



# **North York Moors National Park**

**Statement of Accounts**

**2020/21**

# North York Moors National Park Authority

## Statement of Accounts 2020/21

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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 2021 are presented in the format laid down in the "Code of Practice on Local Authority Accounting in the United Kingdom 2020/21" (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 this is to indicate the most significant matters impacting on the Authority's financial position. In particular it shows the Authority's performance against budget for the financial year and the resources used.
- 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 overall liability in relation to its participation in the Local Government Pension Scheme (LGPS). As at 31st March 2021, the net liability (assets minus liabilities) stood at £7.514m, a change of £2.149m on the previous year’s value (£5.365m). The Authority’s assets increased by 27.3% in the year and liabilities increased by 29.6% due to changes in the actuarial assumptions used to value them.
3. There are no non-adjusting post Balance Sheet events to report.

## Summary of Revenue Spending

4. The main components of the Revised Budget for 2020/21 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 2021 (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 16. In addition carry forwards of £370.5k were included in the FRASC committee reports. A reconciliation of the two sets of figures is provided in the Expenditure and Funding Analysis on Page 29.

5. Financial performance in the year resulted in a transfer into reserves of £420k which includes carry forwards of £311k compared to a latest budget deficit of £281k. A revised budget was set in year due to the covid-19 pandemic which had substantial impacts on visitor numbers and consequently earned income streams. The surplus that has been generated is primarily as a result of higher income against the estimates in the revised budget, particularly in planning and car parks. Some of this income was put into additional expenditure in the year, but in some areas there have been challenges in spending during periods of lockdown, including the car park machine installation project, which was completed in April 2021, and woodland restoration works. There was also an underspend on salaries from vacant posts. A number of these expenditure budgets where work was underway at the year end have been carried forward to 2021/22.

There have also been challenges in spending on S106 and some externally funded projects, and whilst this does not have an impact on the bottom line of the income and expenditure account, we have received the income in advance and therefore the reserves position has increased by £1.2m in the year. Excluding this and the carry forwards reserve movement, the total reserves position has remained broadly level.

Despite the surplus position against the revised budget and the improved income position, it is important to note that the pandemic had a substantial impact on income in 2020/21, with total car parking income for the year being at 58% of the original budget level set prior to the pandemic.

In summary, the anticipated contribution from reserves in the revised budget has not been required, as a result of a combination of increased income and reduced expenditure. This led to a surplus of £109k after carry forwards, which has been transferred to reserves.

**Summary of Revenue Expenditure for 2020/21 as at 31 March 2021**

<b>Outturn 2019/20 £000</b>		<b>Current Budget 2020/21 £000</b>	<b>Outturn at 31 March 2021 £000</b>	<b>Year End Variance 2020/21 £000</b>
	<b>Expenditure</b>			
823	Conservation of the Natural Environment	1,704	996	(708)
1,278	Conservation of Cultural Heritage	782	750	(32)
1,258	Recreation Management and Transport	1,380	1,220	(160)
1,513	Promoting Understanding	2,185	2,009	(176)
812	Rangers, Estate & Volunteers	790	737	(53)
760	Development Management	802	736	(66)
292	Forward Planning & Communities	298	166	(132)
345	Corporate & Democratic Core	467	554	87
<b>7,081</b>	<b>Total Function Expenditure</b>	<b>8,408</b>	<b>7,168</b>	<b>(1,240)</b>
1,397	Section 106 Compensation & Mitigation	2,440	1,188	(1,252)
<b>8,478</b>	<b>Total Expenditure</b>	<b>10,848</b>	<b>8,356</b>	<b>(2,492)</b>
	<b>Income</b>			
(310)	Conservation of the Natural Environment	(1,105)	(484)	621
(1,054)	Conservation of Cultural Heritage	(550)	(548)	2
(733)	Recreation Management and Transport	(664)	(719)	(55)
(415)	Promoting Understanding	(899)	(860)	39
(17)	Rangers, Estate & Volunteers	(2)	(6)	(4)
(381)	Development Management	(305)	(328)	(23)
(34)	Forward Planning & Communities	(15)	(16)	(1)
(71)	Corporate & Democratic Core	(206)	(246)	(40)
<b>(3,015)</b>	<b>Total Function Income</b>	<b>(3,746)</b>	<b>(3,207)</b>	<b>539</b>
<b>(1,397)</b>	Section 106 Compensation & Mitigation	<b>(2,440)</b>	<b>(1,188)</b>	<b>1,252</b>
<b>(4,412)</b>	<b>Total Income</b>	<b>(6,186)</b>	<b>(4,395)</b>	<b>1,791</b>
<b>4,066</b>	<b>Net Expenditure</b>	<b>4,662</b>	<b>3,961</b>	<b>(701)</b>
	<b>Financed by</b>			
4,382	National Park Grant	4,382	4,382	0
(316)	Transfer (to)/from Reserves	280	(421)	(701)
<b>4,066</b>		<b>4,662</b>	<b>3,961</b>	<b>(701)</b>

6. Key variances in income and expenditure are set out below :-

Income	Budget £k	Actual £k	Variance £k	Key Variances
Natural Environment	-1,105	-484	621	Delays in externally funded projects.
Cultural Heritage	-550	-548	2	
Recreation Management	-664	-719	-55	Increased car parking and apprentice income.
Promoting Understanding	-899	-860	39	Delays in externally funded projects offset by small increases in visitor centre income.
Rangers and Volunteers	-2	-6	-4	
Development Management	-305	-328	-23	Increase in small planning applications.
Forward Planning	-15	-16	-1	
Corporate and Democratic Core	-206	-246	-40	Covid support grants and higher interest.
DEFRA Grant	-4,382	-4,382	0	
<b>Total Function Income</b>	<b>-8,127</b>	<b>-7,589</b>	<b>-538</b>	
S106 Compensation & Mitigation	-2,440	-1,188	-1,252	See expenditure
<b>Total Income</b>	<b>-10,567</b>	<b>-8,777</b>	<b>-1,790</b>	

Expenditure	Budget £k	Actual £k	Variance £k	Key Variances
Natural Environment	1,704	1,018	-686	Delayed external funding delivery plus lower spend on Plantations on Ancient Woodland Sites and rural recovery fund grants.
Cultural Heritage	782	764	-18	External funding projects plus lower pay.
Recreation Management	1,380	1,290	-90	External funding projects plus pay and outreach work underspends.
Promoting Understanding	2,185	2,073	-112	External funding projects plus lower spend on visitor facilities whilst closed.
Rangers and Volunteers	790	737	-53	External funding plus lower spend on volunteers, rural recovery fund and payroll.
Development Management	802	746	-56	Lower spend on specialist and legal fees plus savings on pay.
Forward Planning	298	283	-15	Lower spend on local plan.
Corporate and Democratic Core	467	570	103	Legal, property advice, contingency and insurance budgets underspent.
<b>Total Function Expenditure</b>	<b>8,408</b>	<b>7,480</b>	<b>-928</b>	
S106 Compensation & Mitigation	2,440	1,188	1,252	Underspend on tourism, core policy D and signage projects.
<b>Total Expenditure</b>	<b>10,848</b>	<b>8,668</b>	<b>2,180</b>	



