4 - Target Risk Assessment									
Target Probability	L	Target Impact	M	Target Risk Score	6	Target Risk Category	Medium		

Phase 1 - Identification							
Ref.	NYM_3	Title	Climate Change	Risk Owner	NYM CEO	Risk Manager	NYM Do CS
Risk Description	National Park Authority fails to achieve net zero GHG emissions by 2030, resulting in an inability to meet public expectations, government targets for public bodies and significant reputational damage.					Risk Group	Strategic
Phase 2 - Current Assessment							
Current Control Measures							
Good understanding of emissions caused by the Authority's activities and plans are in place to address these; processes in place to accurately track emissions; all electricity used is from renewable sources; Business Plan outcomes are directed towards achieving these targets; targets are identified in the Business Plans and resources have been identified; climate change-specific training delivered to NYMNPA Members and staff;							
Current Probability	L	Current Impact	L	Current Risk Score	4	Current Risk Category	Low
Phase 3 - Risk Mitigation Plan							
Reduction Action		Action Manager		Due Date and status		%	Date Completed
RR_NYM_10	Maintain a clear and shared understanding of the current UK policy framework as it relates to targets for the public sector (ongoing)	NYM Do CS		31-Mar-2025		75%	
RR_NYM_11	Procurement to replace existing fleet with electric vehicles when the opportunity arises (ongoing)	NYM CEO; NYM Do CS		31-Mar-2025		75%	
RR_NYM_12	Maintain up to date data on Authority's CO2e emissions (ongoing)	NYM Do CON&CC; NYM Do CS		31-Mar-2025		75%	
RR_NYM_13	Firmly establish sustainability as part of the procurement process for quotation and tender level supply of goods and services. Provide training for staff.	NYM Do CS		31-Mar-2025		90%	
RR_NYM_14	Explore further opportunities and find financial support to secure resources to carry out decarbonisation of the Authority's activities including buildings work (ongoing)	NYM Members; NYM Mgt Team		31-Mar-2025		75%	
RR_NYM_15	Continue to deliver climate change-specific training to NYMNPA Members and staff to increase awareness/level of understanding	NYM Do CON&CC		31-Mar-2025		0%	
RR_NYM_16	Install EV charge points at principal NYMNPA-owned car parks and visitor centres	NYM Do CS		31-Mar-2025		95%	
RR_NYM_86	Prepare and disseminate Vehicle usage Policy	NYM Do CS		31-Jul-2024		100%	30-Jun-2024
Phase 4 - Target Risk Assessment							
Target Probability	L	Target Impact	L	Target Risk Score	4	Target Risk Category	Low

<b>Risk Reduction Action Status Key</b>	
Symbol	Meaning
	The risk reduction action is overdue for completion or review.
	The risk reduction action is approaching its expected completion or review date.
	The risk reduction action is on target.
	The risk reduction action has been completed.

Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category
	<b>NYM_9 Information Security</b>	Failure to ensure the security and quality of the Authority's digital systems and data, its effective storage and use to maximise its value as a key Authority asset. This could result in an impact on efficiency and decision making, potential data breaches, disruption, criticism and loss of service.	NYM CEO	NYM Do CS	H	VH	20	Very High	H	H	16	High
	<b>NYM_7 Woodsmith and Boulby Mines – Implementation of Planning Decisions</b>	Failure to maintain effective working relationships with the developers, including timely engagement at a senior level, with adverse consequences for the delivery of efficient relationship management and corresponding adverse impact on the resources required to be deployed by the Authority to achieve appropriate regulatory oversight of the developments and the delivery of appropriate and timely mitigation and compensation actions through planning conditions and Section 106. Changes in Development programme and the wider commercial contexts to the developments having financial implications to the Authority. A corresponding reputational risk to the Authority may also arise.	NYM CEO	NYM Do CON&CC	H	VH	20	Very High	H	H	16	High
	<b>NYM_8 Property Assets</b>	Failure to operate from properties that are fit for purpose. Offices need to be suitable in size, location and design for blended working patterns and increased levels of collaboration between teams. Depots need to have long term tenure, low running costs and be robust from a safety point of view. A credible financial plan to deliver this needs to be established. Failure to achieve these outcomes will result in an adverse impact on operational ability to deliver services, financial impact and internal and external criticism.	NYM CEO	NYM Do CS	H	VH	20	Very High	M	H	12	Medium High
	<b>NYM_2 Financial Resilience</b>	Failure to manage financial risks adequately resulting in consequent risk to work programmes delivery of services and business plan objectives.	NYM CEO	NYM CFO	H	H	16	High	M	H	12	Medium High
	<b>NYM_5 People Capacity and Skills</b>	Failure to ensure that there is sufficient staff capacity, together with an ability to attract candidates of sufficient calibre to fill key posts results in an inability to deliver an ambitious work programme contained in the Business Plan; failure to deal effectively with workload peaks resulting in significant decline in effectiveness, service quality &/or insufficient progress in delivering desired outcomes.	NYM CEO	NYM Mgt Team	H	H	16	High	M	H	12	Medium High

Risk Trend	Risk	Description	Risk Owner	Risk Manager	Curr Prob	Curr Imp	Current Risk Score	Current Category	Targ Prob	Targ Imp	Target Risk Score	Target Category
	<b>NYM_6 Health, Safety and Safeguarding</b>	Failure to meet Health, Safety and Safeguarding statutory requirements resulting in possible loss of life/serious injuries, prosecution, claims, reputational damage and fines.	NYM CEO	NYM Do CS	M	H	12	Medium High	L	H	8	Medium
	<b>NYM_12 Project Management and Delivery</b>	Failure to effectively manage, monitor and deliver organisational projects resulting in under achievement of business objectives, loss of reputation with external funders leading to loss of income, adverse effect on core operational services, erosion of confidence among a large segment of the workforce,	NYM CEO	NYM DoC&CC	M	H	12	Medium High	L	M	6	Medium
	<b>NYM_11 National Park Targets and Outcomes</b>	Failure to achieve the North York Moors' National Park's contribution to national targets and outcomes for Protected Landscapes resulting in loss of reputation and potential risk to funding in due course	NYM CEO	NYM CEO	M	M	9	Medium	L	M	6	Medium
	<b>NYM_10 Legislative Requirements – Potential Breach of Statutory Duties</b>	Failure to comply with legislative requirements such as new environmental responsibilities, equality and new planning legislation including statutory government targets leading to legal challenge, financial penalties, adverse publicity on poor performance and reputational harm.	NYM CEO	NYM CEO	L	H	8	Medium	L	M	6	Medium
	<b>NYM_3 Climate Change</b>	National Park Authority fails to achieve net zero GHG emissions by 2030, resulting in an inability to meet public expectations, government targets for public bodies and significant reputational damage.	NYM CEO	NYM Do CS	L	L	4	Low	L	L	4	Low

Risk Trend Key	
Symbol	Meaning
	Risk ranking has worsened since the last review.
	Risk ranking is the same as at last review.
	Risk Ranking has improved since the last review.
new	Risk is new or has been significantly altered since the last review.

# North York Moors National Park Authority

## Finance, Risk, Audit and Standards Committee

3 February 2025

### Item 15, Treasury Management and The Prudential Code for Capital Finance

#### 1. Purpose of the report

1.1 To consider the updated Annual Treasury Management Strategy and Annual Investment Strategy for 2025/26, and Prudential Indicators for the financial years 2023/24 – 2027/28.

#### 2. Background

2.1 The Authority is legally required to operate a balanced budget. Within that there is a requirement for a Treasury Management operation which ensures that cash flows are adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments in line with the Authority's low risk appetite, prioritising adequate liquidity first before considering investment returns.

2.2 CIPFA defines Treasury Management as:

“the Management of the Authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with these activities and the pursuit of optimum performance consistent with those risks.”

'Investments' in the definition above covers all the financial assets of the organisation, as well as other non-financial assets which the organisation holds primarily for financial returns.

2.3 The approach to Treasury Management must have regard to the following guidance :-

- CIPFA Code of Practice on Treasury Management in the Public Services
- CIPFA Prudential Code for Capital Finance in Local Authorities

2.4 Each February the Finance, Risk and Standards Committee considers a report on Treasury Management and the Prudential Code Indicators for borrowing for recommendation to National Park Authority meeting in March. The function of Treasury Management is undertaken for the Authority by North Yorkshire Council via a service level agreement.

2.5 For investments, the Council pools the monies it invests on behalf of the Authority with its own funds. The approach adopted, consistent with the policy statement of this Authority is to ensure the security of capital and liquidity of

investments. The Authority will also aim to seek the highest return on its investments provided that proper levels of security and liquidity are achieved. The current approved lending list of banks and organisations that can be invested in is included at Schedule A.

- 2.6 The second main function of the treasury management function is the funding of the Authority's capital plans. As of January 2025, the Authority does not have any loans in place and has not needed to borrow to fund capital projects. Despite not having taken out loans, the possibility of borrowing is an option that the Authority has ensured is available to it when making decisions on the optimum way to finance capital purchases. The indicators proposed in this report are based on the latest capital expenditure forecasts and therefore establish the parameters to allow a decision to be taken to borrow funds if that proves to be the optimum solution. Nothing in the report commits the Authority to any decision to borrow funds.
- 2.7 The Authority must have an approved Treasury Management Policy, Annual Treasury Management and Investment Strategy and Minimum Revenue Provision Policy in place by the beginning of the financial year.
- 2.8 As noted above, the Treasury Management arrangements of the Authority are currently provided under contract by North Yorkshire Council. The Council is required to comply with the terms of this Authority's approved Treasury Management Policy Statement and Annual Treasury Management Strategy.
- 2.9 It is a requirement of the Chief Finance Officer to report to the Finance, Risk and Audit Standards Committee if there are any changes to the strategy or adverse impacts on prudential indicators. A mid-year update report is brought as standard to Committee in November each year.
- 2.10 The appendices in the report cover the following requirements of the code:

Appendix A - Treasury Management Policy Statement

Appendix B – Treasury Management Strategy Statement, which is made up of the Treasury Strategy, Annual Investment Strategy, Minimum Revenue Provision Policy, Lending list, Investment Instruments and Link Advisors view on interest rates and overall economic view.

Appendix C – Capital Strategy

### **3. Recommendation**

- 3.1 That Members recommend that the Full Authority: :
- i. approves the Annual Treasury Management Strategy for 2025/26 as detailed in appendix B;
  - ii. adopts the Annual Investment Strategy agreed by the Authority for 2025/26;
  - iii. approves the Capital Strategy as laid out in appendix C.

Ahead of its meeting in March 2025.

Contact Officer:  
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Chief Finance Officer to the North York Moors National Park Authority  
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## **Appendix A, North York Moors National Park Authority**

### **Treasury Management Policy Statement**

#### **1. Background**

1.1 The Authority has adopted the CIPFA Code of Practice on Treasury Management in the Public Services. The CIPFA Code of Practice on Treasury Management requires the Authority to adopt the following four clauses of intent:

- a) the Authority will maintain as the cornerstone for effective Treasury Management:
  - i. a strategic Treasury Management Policy Statement (TMPS) stating the policies, objectives, and approach to risk management of the Authority to its treasury management activities;
  - ii. a framework of suitable Treasury Management Practices (TMPs) setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. The Code recommends 12 TMPs.
- b) the Authority (full Authority and/or FRASC) will receive reports on its Treasury Management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close;
- c) the Authority delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to FRASC;
- d) the Authority nominates FRASC to be responsible for ensuring effective scrutiny of the Treasury Management Strategies and Policies.