7. The authority has a performance indicator to keep expenditure in the corporate and democratic core below 5%. In the budget this was 4.3% but as a result of lower spend in the year due to the pandemic this has increased to 6.6%.
8. The most significant items of expenditure incurred by the Authority are employees at £4.1m, which equates to 49% of actual expenditure in 2020/21.
9. The Revenue Working Balance – the Authority seeks to maintain a permanent Balance Sheet reserve as a contingency against unexpected events equivalent to 5% of budgeted gross expenditure excluding S106, which equates to £385k.
10. The accounting policies are set out formally in the Statement of Accounting Policies on Page 19. The policies adopted in 2020/21 are compliant with the “Code of Practice on Local Authority Accounting in the United Kingdom 2020/21” (The Code).
11. The Authority has never borrowed any money for capital purposes and whilst there are no plans to do so currently, 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 does have a facility arrangement with North Yorkshire County Council whereby any daily overdraft balances are consolidated into the County 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.
12. 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.
13. The previous Chief Executive Officer retired in July 2020 and a new Chief Executive Officer has been appointed.
14. During the year, a new S151 Officer commenced in post from 1st April 2020. This continues to be delivered as part of the collaboration agreement with North Yorkshire County Council. The new post holder was previously the Deputy S151 Officer.

## **Coronavirus Pandemic and Associated Risks**

15. On the 23 March 2020, the Prime Minister announced that the UK was to go into a period of lockdown, with restrictions on movement. This was the first of three periods of lockdown through the year. As a result, facilities have at times been closed and visitor numbers considerably reduced during these periods of restrictions. The lockdown had impacts on multiple key income streams in 2020/21 including most significantly:-
  - Car park income
  - Retail sales
  - Education programmes
  - Events, including the gallery
  - Investment interest

16. A revised budget including Covid assumptions was approved in July 2020 and superseded the pre-pandemic budget, which had been approved on the 23rd March 2020. The new budget used an element of reserves and Government grant and furlough schemes to help deliver a new balanced budget. The value from reserves was sustainable and the future financial stability of the Authority was not considered to be at risk.
17. The revised budget was set amongst much uncertainty, and there have been improvements on the original assumptions in car parking, planning and interest income streams in particular. Despite these improvements, many income streams remain lower than the original budget, including car parking income, which is at 58% of pre-pandemic levels. In addition, there have been some areas of expenditure that have been challenging to deliver in periods of lockdown. As a result, the funding of the revenue budget deficit from reserves indicated in the revised budget has not been required.
18. Full details of the budget proposal can be found in the meetings and agendas section of the Authority website.

## **Strategy and Other Key Future Risks**

19. The Covid pandemic has put considerable pressure on the Authority finances and whilst the highest financial impacts on income and expenditure look to be in 2020/21, there are currently still restrictions in place in the United Kingdom and the end date for this has been postponed, with cases increasing due to new variants. As a result, there continues to be a risk that will be monitored.
20. There was already considerable pressure on the public purse prior to the pandemic, but there is now more financial pressures than ever in the public sector. This does provide some uncertainty around future funding for the National Parks and this is the context we are working in.
21. DEFRA announced a grant freeze for 2021/22 in March. Funding levels beyond 2021/22 remain uncertain. The Authority does rely on core funding to help support generation of earned and external income streams. It continues to be challenging to plan in the longer term with just one-year settlements, but it seems increasingly likely that there are increasing risks to the level of future core funding.
22. In addition to the core funding, National Parks will be responsible for the distribution of funds under the Farming in Protected Landscapes scheme. Final details of the scheme are awaited, but this will commence delivery in 2021/22, with payments to farmers and works to be completed by the end of each financial year over a four-year period. The scheme is an excellent opportunity to deliver a scheme that works for both farmers and National Park purposes, but the challenge will be to run this scheme alongside the budgeted levels of activity that are already set to be delivered.
23. The Authority's successful track record in securing grant funding provides much to celebrate and allows much greater achievement of National Park purposes than would otherwise be the case. If it is to be successfully continued, it will however demand continuing input of senior staff resource and match funding from potentially depleted other sources of income.
24. In order to achieve the Park's purposes, the Authority has been keen to maximise the use of its resources and earmark available reserves to provide match funding. This has

been a successful strategy and has enabled the Authority to lever significant additional funding. However, moving forward there are limited reserves available for match funding, and as core costs rise, should income fail to keep pace it is likely that resources for match funding will have to be curtailed, unless core savings and efficiencies can be delivered and stretch income targets can be achieved.

25. The last triennial valuation of the pension scheme in 2019 saw the value of assets over liabilities in the scheme rise, and lead to a reduction in the pension rate. It was always anticipated that the next three years may not be as positive, but with the further impact on the economy of the pandemic there is an increasing risk of much higher pension costs at the next valuation. The last medium term financial strategy recommended that the benefit from the reducing pension rate in this three year period be put into reserve to help smooth any potential future rises and in addition there is a buffer in the scheme. However, we have to be prepared for higher pension costs impacting on revenue budgets from 2023/24 and this will need to be kept under close review.
26. Brexit has been identified as a key risk and impacts of this continue to be monitored. Currently the risks are minimal, but increasing supplier costs and materials will continue to be monitored, as will the impacts of not being able to access EU funding for projects.
27. The final report from the National Parks review was published in the autumn of 2019. Any forthcoming actions from the report will continue to be monitored and resource requirements understood. There is a financial risk should some of the recommendations in the report be implemented without financial resources to fund them.
28. A new management and business plan will come into effect from the 1<sup>st</sup> April 2022. The process of defining this plan is already underway and will be a key deliverable in 2021/22 – including underpinning the business plan with a balanced medium term financial strategy.
29. The latest medium term financial strategy was presented to Financial, Risk and Audit Standards Committee in November 2020, before onward transmission to Full Authority in December 2020. The strategy helps to develop and set the overall Authority strategy and is an integral part of the Business Plan. It demonstrates the continuing financial pressure and indicative future deficits that need to be mitigated. The link to the latest Medium Term Financial Strategy can be found below :

<https://www.northyorkmoors.org.uk/about-us/meetings-and-agendas/archived-agendas/finance,-risk,-audit-and-standards-committee/2021/november-2020/Item-6.pdf>

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

30. There have been no changes in accounting policies or significant changes to the presentation of accounts for 2020/21.

## Statement of Responsibilities for the Statement of Accounts

The Authority is required:

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

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

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

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

The Chief Financial Officer has also:

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

### **Certificate of the Chief Financial Officer**

I certify that the Statement of Accounts 2020/21 presents a true and fair view of the financial position of the North York Moors National Park Authority as at 31<sup>st</sup> March 2021.

P Williams  
Section 151 Officer and Chief Financial Officer to the North York Moors National Park Authority  
North Yorkshire County Council  
County Hall  
Northallerton  
DL7 8AD  
Date: 5<sup>th</sup> October 2021

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

I confirm that these Accounts were approved by the National Park Authority meeting on 27/09/2021 subject to the completion of the External Audit.