1.2 The CIPFA Prudential Code for Capital Finance in Local Authorities and the terms of the Local Government Act 2003, together with 'statutory' Government Guidance, establish further requirements in relation to treasury management matters, namely:

- a) the approval, on an annual basis, of a set of Prudential Indicators;
- b) the approval, on an annual basis, of an Annual Treasury Management Strategy, an Annual Investment Strategy, and an annual Minimum Revenue Provision (MRP) policy statement.

#### **2. Treasury management policy statement (TMPS)**

2.1 Based on the requirements detailed above a TMPS stating the policies and objectives of the treasury management activities of the Authority is set out below.

2.2 The Authority defines the policies and objectives of the treasury management activities of the Authority as follows:-

- a) the management of the Authority’s investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks;
- b) the identification, monitoring and control of risk will be the prime criteria by which the effectiveness of the treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority and any financial instrument entered into to manage these risks;
- c) effective treasury management will provide support towards the achievement of the business and service objectives of the Authority. The Authority is committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

2.3 As emphasised in the Treasury Management Code of Practice, responsibility for risk management and control of Treasury Management activities lies wholly with the Authority and officers of both this Authority and North Yorkshire Council involved in Treasury Management activities are explicitly required to follow Treasury Management policies and procedures.

### **3. Treasury management practices (TMPs)**

3.1 The CIPFA Code of Practice on Treasury Management requires a framework of Treasury Management Practices (TMPs) setting out the manner in which the Authority will seek to achieve these policies and objectives and prescribing how it will manage these activities

3.2 As the Treasury Management activities of the Authority are undertaken by North Yorkshire Council the Authority has adopted the Treasury Management Practices used by North Yorkshire Council to govern the Treasury Management activities of the Authority. A copy of the North Yorkshire Council Treasury Management Practices is available on request.

### **4. Prudential indicators**

4.1 The Local Government Act 2003 requires the Authority to “have regard to” the CIPFA Prudential Code for Capital Finance in Local Authorities. This Code requires the Authority to set a range of Prudential Indicators for the next three years to ensure that capital spending plans are affordable, prudent, and sustainable.

4.2 The Prudential Code also requires appropriate arrangements to be in place for the monitoring, reporting and revision of Prudential Indicators previously set.

## **5. Annual treasury management and investment strategy**

- 5.1 A further implication of the Local Government Act 2003 is the requirement for Authority to set out its Treasury Management Strategy for borrowing and to approve an Annual Investment Strategy.
- 5.2 The Treasury Management contract with North Yorkshire Council covers the day-to-day investment requirements of the Authority. The net return/cost achieved by the Council will be closely monitored by the Chief Finance Officer.
- 5.3 The Authority's Day to day investments are managed as part of an overall investment pool operated by North Yorkshire Council. In order to facilitate the pooling of investments with the Council, the Authority's Annual Investment Strategy has been adopted by the Authority.
- 5.4 The Council will approve this combined Annual Strategy alongside the annual Revenue Budget/Medium Term Financial Strategy at its February meeting each year.

## **Appendix B, North York Moors National Park Authority**

### **Treasury Management Strategy Statement 25/26**

#### **1. Introduction**

1.1 This Treasury Management Strategy statement details the expected activities of the Treasury function in the financial year 2025/26. Its production and submission to Members is a requirement of the Local Government Act 2003, the CIPFA Treasury Management Code of Practice in the Public Sector & Prudential Code as updated.

1.2 The suggested strategy for 2025/26 in respect of the following aspects of the treasury management function is based upon officer's views on interest rates, supplemented with market forecasts.

The strategy covers:

- the Treasury Limits in force which will limit the treasury risk and activities of the Authority (paragraph 2);
- Prudential Indicators (paragraph 3);
- the current treasury position (paragraph 4);
- Borrowing Policy (paragraph 5);
- prospects for interest rates (paragraph 6);
- the Borrowing Strategy (paragraph 7);
- Minimum Revenue Provision Policy (paragraph 8);
- Annual Investment Strategy (paragraph 9);

#### **2. Treasury limits for 2025/26 to 2027/28**

2.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations for the Authority to determine and keep under review how much it can afford to borrow. The amount so determined is termed the Affordable Borrowing Limit.

2.2 The Authority must have regard to the Prudential Code when setting the Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits. In practice, it is equivalent to the Authorised Limit as defined for the Prudential Indicators (therefore see paragraph 3 below).

2.3 Whilst termed an Affordable Borrowing Limit, the spending plans to be considered for inclusion in corporate financing by both external borrowing and other forms of liability such as credit arrangements. The Affordable Borrowing Limit has to be set on a rolling basis for the forthcoming financial year and two successive financial years.

### 3. Updated Prudential Indicators Proposed for 2025/26 to 2027/28

3.1 The proposed Prudential Indicators for the Authority for the 2025/26 financial year are as follows:

- i. Estimated Ratio of Capital Financing Costs to the Net Revenue Budget (Affordability)

This indicator identifies the trend in the cost of borrowing (principal and interest) net of interest earned on temporary balances against net revenue expenditure met from National Park Grant. Where the interest on balances exceeds the cost of borrowing, the effective percentage is set at nil.

Year	Basis	%
2023/24	Actual	0.00
2024/25	Probable	0.00
2025/26	Estimate	0.00
2026/27	Estimate	0.00
2027/28	Estimate	0.00

- ii. Capital Expenditure Plans (Actual and Estimated)

The actual capital expenditure that was incurred by the Authority in 2023/24 and the estimates of capital expenditure to be incurred for 2024/25 and future years are outlined in the table below.

It is important to note that this table reflects the total capital spending plans for the Authority funded by from all sources including external funding and reserves. All the prudential indicators that follow are based upon the possible borrowing element of these spending plans only, but do not commit the Authority to using this source of finance.

Year	Basis	£k
2023/24	Actual	1,590
2024/25	Probable	2,322
2025/26	Estimate	615
2026/27	Estimate	302
2027/28	Estimate	482

- iii. Capital Financing Requirement and Forecast

The capital financing requirement relates to the underlying need of the Authority to borrow to finance capital purposes. For the Authority, currently this is just the long-term lease on Danby Lodge. Estimates of the capital financing requirement at the future financial year end dates are as follows:

Date	Basis	Borrowing £k	Other long-term liabilities £k	Total £k
31 March 2024	actual	0.0	177.1	177.1
31 March 2025	probable	0.0	176.9	176.9
31 March 2026	estimate	0.0	176.6	176.6
31 March 2027	estimate	0.0	176.3	176.3

#### iv. Authorised Limit for External Debt

This indicator represents the limit beyond which borrowing by the Authority is prohibited. It is based upon the best estimate of increases in debt arising from the capital financing requirement plus a margin to allow some flexibility for unforeseen cash movements. This has been included at £250k.

The limit is analysed between borrowing and other long-term liabilities (such as finance leases) to show the actual debt owed by the Authority and any other financing instruments that have been used.

Approval of the strategy allows the Chief Finance Officer to effect any changes between the separately agreed limits for borrowing and other long-term liabilities, in accordance with option appraisal, value for money and any other relevant factors.

The recommended Authorised limits for external debt are as follows:

Year	Borrowing limit £k	Other long- term liabilities £k	Total £k
2023/24	250.0	177.1	427.1
2024/25	250.0	176.9	426.9
2025/26	250.0	176.6	426.6
2026/27	250.0	176.3	426.3

The Chief Finance Officer can confirm that the Authorised Limit is consistent with the Authority's current commitments and budget process.

Under Section 3(1) of the Local Government Act 2003 the Authority must determine a Statutory Limit in terms of how much money it can afford to borrow. This affordable borrowing limit must be set for the following year. The Authorised limit of £426.5k will act as this limit for 2025/26.

#### v. Operational Boundary for External Debt

This indicator is based on the probable external debt position during the course of the year. It is not a limit and actual borrowing could vary around this boundary during the year. The difference between this indicator and the Authorised Limit is the £250k which provides headroom for unusual cash movements.

In line with the Authorised limit, the operational boundary is analysed between borrowing and other long term liabilities separately. The Chief Finance Officer has delegated authority to make in year changes to the operational boundary and its sub categories.

Year	Borrowing limit £k	Other long term liabilities £k	Total £k
2023/24	0.0	177.1	177.1
2024/25	0.0	176.9	176.9
2025/26	0.0	176.6	176.6
2026/27	0.0	176.3	176.3

#### vi. Actual External Debt

The Authority had no external debt at 31 March 2024. At this late stage of the financial year no external borrowing has been taken to date and none is envisaged by 31 March 2025. For Prudential Indicators, however, other long-term liabilities, such as the finance lease identified in paragraph 3.1 (iii), are classed as external debt for this purpose.

#### vii. Gross Debt and the Capital Financing Requirement

The Prudential Code emphasises that in order to ensure that over the medium-term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year, plus the estimate of any additional capital financing requirement for the current and next two financial years.

The Chief Finance Officer can confirm that the Authority has met this requirement up to 2024/25. Furthermore, no difficulties are anticipated for the period covered by this report to 2025/26.

#### viii. Maturity Structure of Borrowing

Upper and lower limits for the maturity structure of borrowings are set to allow maximum flexibility -

Period	Lower limit	Upper limit
Under 12 months	0%	100%
12 months and within 24 months	0%	100%
24 months and within 5 years	0%	100%
5 years and within 10 years	0%	100%
10 years and above	0%	100%

#### ix. Total Principal Sums Invested for Periods longer than 365 days

In line with the Council’s policy and advice in this area, a Prudential Indicator of 20% of the Authority’s core cash balances is recommended for investments longer than 365 days.

**A maximum of 20% of funds available for investment will be held in aggregate in “Non-Specified investments” over 365 days.**

#### **4. The current treasury position**

4.1 As at 31 December 2024, the Authority’s Treasury position was as shown below.

Item	Principal as at 31 December 2024 £k	Average return in 2024/25 to 31 December 2024 %
External debt outstanding	0	0
Investments	0	0
Managed by NYC	7,507*	5.23

\*The figure above reflects the principal held as of 31 December 2024. The average daily balance from 1 April to 31 December 2024 was £8,309k.

#### **5. Borrowing policy**

5.1 The policy of the Authority is that if external borrowing is required to finance capital expenditure, then loans will be sought from the Public Works Loan Board (PWLB) or the money markets, over periods up to 70 years which reflect the best possible value to the Authority and/or the life of the Authority’s assets. Individual loans are also chosen depending on the perceived value of interest rates at the time of borrowing. Consideration will be given to internal borrowing from internal cash balances. This is dealt with in more detail in Section 8 on Borrowing Strategy.

5.2 The Chief Finance Officer, on the recommendation of the Council’s Treasury Management consultant, advises that if borrowing was undertaken from the money markets then loans should be limited to 30% of the total debt portfolio.

5.3 The Authority will look to borrow from the PWLB and money markets at the most advantageous rate. The Chief Finance Officer will monitor this situation closely throughout the year to determine the most appropriate and advantageous borrowing.