Chair  
North York Moors National Park Authority  
(Signed on 5/10/2021 following a National Park Authority meeting)

Core Financial Statements  
**Movement in Reserves Statement**

Movements in Reserves during 2020/21	Usable Reserves		Unusable Reserves	Total Reserves
	General	Earmarked		
	£000	£000		
<b>Balance as at 1 April 2020</b>	<b>506</b>	<b>2,072</b>	<b>2,204</b>	<b>4,782</b>
Surplus/(deficit) on the Provision of Services (Page 14)	1,238	0	0	1,238
Other Comprehensive Income & Expenditure (Page 14)	0	0	(1,807)	(1,807)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>1,238</b>	<b>0</b>	<b>(1,807)</b>	<b>(569)</b>
Adjustments between Accounting Basis & Funding Basis Under Regulations (Note 4)	(54)	0	54	0
Net Increase/(decrease) before Transfer to Earmarked Reserves	1,184	0	(1,753)	(569)
Transfers (to)/from Earmarked Reserves	(1,213)	1,213	0	0
Increase/(decrease) in 2019/20	(29)	1,213	(1,753)	(569)
<b>Balance as at 31 March 2021 Carried Forward</b>	<b>477</b>	<b>3,285</b>	<b>451</b>	<b>4,213</b>

Movements in Reserves during 2019/20	Usable Reserves		Unusable Reserves	Total Reserves
	General	Earmarked		
	£000	£000		
<b>Balance as at 1 April 2019</b>	<b>255</b>	<b>2,398</b>	<b>3,922</b>	<b>6,575</b>
Surplus/(deficit) on the Provision of Services (Page 14)	(343)	0	0	(343)
Other Comprehensive Income & Expenditure (Page 14)	0	0	(1,450)	(1,450)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(343)</b>	<b>0</b>	<b>(1,450)</b>	<b>(1,793)</b>
Adjustments between Accounting Basis & Funding Basis Under Regulations (Note 4)	268	0	(268)	0
Net Increase/(decrease) before Transfer to Earmarked Reserves	(75)	0	(1,718)	(1,793)
Transfers (to)/from Earmarked Reserves	326	(326)	0	0
Increase/(decrease) in 2018/19	251	(326)	(1,718)	(1,793)
<b>Balance as at 31 March 2020 Carried Forward</b>	<b>506</b>	<b>2,072</b>	<b>2,204</b>	<b>4,782</b>

## Comprehensive Income and Expenditure Statement for Year Ended 31 March 2021

2019/20			2020/21			
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£000	£000	£000		£000	£000	£000
909	(310)	599	Conservation of the Natural Environment	1,102	(484)	618
1,394	(1,054)	340	Conservation of Cultural Heritage	972	(548)	424
1,386	(733)	653	Recreation Management & Transport	1,317	(719)	598
1,656	(416)	1,240	Promoting Understanding	2,210	(860)	1,350
955	(17)	938	Rangers, Estates & Volunteers	871	(6)	865
835	(381)	454	Development Control	843	(328)	515
314	(34)	280	Forward Planning & Communities	192	(16)	176
1,437	(1,397)	40	Section 106 Compensation & Mitigation	300	(1,188)	(888)
242	(7)	235	Corporate and Democratic Care	371	(210)	161
<b>9,128</b>	<b>(4,349)</b>	<b>4,779</b>	<b>Cost of Services</b>	<b>8,178</b>	<b>(4,359)</b>	<b>3,819</b>
<b>Other Operating Income &amp; Expenditure</b>						
		(29)	Gain on disposal of fixed assets			(18)
<b>Financing &amp; Investment Income &amp; Expenditure</b>						
		16	Interest payable and similar charges			16
		(35)	Interest and investment income			(18)
		87	Pensions interest cost ad expected return on assets			118
<b>Grant Income</b>						
		(4,382)	National Park Grant			(4,382)
		(93)	Capital Contributions			(773)
						<b>(1,238)</b>
<b>(Surplus)/deficit on Provisions of Services</b>						
						<b>343</b>
<b>Other Comprehensive Income and Expenditure</b>						
		360	(Surplus)/Deficit on the revaluation of long-term assets			272
		1,074	Actuarial losses/(gains) on pension assets/liabilities			1,519
		16	Impairment (gains) / losses non-current assets			16
						<b>1,807</b>
<b>Total Comprehensive Income and Expenditure</b>						
						<b>569</b>

## Balance Sheet as at 31 March 2021

31 March 2020	Notes	31 March 2021
£000		£000
4,929	5 Property, Plant & Equipment	5,559
2,771	5 Heritage Assets	2,554
0	Intangible Assets	0
84	10 Long Term Debtors	68
<b>7,784</b>	<b>Non Current Assets</b>	<b>8,181</b>
105	8 Inventories	113
676	9 Short Term Debtors	819
2,643	11 Cash and Cash Equivalents	3,788
<b>3,424</b>	<b>Current Assests</b>	<b>4,720</b>
(883)	12 Short Term Creditors	(996)
0	Short Term Provisions	0
<b>(883)</b>	<b>Current Liabilities</b>	<b>(996)</b>
(178)	24 Finance Lease	(178)
0	Provisions	0
(5,365)	25 Pension Liability	(7,514)
<b>(5,543)</b>	<b>Long Term Liabilities</b>	<b>(7,692)</b>
<b>4,782</b>	<b>Net Assets</b>	<b>4,213</b>
506	16 General Fund Reserve	477
2,072	16 Earmarked Reserves	3,285
<b>2,578</b>	<b>Usable Reserves</b>	<b>3,762</b>
4,090	13 Revaluation Reserve	3,797
3,509	14 Capital Adjustment Account	4,198
0	7 Financial Instruments Adjustment Account	0
(5,365)	15 Pension Reserve	(7,514)
(30)	16 Accumulated Absences Account	(30)
<b>2,204</b>	<b>Unusable Reserves</b>	<b>451</b>
<b>4,782</b>	<b>Total Reserves</b>	<b>4,213</b>

## Cash Flow Statement for Year Ended 31 March 2021

2019/20 £000	Notes	2020/21 £000
<b>Operating Activities</b>		
(343)	Net Surplus on the Provision of Services	1,238
<b>Adjustment to Net Surplus on the Provision of Services for Non-Cash Movements</b>		
239	Depreciation	265
0	Impairment & Revaluations	0
247	Movement in Creditors	113
362	Movement in Debtors	(145)
(8)	Movement in Inventories	(7)
0	Movement in Provisions	0
550	Pension Liability	630
Carrying Value of Non-Current Assets Written Out on		
0	Disposal	0
Other Non-Cash Items Charged to the Provision of		
0	Services	0
<b>1,390</b>		<b>856</b>
<b>Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>		
(105)		(775)
<b>942</b>	<b>Net Cash Flows from Operating Activities</b>	<b>1,319</b>
<b>Investing Activities</b>		
(521)	Purchase of Property, Plant & Equipment	(949)
121	Other Receipts for Investing Activities	791
<b>(400)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(158)</b>
<b>(16) Financing Activities</b>		
<b>526</b>	<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,145</b>
2,117	Cash and Cash Equivalents at the Beginning of the Reporting Period	2,643
<b>2,643</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>3,788</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 2020/21 financial year and its position at the year-end of 31<sup>st</sup> March 2021. These Accounts have been prepared in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2020/21" (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 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.