5.4 The Prudential Code allows external ‘borrowing for capital purposes in advance of need with the constraints of relevant approved Prudential Indicators. There are risks, however, in such borrowing in advance of need and the Authority has not taken any such borrowing to date. Furthermore, the Authority will not borrow more than or in advance of need purely in order to profit from the investment of the extra sums borrowed. Any such borrowing in advance of need will only be considered where there is a clear business case for doing so for the current Capital Plan or to finance future debt maturity payments.

5.5 The merits of internal capital borrowing from the Authority’s cash balances also needs to be considered very carefully and this is covered in more detail in paragraphs 8.3 to 8.9.

## 6. Prospects for Interest Rates

6.1 The Council has appointed Link Asset Services - Treasury Solutions (previously known as Capita Asset Services) as its treasury management advisor and part of their service is to assist in formulating a view on interest rates. By drawing together a number of current city forecasts for short term (Bank rate) and longer fixed interest rates a consensus view for bank rate, PWLB borrowing rates and short-term investment rates is as follows:

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

6.2 As shown in the forecast table above, the forecast for Bank Rate now includes progressive further decreases in the coming financial years. One in March 2025 to 4.50%, June 2025 to 4.25%, then to 4.00% in Sept 2025, then to 3.75% in Mar 2026, before finally steadying at 3.50% in December 2026.

Whilst rates outlined in the above table are forecast only, market consensus at present does expect progressive rate decreases over the coming years. As such, the returns currently being achieved on investments are likely to decrease accordingly over the coming years.

## 7. The borrowing strategy

7.1 Based on the interest rate forecast outlined above, there is as usual a range of options available for the borrowing strategy for 2025/26.

7.2 The main Strategy for undertaking new borrowing will be to generally take advantage of the lowest borrowing rates available with forecast PWLB borrowing rates (see paragraph 7.4) for under 10 years expected to be cheaper than longer term borrowing. The downside of such shorter term borrowing is the loss of long term stability in interest payments that longer term fixed interest rate borrowing provides.

External -v- internal borrowing

7.3 Due to the current risks and uncertainties within the economy, caution will be adopted with the 2025/26 treasury operations. The Chief Finance Officer will

monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

- 7.4 The Authority has solid cash balances. In 2024/25 there is a current daily average of £8,309k.
- 7.5 The existing borrowing policy does provide for such shorter term borrowing from the Authority's revenue cash balances depending on the relationship between short term variable interest rates and the fixed term PWLB or money market rates for longer periods. Consideration will, therefore, be given to the potential merits of internal borrowing.
- 7.6 Over the next three years investment rates are expected to be below long term borrowing rates. A value for money assessment would indicate that value could be obtained by avoiding/delaying some or all new external borrowing and by using internal cash balances to finance new capital expenditure. This would maximise short term savings but is not risk free.
- 7.7 The use of such internal borrowing, which runs down investments, also has the benefit of reducing exposure to low interest rates on investments, and the credit risk of counterparties.

In considering this option, however, two significant risks to take into account are:

- a) the implications of day-to-day cash flow constraints; and
- b) short term savings by avoiding/delaying new external borrowing must be weighed against the loss of longer-term interest rate stability. Thus, there is the potential for incurring long term extra costs by delaying unavoidable new external borrowing until later years by which time PWLB long term rates are forecast to be slightly higher.

Sensitivity of the forecast

- 7.8 The main sensitivities of the forecast are likely to be the two scenarios below. The Chief Finance Officer will, in conjunction with the Council's Treasury Management Adviser, continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a significant change of market view:
- i. if it is felt that there was a significant risk of a sharp fall in both long- and short-term rates, e.g., Due to the marked increase of risks around the relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short rate funding will be considered;
  - ii. if it is felt that there was a significant risk of a much sharper rise in both long- and short-term rates than currently forecast, perhaps arising from a greater than expected increase in world economic activity or sudden increases in inflation, then the portfolio position will be re-appraised with the likely action

that fixed rate funding will be drawn whilst interest rates were still relatively cheaper.

## **8. Minimum Revenue Provision Policy**

- 8.1 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Council has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge, known as Minimum Revenue provision (MRP). The Council is also allowed to undertake additional voluntary payments, the Voluntary Revenue provision (VRP), if required.
- 8.2 Along with the above duty the Government also issued new guidance in February 2008 which requires that a Statement on the Authority's policy for its annual MRP should be submitted to the Authority for approval before the start of the financial year to which the provision will relate. The Authority is legally obliged to have regard to this MRP guidance in the same way as applies to other statutory guidance such as a CIPFA Prudential Code, the CIPFA Treasury Management Code and the CLG guidance in Investments.
- 8.3 The policy for 2024/25 takes into account the fact that the Authority has no outstanding debt. The proposed policy is as follows.
- 8.4 For locally agreed Prudential Borrowing on capital expenditure incurred after 1 April 2008, MRP will be calculated based on equal annual instalments over the estimated useful life of the asset for which the borrowing is undertaken. For finance leases, MRP will be equivalent to the annual rental payable under the lease agreement.
- 8.5 The estimated life of relevant assets will be assessed each year based on types of capital expenditure incurred but in general will be 25 years for buildings, 50 years for land, 5 to 7 years for vehicles, plant and equipment, and 3 years for IT equipment. To the extent that expenditure is not on the creation of an asset (e.g. capital grants and loans), and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Authority.
- 8.6 This method of calculating the MRP is a simpler alternative to depreciation accounting. The option also allows the Authority to defer the introduction of an MRP charge for new capital projects/land purchases until the year after the new asset becomes operational rather than in the year borrowing is required to finance the capital spending. This approach is beneficial for projects that take more than one year to complete and is therefore included as part of the MRP policy.
- 8.7 This policy has been used, in respect of the requirement for capital expenditure, to calculate the provisions made in the Prudential Indicators set out in section 3 of this statement.