## **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 all assets 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, Moors Centre (Danby) and Spout House (Chopgate) buildings are depreciated over 40 years, as advised by Align Property Partners. All other buildings are depreciated over 30 years with the exception of the buildings at Sawmill Lane Depot (Helmsley) which are depreciated over 20 years; and
- Vehicles, plant, furniture and equipment are depreciated over a number of years depending on the nature of the asset (e.g. vehicles 5 years, equipment 3 to 5 years).

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

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

### **Components**

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



### **Disposal of Property, Plant & Equipment**

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

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

### **Revaluation Reserve**

The Revaluation Reserve was established with a balance of zero as at 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 Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## **19. Treasury Management**

The Authority has an arrangement with North Yorkshire County Council whereby the balance of the Authority's bank account is merged each day with the balances of the County Council and several other organisations. These balances are then invested by North Yorkshire County 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 2020/21 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.

A desktop valuation was conducted for the purpose of the 2020/21 accounts. The current response to COVID-19 means that Align Property Partners have been faced with an unprecedented set of circumstances on which to base a judgement. Their valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, the valuation of this the Authority's property will be kept under frequent review.

## **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 deficit of £7.514m would occur if alternative assumptions were to be applied:

- A +0.1% p.a. change in the discount rate to be applied would reduce the pension deficit by £849k
- A +0.1% p.a. change in pay growth would increase the deficit by £77k
- A +0.1% p.a. change in inflation would increase the deficit by £772k
- An additional 1 year increase in life expectancy would increase the deficit by £1,429k

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

## **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 Statement of Accounts for 2020/21 was authorised on 24/06/2021 by the Chief Financial Officer.

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

CIPFA are considering the implications of adopting IFRS 16 Leases. This standard was originally expected to be adopted in the Statements of Accounts for 2020/21 but this has

been deferred as a result of measures to address the demands placed on Local Authorities supporting the nation's response to the Covid-19 pandemic. IFRS 16 will not be adopted until 2022/23.

Due to the expectation that IFRS 16 would originally be implemented in the statement of accounts for 2020/21, progress has been made in the preceding year to ensure that the Authority is fully compliant with the new standard ahead of its adoption.

## 2. Expenditure and Funding Analysis

Expenditure and Funding Analysis 2020/21							
	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	508	18	(7)	99	0	0	618
Conservation of Cultural Heritage	393	11	(15)	35	0	0	424
Recreation Management & Transport	538	47	(51)	64	0	0	598
Promoting Understanding	1,162	101	(16)	119	0	(16)	1,350
Rangers, Estate & Volunteers	731	66	0	68	0	0	865
Development Control	423	14	0	78	0	0	515
Forward Planning & Communities	157	3	0	16	0	0	176
S106 Compensation & Mitigation	(922)	0	0	34	0	0	(888)
Corporate & Democratic Core	208	4	(69)	0	18	0	161
<b>Net Cost of Services</b>	<b>3,198</b>	<b>264</b>	<b>(158)</b>	<b>513</b>	<b>18</b>	<b>(16)</b>	<b>3,819</b>
Loss on Disposal							(18)
Interest Payable							16
Interest Received							(18)
Net Pensions Interest Cost							118
National Park Grant							(4,382)
Capital Contributions							(773)
<b>Deficit on Provision of Services</b>							<b>(1,238)</b>
Surplus on Revaluation of Fixed Assets							272
Actuarial (gains) / losses on Pension Assets / Liabilities							1,519
Impairment (gains) / losses on Non-Current Assets							16
<b>Total Comprehensive Income &amp; Expenditure</b>							<b>569</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 5, and therefore the detailed report is not included here. A reconciliation to show the difference is shown above.

**Comparison Expenditure and Funding Analysis 2019/20**

	Outturn Figures £000	Capital Charges £000	Capital Expenditure Funded from Revenue £000	Pension Adjust with IAS19 £000	Interest Received £000	Finance Lease Asset £000	Net Expenditure in Final Accounts £000
Conservation of the Natural Environment	514	12	0	73	0	0	599
Conservation of Cultural Heritage	306	10	(23)	47	0	0	340
Recreation Management & Transport	557	43	(6)	59	0	0	653
Promoting Understanding	1,385	77	(318)	112	0	(16)	1,240
Rangers, Estate & Volunteers	838	79	(43)	64	0	0	938
Development Control	379	12	0	63	0	0	454
Forward Planning & Communities	258	3	0	19	0	0	280
S106 Compensation & Mitigation	15	0	0	25	0	0	40
Corporate & Democratic Core	206	4	(10)	0	35	0	235
<b>Net Cost of Services</b>	<b>4,458</b>	<b>240</b>	<b>(400)</b>	<b>462</b>	<b>35</b>	<b>(16)</b>	<b>4,779</b>
Loss on Disposal							(29)
Interest Payable							16
Interest Received							(35)
Net Pensions Interest Cost							87
National Park Grant							(4,382)
Capital Contributions							(93)
<b>Deficit on Provision of Services</b>							<b>343</b>
Surplus on Revaluation of Fixed Assets							360
Actuarial (gains) / losses on Pension Assets / Liabilities							1,074
Impairment (gains) / losses on Non-Current Assets							16
<b>Total Comprehensive Income &amp; Expenditure</b>							<b>1,793</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:

	2020/21	2019/20
	£000	£000
Fees, Charges & Service Income	(1,854)	(2,639)
Government Grants	(1,353)	(376)
Section 106 Compensation & Mitigation Income	<u>(1,188)</u>	<u>(1,397)</u>
<b>Total Income</b>	<b><u>(4,395)</u></b>	<b><u>(4,412)</u></b>
Employee Expenses	4,129	3,967
Other Service Expenses	<u>4,227</u>	<u>4,511</u>
<b>Total Expenditure</b>	<b><u>8,356</u></b>	<b><u>8,478</u></b>
<b>Net Expenditure</b>	<b><u>3,961</u></b>	<b><u>4,066</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		Movement in Unusable Reserves £000
	General Fund Reserve £000	Capital Receipts Reserve £000	
<b>2020/21</b>			
<b>Adjustments involving the Capital Adjustment Account</b>			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement			
Charges for depreciation, amortisation and impairment of non- current assets	265		(265)
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	(18)		18
Capital contributions	(1,059)		1,059
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement			
Capital expenditure charged against the General Fund	(243)		243
Revenue Expenditure Funded by Capital Under Statute	0		0
	371		(371)
<b>Adjustments involving the Capital Receipts Reserve</b>			
Transfer of Sales proceeds credited as part of the gain/loss on disposal to the Statement of Comprehensive Income		18	(18)
Use of capital receipts		(18)	18
<b>Adjustments involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,165		(1,165)
Employer's pension contribution payable in the year	(535)		535
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account</b>			
Amount by which Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year, in accordance with statutory requirements	0		0
<b>Total Adjustments</b>	<b>(54)</b>	<b>0</b>	<b>54</b>

	Usable Reserves		Movement in Unusable Reserves £000
	General Fund Reserve £000	Capital Receipts Reserve £000	
<b>2019/20</b>			
<b>Adjustments involving the Capital Adjustment Account</b>			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement			
Charges for depreciation, amortisation and impairment of non-current assets	239		(239)
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	(29)		29
Capital contributions	(697)		697
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement			
Capital expenditure charged against the General Fund	(557)		557
Revenue Expenditure Funded by Capital Under Statute	762		(762)
<b>Adjustments involving the Capital Receipts Reserve</b>			
Transfer of Sales proceeds credited as part of the gain/loss on disposal to the Statement of Comprehensive Income		29	(29)
Use of capital receipts		(29)	29
<b>Adjustments involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement			
Employer's pension contribution payable in the year	1,068		(1,068)
	(518)		518
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account</b>			
Amount by which Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year, in accordance with statutory requirements			
	0		0
<b>Total Adjustments</b>	<b>268</b>	<b>0</b>	<b>(268)</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 2020/21</b>			
<b>Historical or Revalued Gross Cost</b>	<b>4,429</b>	<b>1,559</b>	<b>5,988</b>
Additions in Year	747	202	949
Gross asset disposal			
Cost of Disposals in Year		(20)	(20)
Revaluations			
Recognised in the Revaluation Reserve	(129)		(129)
Recognised in Provision of Services			
<b>Gross Value as at 31st March 2021</b>	<b>5,047</b>	<b>1,741</b>	<b>6,788</b>
Depreciation b/f	(74)	(984)	(1,058)
Gross asset disposal			
Accumulated Depreciation of Disposals in Year		20	20
Depreciation for 2020/21	(91)	(174)	(265)
Revaluations	74		74
<b>Net Value as at 31 March 2021</b>	<b>4,956</b>	<b>603</b>	<b>5,559</b>

	Land & Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000
<b>Movements in 2019/20</b>			
<b>Historical or Revalued Gross Cost</b>	<b>4,536</b>	<b>1,567</b>	<b>6,103</b>
Additions in year	318	204	522
Gross asset disposal	0	(160)	(160)
Cost of disposals in year	0	(52)	(52)
Revaluations at 31 March 2020:			
Recognised in the revaluation reserve	(425)	0	(425)
Recognised in the provision of services	0	0	0
<b>Gross value at 31 March 2020</b>	<b>4,429</b>	<b>1,559</b>	<b>5,988</b>
Depreciation b/f	(75)	(1,031)	(1,106)
Gross asset disposal	0	160	160
Depreciation for 2019/20	(73)	(166)	(239)
Accumulated depreciation of disposals	0	52	52
Revaluations:			
Recognised in the revaluation reserve	74	0	74
Recognised in the provision of services	0	0	0
<b>Net value at 31 March 2020</b>	<b>4,355</b>	<b>574</b>	<b>4,929</b>

## b) 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:

	2020/21	2019/20	2018/19	2017/18	2016/17
	£000	£000	£000	£000	£000
<b>At 1 April</b>	<b>2,771</b>	<b>2,781</b>	<b>2,745</b>	<b>2,745</b>	<b>3,028</b>
Revaluation	(217)	(10)	36	0	(283)
<b>At 31 March</b>	<b>2,554</b>	<b>2,771</b>	<b>2,781</b>	<b>2,745</b>	<b>2,745</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 (including Heritage Assets) was undertaken by RICS registered valuers, Align Property Partners as at 31st March 2021, and will be undertaken each year prior to the next full revaluation

## c) Depreciation

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

- Buildings (but not the land they stand on) HQ, Sutton Bank Visitor Centre, Moors Centre, 13 Bondgate (Helmsley) & 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

#### d) Revaluations

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

#### e) Financing of Property, Plant and Equipment

The capital expenditure on fixed assets of £1,319k, (£1,283k in 2019/20) was financed as follows:

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Revenue	242	557
Capital contributions	373	697
Capital receipts	18	29
Capital grant	686	0
	<b>1319</b>	<b>1283</b>

#### f) Capital Schemes

The key capital schemes in 2020/21 were: Sutton Bank pump track, bird hide and car park extension; updating Ravenscar, Chop Gate and Moors Centre toilets; and replacement of vehicles and IT equipment. REFCUS relates to environmental spend on major Projects Land of Iron and Ryevitalise.

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Land & Buildings	747	318
Vehicles, Plant & Equipment	116	177
IT & Other Equipment	85	26
Revenue Expenditure Funded from Capital under Statute	371	762
	<b>1319</b>	<b>1283</b>

## g) Analysis of Property

The list below gives an indication of the significant fixed assets of the Authority as at 31<sup>st</sup> March 2021:

<b>Land</b>	<b>Acres</b>
Land related to operational use	3,500

  

<b>Buildings</b>	<b>Number</b>
National park centres	2
Other operational buildings	1
Public conveniences	7
Administrative buildings	2

## 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>Opening Capital Financing Requirement</b>	<b>179</b>	<b>179</b>
<b>Capital Investment</b>		
Property, Plant & Equipment	1,319	1,283
<b>Source of Finance</b>		
Capital receipts	(18)	(29)
Capital contributions	(373)	(697)
Capital grants	(686)	
<b>Sums set aside from Revenue</b>		
Direct revenue contributions	(242)	(557)
Minimum Revenue Provision	0	0
<b>Closing Capital Financing Requirement</b>	<b>179</b>	<b>179</b>

The Capital Financing Requirement arises as a result of the classification of the building element of Moors Centre 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 County Council (NYCC), 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 NYCC 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 NYCC under the CIPFA Code of Practice on Treasury Management. The code sets out a framework of operating procedures to reduce treasury risk and improve understanding and accountability regarding the Treasury position of the Authority.

The CIPFA Code of Practice on Treasury Management requires:

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

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

- 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 2021 £000</b>	<b>31 March 2020 £000</b>
Debtors	749	592
Creditors	926	883
Bank current accounts	6	(2)
Short-term deposit with NYCC Treasury	3,782	2,645
	<b><u>5,463</u></b>	<b><u>4,118</u></b>
<b>Long Term Debtors (see Note 10)</b>		
Loan	<u>68</u>	<u>84</u>

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

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

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

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

- For loans receivable, the prevailing benchmark market rates have been used to provide fair value;
- Where an instrument (loan/investment) will mature in the next 12 months, the carrying amount is assumed to approximate fair value;

- The fair value of trade and other receivables is taken to be the invoiced or billed amount; and
- A review of bad debts was performed at the balance sheet date and no impairments have been applied.

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

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

- Credit Risk – the possibility that other parties may fail to pay amounts due to the Authority;
- Liquidity Risk – the possibility that the Authority might not have funds available to meet its commitments to make payments; and
- Market Risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rate movements.

**e) Procedures for Managing Risk**

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

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

**Credit Risk**

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

The Authority does not generally allow credit for its debtors. Analysis of invoices outstanding as at 31<sup>st</sup> March 2021, which are included within the £819k short-term debtors, can be analysed by age as follows:

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Less than 3 months	97	113
3 to 6 months	60	22
6 to 12 months	3	3
More than 12 months	15	12
	<b>175</b>	<b>150</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:

	Stock for Resale		Footpath Maintenance Stock		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April</b>	<b>88</b>	<b>78</b>	<b>17</b>	<b>19</b>	<b>105</b>	<b>97</b>
Purchases	63	132	75	75	138	207
Inventory utilised in year	(65)	(122)	(65)	(77)	(130)	(199)
<b>Balance at 31 March</b>	<b>86</b>	<b>88</b>	<b>27</b>	<b>17</b>	<b>113</b>	<b>105</b>

## 9. Short Term Debtors

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

	31 March 2021	31 March 2020
	£000	£000
Central government bodies	514	448
Other local authorities	48	32
Other entites and individuals	209	153
Payments in advance	48	43
	<b>819</b>	<b>676</b>

### Provision for Doubtful Debt

A £7.5k provision has been made for doubtful debts in 2020/21.