## **9. Annual Investment Strategy (AIS)**

### Background

- 9.1 Under the Local Government Act 2003 the Authority is required to have regard to Government Guidance in respect of its cash flows. The Guidance leaves local authorities free to make their own investment decisions, subject to the fundamental requirement of an Annual Investment Strategy being approved by the Authority before the start of the financial year.
- 9.2 The Treasury Management Contract with North Yorkshire Council covers the day-to-day investment requirements of the Authority. The net return/cost achieved by the Council officers will be closely monitored by the Chief Finance Officer.
- 9.3 Within the terms of the contract the Council continues to make all investments in accordance with the Local Government Act 2003 which requires an Annual Investment Strategy to be approved. The Authority has, therefore, adopted the Annual Investment Strategy approved by the Council. A copy of the document is available for members on request.

### Investment policy

- 9.4 The Authority's investment priorities are:
- i. the Authority will have regard to the revised Government Guidance on Local Government Investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes;
  - ii. the Authority's investment policy has two fundamental objectives:
    - the security of capital (protecting the capital sum from loss); and then
    - liquidity (keeping the money readily available for expenditure when needed).
  - iii. the Authority will also aim to seek the highest return (yield) on its investments provided that proper levels of security and liquidity are achieved. The risk appetite of the Authority is low in order to give priority to the security of investments;
  - iv. the borrowing of monies purely to invest or on-lend and make a return is unlawful and the Authority will not engage in such activity;
  - v. investment instruments for use in the financial year are listed under Specified and Non Specified investment categories (see paragraphs 10.8 and 10.9);
  - vi. Counterparty Limits (which are set to secure the surplus funds the authority lends to counterparties) will be as set through the North Yorkshire Council's Treasury Management Practices Schedules.

### Policy regarding loans to other bodies

- 9.5 The Authority's general investment powers under this Annual Treasury Management Strategy come from the Local Government Act 2003. Under this

Act a local authority has the power to invest for any purpose relevant to its functions or for the purpose of the prudent management of its financial affairs.

9.6 In addition to investment, the Authority has the power to provide loans and assistance to other bodies under the Localisation Act 2011. Any such loans made under these powers will not, however, be classed as investments and will not impact on the Investment Strategy. Instead, they will be classed as capital expenditure under the Local Authorities Regulations 2003 and will be approved, financed, and accounted for accordingly.

9.7 Investment Instruments identified for use in the forthcoming financial year are listed in the Schedule B under the specified and non-specified Investment categories:

all specified Investments are defined by the Government as options with “relatively high security and high liquidity” requiring minimal reference in investment strategies. In this context, the Authority has defined Specified Investments as being sterling denominated, with maturities up to a maximum of 1 year meeting the minimum high credit quality;

Non-specified investments (see schedule B) attract a greater potential of risk.

Creditworthiness policy

9.8 The approved Lending List of Organisations (counterparties) to which the Authority may make investments, together with the maximum sum at any time that can be placed with each, is outlined in the Council’s Treasury Management Practices (TMPs) and Treasury Management Policy Statement (TMPS) as covered by the contractual arrangements with the Council.

9.9 Any changes to the approved Lending List are made by the Chief Finance Officer under delegated powers and reported to the Council’s Executive and to this Authority as part of the reporting arrangements.

9.10 The Lending List of the Council for the 2025/26 Treasury Management and Investment Strategy is detailed in Schedules A to B

9.11 The credit worthiness policy, the criteria for monitoring and assessing organisations to which the Authority may make investments, is incorporated into the detailed Treasury Management Practices that support the Treasury Management Policy Statement mentioned above. Applying these criteria enables the Authority to produce an Approved Lending List of organisations. It reflects the following:-

a) a system of scoring each organisation using Link’s (the Council’s approved Treasury Management consultants) creditworthiness service. The service which has been progressively developed uses a sophisticated modelling system that includes:

- credit ratings published by the three credit rating agencies (Fitch, Moodys and Standard and Poor) which reflect a combination of components (long term and short term);
  - credit watches and credit outlooks from the ratings agencies;
  - Credit Default Swaps (CDS) spreads to give early warnings of likely changes in credit ratings;
  - Other information sources, including share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the availability of potential investment counterparties.
- b) sole reliance would not be placed on the information provided by Link. In addition, the Council will also use market data and information available from other sources, such as the financial press and other agencies and organisations.
- c) in addition to the above, the following measures would also continue to be actively taken into consideration:
- institutions will be removed or temporarily suspended from the Approved Lending List if there are significant concerns about their financial standing or stability;
  - investment exposure will be concentrated with higher rated institutions wherever possible.
- 9.12 Utilising the approach to the assessment of credit quality, the criteria and investment limits for specified investments (a maximum of 365 days) are:
- institutions which are substantially owned by the UK Government (Nationalised Banks) being limited to £75m;
- other institutions achieving suitable credit scores and colour bonding being limited to a maximum investment limit of between £20m and £60m (actual duration and investment limit dependent on final colour/score).
- 9.13 Local Authorities will continue to be included on the Approved Lending List for 2025/26, although suitable investment opportunities are limited. Local Authorities are classed as having the highest credit rating due to the way they are financed and their governance arrangements.
- 9.14 The Council manages its cash balances internally, including those of this Authority.
- 9.15 Ongoing discussions will be held with the Council's Treasury Management Adviser on whether to consider the appointment of fund manager(s) or continue investing in-house or any other appropriate investment opportunities.
- 9.16 The authority's cash balances are invested with the Councils funds and therefore the investment interest earned by the Authority will be from a combination of different investments over differing periods.