## 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 £84k as at 31<sup>st</sup> March 2020 and a repayment was made in 2020/21 of £16k, thus the balance of this loan is £68k as at 31<sup>st</sup> March 2021.

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

## 11. Cash and Cash Equivalent

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

## 12. Short-term Creditors

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

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Central government bodies	79	65
Other local authorities	61	149
Other entities and individuals	393	347
Accumulated absences	30	30
Income in advance	433	292
	<b><u>996</u></b>	<b><u>883</u></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>2020/21 £000</b>	<b>2019/20 £000</b>
<b>Balance at 1 April</b>	<b>4,090</b>	<b>4,472</b>
Upward revaluation of asset	(272)	(360)
Difference between fair value depreciation and historical cost depreciation	(21)	(22)
<b>Balance at 31 March</b>	<b><u>3,797</u></b>	<b><u>4,090</u></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).

	2020/21	2019/20
	£000	£000
<b>Balance at 1 April</b>	<b>3,509</b>	<b>3,221</b>
Reversal of items relating to capital expenditure debited or credited to the Statement of Comprehensive Income		
Charges for depreciation and impairment of non-current assets	(265)	(239)
Revaluation losses on Plant, Property and Equipment	0	0
Amounts of non-current assets written off on disposal to Statement of Comprehensive Income	0	0
Write down long term debtor	(16)	(16)
Revenue Expenditure Funded by Capital Under Statute	(371)	(762)
	<b>(652)</b>	<b>(1,017)</b>
Adjusting amount written out of the Revaluation Reserve	21	22
Net written out amount of the cost of non-current assets consumed in year	<b>21</b>	<b>(995)</b>
Capital financing applied in year:		
Use of capital receipts	18	29
Capital grants & contributions credited to the SCI	773	93
Capital expenditure charged against the general fund	158	399
Capital financing utilised as Revenue Expenditure Funded by Capital under Statute	371	762
	<b>1,320</b>	<b>1,283</b>
<b>Balance at 31 March</b>	<b>4,198</b>	<b>3,509</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 debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The Authority participates in the North Yorkshire Pension Fund.

	2020/21	2019/20
	£000	£000
<b>Balance at 1 April</b>	<b>(5,365)</b>	<b>(3,741)</b>
Remeasurement of net defined benefit liability	(1,519)	(1,074)
Reversal of items relating to retirement benefits debited/credited to the surplus/deficit on the Provision of Services	(1,165)	(1,068)
Employers pension contributions and direct payments to pensioners payable in year	535	518
<b>Balance at 31 March</b>	<b><u>(7,514)</u></b>	<b><u>(5,365)</u></b>

## 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 2020/21.

<b>2020/21</b>	<b>Balance at 31 March 2020 £000</b>	<b>Movement to Reserves £000</b>	<b>Movement from Reserves £000</b>	<b>Net Movement £000</b>	<b>Balance at 31 March 2021 £000</b>
Emergency Reserve	385	111	(111)	0	385
Capital & Maintenance Reserve	445	145	(56)	89	534
This Exploited Land of Iron Reserve	381	0	(191)	(191)	190
Section 106 Reserve	628	945	(22)	922	1,550
Project Reserve	153	43	(23)	20	173
Car Park Income Generation Reserve	80	0	(22)	(22)	58
Other Earmarked Reserves	0	514	(118)	396	396
<b>Total Earmarked Reserves</b>	<b>2,072</b>	<b>1,758</b>	<b>(543)</b>	<b>1,214</b>	<b>3,286</b>
General Fund	506	586	(615)	(29)	477
<b>Total Useable Reserves</b>	<b>2,578</b>	<b>2,344</b>	<b>(1,158)</b>	<b>1,185</b>	<b>3,763</b>

<b>2019/20</b>	<b>Balance at 31 March 2019 £000</b>	<b>Movement to Reserves 2019/20 £000</b>	<b>Movement from Reserves 2019/20 £000</b>	<b>Net Movement £000</b>	<b>Balance at 31 March 2020 £000</b>
Emergency Reserve	320	65	0	65	385
Capital & Maintenance Reserve	677	129	(361)	(232)	445
TELI Reserve	463	0	(82)	(82)	381
Section 106 Reserve	642	198	(213)	(15)	627
National Trails Reserve	12	0	(12)	(12)	0
NYMNR Reserve	30	0	(30)	(30)	0
Project Reserve	154	0	0	0	154
Car Park Income Generation Reserve	100	0	(20)	(20)	80
Other Earmarked Reserves	0	0	0	0	0
<b>Total Earmarked Reserves</b>	<b>2,398</b>	<b>392</b>	<b>(718)</b>	<b>(326)</b>	<b>2,072</b>
General Fund	256	316	(65)	251	507
<b>Total Usable Reserves</b>	<b>2,654</b>	<b>708</b>	<b>(783)</b>	<b>(75)</b>	<b>2,579</b>



## 17. Agency Services

The Authority has contracts with the following Local Authorities to provide services. The charges for 2020/21 and 2019/20 are as follows:

	2020/21	2019/20
	£000	£000
North Yorkshire County Council	127	109
Scarborough Borough Council	86	141
	<u>213</u>	<u>250</u>

## 18. Member's Allowance

The total amount of member's allowances paid during 2020/21 was £56k (£60k in 2019/20).

## 19. Disclosure of Remuneration

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

Band	Number of Employees	
	2019/20	2019/20
£50,000 - £54,999	0	1
£55,000 - £59,999	0	1
£60,000 - £64,999	0	1
£65,000 - £69,999	1	0
£70,000 - £74,999	2	0
Over £74,999	1	1

The regulations also require that certain senior employees whose salary is £50,000 or more per year must be listed by way of job title.

	2020/21	2019/20
	£	£
<b>Chief Executive</b>		
<b>Wilson A M</b>		
Total remuneration excluding pension contribution	30,393	
Employers pension contribution	5,197	
<b>Total remuneration including pension contribution</b>	<b>35,591</b>	
<b>Hind T</b>		
Total remuneration excluding pension contribution	45,284	
Employers pension contribution	7,744	
<b>Total remuneration including pension contribution</b>	<b>53,028</b>	
<b>Total</b>		
Total remuneration excluding pension contribution	75,678	86,700
Employers pension contribution	12,941	15,606
<b>Total remuneration including pension contribution</b>	<b>88,619</b>	<b>102,306</b>

Please note that the previous Chief Executive retired in July 2020, with a new Chief Executive taking up the position in September 2020.

	2020/21	2019/20
	£	£
<b>Director of Planning</b>		
Total remuneration excluding pension contribution	63,304	60,343
Employers pension contribution	10,825	10,193
<b>Total remuneration including pension contribution</b>	<b>74,129</b>	<b>70,536</b>
<b>Director of Park Services</b>		
Total remuneration excluding pension contribution	56,658	52,800
Employers pension contribution	9,689	9,504
<b>Total remuneration including pension contribution</b>	<b>66,346</b>	<b>62,304</b>
<b>Director of Conservation</b>		
Total remuneration excluding pension contribution	59,865	57,222
Employers pension contribution	10,237	10,300
<b>Total remuneration including pension contribution</b>	<b>70,102</b>	<b>67,522</b>

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.

## 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.

	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
£0 - £39,999	5	0	0	0	5	0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>

## 21. External Audit Cost

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

	2020/21	2019/20
	£000	£000
Fees payable for external audit services	16	13
	<b>16</b>	<b>13</b>

## 22. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2020/21:

	2020/21	2019/20
	£000	£000
<b>Credited to Grant Income</b>		
National Park Grant (NPG)	4,382	4,382
<b>Credited to Services</b>		
Natural England	133	133
English Heritage	66	47
Forestry Commission	2	3
Environment Agency	82	55
North Yorkshire County Council	125	69
Redcar & Cleveland Borough Council	0	0
MHCLG (formerly DCLG)	0	17
European Grants	695	7
HMRC	91	0
Rural Payment Agency	56	42
Other local authorities	103	3
<b>Total government revenue grants (excluding NPG)</b>	<b>1,353</b>	<b>376</b>
Lottery funding	658	1,032
Other Grants	124	62
<b>Total revenue grants (excluding NPG)</b>	<b>2,135</b>	<b>1,470</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, 11 are appointed from the Councillors of the County, Borough and District Councils that the National Park geographical boundary encompasses. Of these, North Yorkshire County Council has 4 seats (Currently 1 vacancy), Scarborough BC 2 seats, Redcar & Cleveland and Ryedale DC 2 seats each, and Hambleton DC 1 seat. The remaining members are Defra appointments, 5 Secretary of State and 4 Secretary of State Parish.

It should be noted that the Chief Financial Officer (Section 151 Officer) of the Authority is also a Head of Finance (External Clients) for North Yorkshire County Council. The Authority's Monitoring Officer is the Director and Monitoring Officer at Scarborough Borough Council.

Officers have day to day control of the running of the Authority's affairs. During 2020/21 one member undertook work as a sub-contractor from a company engaged in a contract with NYMNPA. The value of the work was £1,365.

<b>Related Party</b>	<b>Income</b>	<b>Expenditure</b>	<b>Net</b>
North Yorkshire County Council	(86,363.24)	169,990.74	83,627.50
Scarborough Borough Council	(25,034.86)	202,708.89	177,674.03
Ryedale District Council	(4,844.40)	8,329.56	3,485.16
Redcar & Cleveland Borough Council		6,160.00	6,160.00
Hambleton District Council		5,574.01	5,574.01
North Yorkshire Moors Trust	(34,968.89)	4,027.93	(30,940.96)
North York Moors Historical Railway Trust	(76,081.77)	4,985.00	(71,096.77)
Scarborough & Ryedale Mountain Rescue Team		1,600.00	1,600.00
<b>Total</b>	<b>(227,293.16)</b>	<b>403,376.13</b>	<b>176,082.97</b>

## 24. Leases

### Finance Leases

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

A revised lease was negotiated from October 2009 for 63 years, and is now carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

	<b>31 March 2021 £000</b>	<b>31 March 2020 £000</b>
Other land & buildings	166	140
	<b>166</b>	<b>140</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.

### Finance Lease Liabilities

Non-current	178	178
Finance costs payable in future years	664	680
<b>Minimum Lease Payments</b>	<b>842</b>	<b>858</b>

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

	Finance Lease Interest Payments		Finance Lease Liabilities	
	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000
Not later than one year	16	16	0	0
Later than one year and not later than five years	79	63	1	1
Later than five years	553	585	177	177
	<b>648</b>	<b>664</b>	<b>178</b>	<b>178</b>

### Operating Lease

As at the 31<sup>st</sup> March 2021, the Authority was not committed to making any payments under operating leases in 2020/21.

## 25. Defined Benefit Pension Scheme

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

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

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

As at 31<sup>st</sup> March 2021, the Authority has paid all pension contributions due in the 2020/21 financial year, to the North Yorkshire Pension Fund.

2019/20	<b>Comprehensive Income and Expenditure Statement</b>	2020/21
£000		£000
	<b>Net Cost of Service</b>	
(967)	Current Service Cost	(1,032)
0	Curtailments	0
0	Past Service Cost	0
(14)	Administrative Cost	(15)
	<b>Financing and Investment Income</b>	
(87)	Net Interest Expense	(118)
<hr/>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Service</b>	<hr/>
<b>(1,068)</b>		<b>(1,165)</b>
	<b>Remeasurement of the net defined benefit liability</b>	
(1,074)	Actuarial gains and (losses)	(1,519)
<hr/>	<b>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<hr/>
<b><u>(2,142)</u></b>		<b><u>(2,684)</u></b>
	<b>Movement in Reserves Statement</b>	
	Reversal of net charges made to the surplus or deficit for the Provision of Services for Post Employment benefits in accordance with the code	
(1,068)		(1,165)
	Actual amount charged against the General Fund Balance for employers pension contributions in the year	
518		535
<b><u>(550)</u></b>		<b><u>(630)</u></b>

The cumulative amount of actuarial gains/losses recognised in the Comprehensive Income and Expenditure Statement to 31<sup>st</sup> March 2021 is a loss of £1.17m (£1.07m loss in 2019/20).

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. The total liability of £7.5m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet and the table below summarises the Authority's share of the assets and liabilities of the scheme:

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Estimated share of liabilities in scheme	(38,781)	(29,928)
Estimated share of assets in scheme	31,267	24,563
<b>Authority's net liability</b>	<b>(7,514)</b>	<b>(5,365)</b>
<b>Pensions liabilities at beginning of year</b>	<b>(29,928)</b>	<b>(27,844)</b>
Current service cost	(1,047)	(981)
Interest cost	(685)	(692)
Contributions by scheme participants	(203)	(194)
Actuarial (loss)/gain	(7,465)	(746)
Curtailments	0	0
Benefits paid	547	529
Past service cost	0	0
<b>Pensions liabilities at end of the year</b>	<b>(38,781)</b>	<b>(29,928)</b>
<b>Pension assets at the beginning of the year</b>	<b>24,563</b>	<b>24,103</b>
Movement in assets in year:		
Interest Income	567	605
Remeasurement (loss)/gain	5,946	(328)
Employer contributions	535	518
Contributions by scheme participants	203	194
Benefits paid	(547)	(529)
<b>Pension assets at end of year</b>	<b>31,267</b>	<b>24,563</b>
<b>Deficit</b>	<b>(7,514)</b>	<b>(5,365)</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 County Council's website. One of these risks is that investment returns will be lower than forecast due to adverse conditions in financial markets. To mitigate this, the Fund invests in a range of asset classes (equities, property, fixed income, alternatives, cash), and in more than one strategy within each asset class, such as global equity, UK equity and Emerging Market equity. Another risk is that solvency will deteriorate either through poor investment returns or adverse changes in the assumptions used to value liabilities. Two options to mitigate this include increasing contribution rates and extending deficit recovery periods. Further details on the investment strategy and the deficit reduction plan are available at [www.nypf.org.uk](http://www.nypf.org.uk).