## Schedule A - Approved lending list 2025/26

Maximum sum invested at any time (The overall total exposure figure covers both Specified and Non-Specified investments)

	Country	Specified Investments (up to 1 year)		Non-Specified Investments (> 1 year £40m limit)	
		Total Exposure £m	Time Limit *	Total Exposure £m	Time Limit *
<b>UK "Nationalised" banks / UK banks with UK Central Government involvement</b>					
Royal Bank of Scotland PLC (RFB)	GBR	90.0	365 days	-	-
National Westminster Bank PLC (RFB)	GBR				
<b>UK "Clearing Banks", other UK based banks and Building Societies</b>					
Santander UK PLC (includes Cater Allen)	GBR	80.0	6 months	-	-
Barclays Bank PLC (NRFB)	GBR	90.0	100 days	-	-
Barclays Bank UK PLC (RFB)	GBR		6 months		
Bank of Scotland PLC (RFB)	GBR	80.0	6 months	-	-
Lloyds Bank PLC (RFB)	GBR				
Lloyds Bank Corporate Markets PLC (NRFB)	GBR				
Goldman Sachs International Bank	GBR	80.0	6 months	-	-
Sumitomo Mitsui	GBR	80.0	6 months	-	-
Standard Chartered Bank	GBR	80.0	6 months	-	-
Handelsbanken	GBR	80.0	365 days	-	-
Nationwide Building Society	GBR	40.0	6 months	-	-
Leeds Building Society	GBR	40.0	3 months	-	-
Coventry Building Society	GBR	40.0	6 months	-	-
<b>High Quality Foreign Banks</b>					
National Australia Bank	AUS	40.0	365 days	-	-
Credit Industriel et Commercial	FRA	40.0	365 days	-	-
Landesbank Hessen-Thueringen Girozentrale (Helaba)	GER	40.0	365 days	-	-
DBS (Singapore)	SING	40.0	365 days	-	-
Bayerische Landesbank	GER	40.0	365 days	-	-
National Bank of Canada	CAN	40.0	6 months	-	-
<b>Local Authorities</b>					
County / Unitary / Metropolitan / District Councils		30.0	365 days	5.0	5 years
Police / Fire Authorities		30.0	365 days	5.0	5 years
National Park Authorities		30.0	365 days	5.0	5 years
<b>Other Deposit Takers</b>					
Money Market Funds		40.0	n/a liquid	-	-
Property Funds		5.0	365 days	5.0	10 years
UK Debt Management Account		150.0	365 days	-	-

\* Based on data 30 September 2024

Based on data as 30 September 2024

## Schedule B - North York Moors National Park Authority annual investment strategy 2025/26 specified investments

(All such investments will be sterling denominated, with **maturities up to a maximum of 1 year**, meeting the minimum ‘high’ rating criteria where applicable)

-	Minimum ‘High’ credit criteria	Use
Debt Management Agency Deposit Facility	-	In-house
Term deposits – local authorities	-	In-house
Term deposits – banks and building societies **	Colour band green	In-house

Term deposits with nationalised banks and banks and building societies

-	Minimum credit criteria	Use
UK part nationalised banks	Colour Band Blue	In-house

Other specified investments

-	Minimum ‘High’ credit criteria	Use
UK Government Gilts	UK sovereign rating	In-house buy and hold and Fund Managers
Bonds issued by multilateral development banks	AAA or Government backed	In-house buy and hold and Fund Managers
Bonds issued by a financial institution which is explicitly guaranteed by the UK Government e.g., National Rail	UK sovereign rating	In-house buy and hold and Fund Managers
Treasury Bills	UK sovereign rating	In house and Fund Managers

Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs): -

-	Minimum ‘High’ credit criteria	Use
1a. Money Market Funds (CNAV)	Funds must be AAA rated (MMF rating)	In-house and Fund Managers
1b. Money Market Funds (LVNAV)	Funds must be AAA rated (MMF rating)	In-house and Fund Managers
1c. Money Market Funds (VNAV)	Funds must be AAA rated (MMF rating)	In-house and Fund Managers

## North York Moors National Park Authority investment strategy 2025/26 – non-specified investments

-	Minimum Credit Criteria	Use	Maximum investments	Maximum maturity period
Term deposits – local authorities with maturities greater than 1 year	-	In-house	£60m	5 yrs
Term deposits – banks and building societies with maturities greater than 1 year	Colour band Purple	In-house	£60m	5 yrs
Certificates of deposit issued by banks and building societies with maturities greater than 1 year	Colour band Purple	In-house	£60m	5 yrs
Certificates of deposit issued by banks and building societies with maturities greater than 1 year	Short-term F1, Long-term A- (Fitch or equivalent)	Fund Managers	£60m	5 yrs
Collateralised deposits	UK sovereign rating	In-house	£60m	5 yrs
UK Government Gilts with maturities greater than 1 year	UK sovereign rating	In-house and Fund Managers	£60m	5 yrs
Bonds issued by multilateral development banks with maturities greater than 1 year	AA or Government backed	In-house and Fund Managers	£60m	5 yrs
Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs)				
Property Funds	Organisations assessed as having “high credit quality”	In-house after consultation with Treasury Management Advisor	£60m	10 yrs

## **Appendix C, North York Moors National Park Authority - Capital Strategy**

### **1. Background**

- 1.1 The purpose of the Capital Strategy is to demonstrate that the Authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. It sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 1.2 The Capital Strategy comprises a number of distinct, but inter-related, elements as follows:
- a) Capital Expenditure (section 2)

This section includes an overview of the governance process for approval and monitoring of capital expenditure, including the Authority's policies on capitalisation, and an overview of its capital expenditure and financing plans.
  - b) Capital Financing and Borrowing (section 3)

This section provides a projection of the Authority's capital financing requirement, how this impacted by capital expenditure decisions and how it will be funded and repaid. It therefore sets out the Authority's borrowing strategy and explains how it will discharge its duty to make prudent revenue provision for the repayment of debt.
  - c) Alternative Investments (section 4)

This section provides an overview of those of the Authority's position regarding alternative investment options.
  - d) Chief Finance Officer's statement (section 5)

This section sets out the Chief Financial Officer's requirement to report on the affordability and risk associated with the capital strategy.

### **2. Capital expenditure**

#### Capitalisation policy

- 2.1 Expenditure is classified as capital expenditure when it results in the acquisition or construction of an asset (e.g., land, buildings, roads and bridges, vehicles, plant, and equipment etc.) that:
- will be held for use in the delivery of services, for rental to others, investment or for administrative purposes; and
  - are of continuing benefit to the Authority for a period extending beyond one financial year.

Subsequent expenditure on existing assets is also classified as capital expenditure if these two criteria are met.

- 2.2 There may be instances where expenditure does not meet this definition but would be treated as capital expenditure, including:
- where the Authority has no direct future control or benefit from the resulting assets, but would treat the expenditure as capital if it did control or benefit from the resulting assets; and
  - where statutory regulations require the Authority to capitalise expenditure that would not otherwise have expenditure implications according to accounting rules.

#### Governance

- 2.3 Capital expenditure is a necessary element in the development of the Authority's services since it generates investment in new and improved assets. Capital expenditure is managed through the annual budget as part of the budget setting process and reviewed quarterly as part of performance monitoring arrangements.
- 2.4 The Authority's Financial Procedure Rules provide a framework for the preparation and appraisal of proposed capital schemes and appropriate authorisations for individual schemes to proceed.

#### Capital expenditure and funding plans

- 2.5 The Authority's capital expenditure plans are set out in appendix B section 3.
- 2.6 When expenditure is classified as capital expenditure for capital financing purposes, this means that the Authority is able to finance that expenditure from any of the following sources:
- Capital grants and contributions - amounts awarded to the Authority in return for past or future compliance with certain stipulations.
  - Capital receipts - amounts generated from the sale of assets and from the repayment of capital loans, grants or other financial assistance.
  - Revenue contributions - amounts set aside from the revenue budget in the Reserve for Future Capital Funding.
  - Borrowing - amounts that the Authority does not need to fund immediately from cash resources, but instead charges to the revenue budget over a number of years into the future.
- 2.7 The implications of financing capital expenditure from 'borrowing' are explained in section 3 below.

### **3. Capital financing requirement and borrowing**

#### Context

- 3.1 The Authority is required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (referred to as the 'Prudential Code') when assessing the affordability, prudence and sustainability of its capital investment plans.
- 3.2 Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These indicators are intended to collectively build a picture that demonstrates the impact over time of the Authority's capital expenditure plans upon the revenue budget and upon borrowing and investment levels, and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable.
- 3.3 A summary of the actual prudential indicators for 2023/24, and the estimates for 2024/25 through to 2027/28, are provided in Appendix B Section 3.

#### Capital financing requirement

- 3.4 When capital expenditure is funded from borrowing, this does not result in expenditure being funded immediately from cash resources but is instead charged to the revenue budget over a number of years. It does this in accordance with its policy for the repayment of debt, which is set out in Appendix B Section 7.

The forward projections of the CFR reflect:

- Additional capital expenditure from borrowing or further credit arrangements resulting in an increase to the CFR; and
  - Revenue budget provision being made for the repayment of debt, which results in a reduction to the CFR).
- 3.5 The actual CFR for 2024/25 and forward projections, updated for the latest capital expenditure plans, are detailed in appendix B section 3

#### External borrowing limits

- 3.6 Please refer to appendix B section 3 for details of the Authority's external borrowing limits

#### Borrowing strategy

- 3.7 Please refer to Appendix B Section 7 for details of the Authority's Borrowing Strategy

#### Minimum revenue provision

- 3.8 Please refer to appendix B section 8 for details of the Authority's Minimum Revenue Provision.

#### **4. Alternative Investments**

- 4.1 In accordance with CIPFA's Commercial Property Investment guidance, issued in Autumn 2019, the Authority does not plan to externally borrow to finance commercial investments. Further to this, the Authority currently has no plans in place regarding alternative investments. Should these plans change, then the latest CIPFA guidance will be given due consideration.

#### **5. Chief Finance Officer's statement**

- 5.1 The Prudential Code for Capital Finance in Local Authorities (the Prudential Code) plays a key role in capital finance in local authorities. Local authorities determine their own programmes for investment that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA as a professional code of practice to support local authorities in taking their decisions. Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.
- 5.2 In financing capital expenditure, local authorities are governed by legislative frameworks, including the requirement to have regard to CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.
- 5.3 In order to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability, the Prudential Code requires authorities to have in place a Capital Strategy that sets out the long term context in which capital expenditure and investment decisions are made, and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 5.4 The Prudential Code requires the Chief Finance Officer to report explicitly on the affordability and risk associated with the Capital Strategy. The following are specific responsibilities of the Chief Finance Officer:
- recommending clauses, treasury management policy/practices for approval, reviewing regularly, and monitoring compliance;
  - submitting regular treasury management reports;
  - submitting regular budget reports;
  - reviewing the performance of the treasury management function;
  - -ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
    - ensuring the adequacy of internal audit, and liaising with external audit;
    - recommending the appointment of external service providers;

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities;
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
- ensuring that the authority has adequate expertise, either in house or externally provided;
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed.

5.5 The Capital Strategy provides an overview of the governance process for approval and monitoring of capital expenditure. These processes along with, the Capital Strategy and Prudential Indicators demonstrate that the capital expenditure, investment and financing plans of the Authority are robust, affordable and sustainable.