	<b>31 March 2021 Years</b>	<b>31 March 2020 Years</b>
Mortality Assumptions:		
Longevity at 65 for current pensioners		
Men	21.9	21.8
Women	24	23.9
Longevity at 65 for future pensioners		
Men	23.6	23.5
Women	25.8	25.7

Assets in the Pension Fund are valued at fair value, principally market value for investments, totalling £31.3m at 31<sup>st</sup> March 2021 (£24.6m at 31<sup>st</sup> March 2020), and consists of the following categories.

	<b>Fair Value of Scheme Assets 2020/21 £000</b>	<b>Fair Value of Scheme Assets 2019/20 £000</b>
Equity Instruments	18,291	14,369
Property	2,282	1,793
Government bonds	5,972	4,692
Corporate bonds	0	0
Cash/Liquidity	1,282	1,007
Other	3,439	2,702
<b>Total Assets</b>	<b>31,267</b>	<b>24,563</b>

The actuarial gain identified as movements on the Pensions Reserve in 2020/21 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31<sup>st</sup> March 2021 with comparative data for the previous four financial years:

	2020/21	2019/20	2018/19	2017/18	2016/17
	£000	£000	£000	£000	£000
Difference between the expected and actual return on assets	(5,946)	328	(1,344)	(1,075)	(2,729)
Difference between actuarial assumptions about liabilities and actual experience	(315)	1,655	53	126	(2,199)
Changes in the financial assumptions used to estimate liabilities	0	8	1,131	(1)	5,321
Changes in the demographic assumptions used to estimate liabilities	0	(917)	(1,114)	0	358
	<b>(6,261)</b>	<b>1,074</b>	<b>(1,274)</b>	<b>(950)</b>	<b>751</b>

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 2022 is £517k.

## 26. Material Contingent Liabilities

There are currently no material contingent liabilities.

## Annual Governance Statement

### **1. Scope of Responsibility**

- 1.1 The North York Moors National Park Authority ('the Authority') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions which includes arrangements for the management of risk.
- 1.2 The Authority has adopted an Ethical Framework, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government, the NAO guidance, and forms part of the overall governance framework in operation by the Authority. A copy of the Authority's Values Statement and Ethical Framework is available on our website <http://www.northyorkmoors.org.uk> in the publications section or can be obtained from; Head of Corporate Services, North York Moors National Park Authority, The Old Vicarage, Bondgate, Helmsley, YO62 5BP. This statement explains how the Authority has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015.
- 1.3 There are two additional items that should be mentioned at the outset of this statement. Firstly, the various restrictions placed upon the country since March 2020 as a result of the COVID 19 pandemic have made a significant change to the way in which the Authority operates for the whole of 2020/21. This has been reflected in the Governance Actions detailed in part 5 of this Statement.
- 1.4 Secondly, the Chief Executive Officer retired in July 2020 after over 20 years in the role, with his successor starting at the end of September. A key part of the CEO's role is in overseeing and ensuring good governance. The initial work programme for the new CEO has focussed on this area to ensure continuity in the quality of governance.

### **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 accounts to, engages with and leads the community. 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 effectively and economically.
- 2.3 The governance framework has been in place for the year ended 31 March 2021 and up to the date of approval of the annual report and statement of accounts.

### 3. The Governance Framework

#### 3.1 Accountability

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 (via DEFRA and MHCLG) 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 the Parish Forums.

3.2 The full breadth of the other mechanisms 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 can ask questions without giving notice at these events. These meetings did not take place in 2020/21, but have recommenced as part of the consultation on the National Park Management Plan.
- The Authority currently has two other Forums (Awareness, Recreation & Business and Conservation & Land Management); membership is drawn from a wide range of interested parties as well as Authority Members to discuss topical issues in relation to Awareness, Recreation and Business and Conservation and Land Management. These cover both local and national issues.
- There is a quarterly Disability Advisory Group in which Officers work jointly with representatives of a variety of disability groups. An Authority member sits on this group and reports directly back to other members at NPA.
- Periodic surveys of satisfaction with Authority Services are undertaken plus quadrennial Park wide surveys of residents' views.
- The Scheme of Delegation allows members of the public and representatives of the parish to address the Planning committee. Full Authority meetings and Finance, Risk, Audit & Standards committee meetings are open to the public and there is the opportunity for the public to ask questions at the former.
- Wide and effective consultation mechanisms using a number of different communication channels, for example, video conference and face to face consultation, the use of social media, on-line and paper based consultation. Feedback on the outcome of consultation is also shared in a similar variety of formats.
- Feedback to the Authority can take place in person, by phone, letter, e-mail or using a variety of social media.

3.3 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 also in place to deal with complaints against Members via the Authority's Finance, Risk, Audit and Standards Committee, which has an independent person to advise it.

3.4 In 2020/21, the Authority received 14 complaints (17 in 2019/20). 4 were justified or partially justified. In the same time period the Authority also received 66 compliments. Details of all these are reported quarterly to Members. During the year the Local Government Ombudsman reported on 2 complaints.

- Complaint Ref: 20002154 – Not investigated by the LGO

- Complaint Ref: 20007768 – Not Investigated by the LGO

- 3.5 There were no formal Member complaints in 2020/21.
- 3.6 The Authority's governance framework seeks to ensure that the principles of good governance are embedded into all aspects of its work. This has been achieved by the adoption of the Ethical Framework which aims to embed the Authority's core values into the day to day operations of the Authority. Both the Ethical Framework and Staff Code of Conduct were updated in 2015 with reviews planned in 2021.
- 3.7 The Authority's objectives are framed in accordance with the National Park Management Plan. The last Management Plan review was approved in December 2016 following engagement with partners and stakeholders. Progress against the overall long term objectives of the Management Plan can be identified via regular reporting against a broad range of targets and strategic indicators. Wide engagement is underway as part of the development of a new Management Plan to be adopted by 1 April 2022.
- 3.8 The Business Plan flows from the Management Plan and includes forecasts of income and expenditure over the medium term, allocating indicative resources to the objectives based upon the best available information. This forms the basis of 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.
- 3.9 The Authority has just completed a new Local Plan and, following an Inspection by PINS in 2019, the Plan was formally adopted by Members in July 2020.
- 3.10 The Authority has an established Committee Structure with an associated Scheme of Delegation (revised in 2018 with further minor revisions agreed in 2020) 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.
- 3.11 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 auditors, 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 Scarborough Borough 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.
- 3.12 The management of risk within the business is embedded into the activity of the Authority. A risk register is maintained to identify significant operational risks and describe the mitigation measures in place to control them.
- 3.13 Managing the risk management process is the responsibility of the Head of Corporate Services; the Risk register itself is discussed by the Senior Leadership Team and agreed by Members in the spring of each year. Direct responsibility for controlling individual risks is delegated to the officer most closely involved in the operation that would be affected. More strategic risks, and the mitigation measures to control them, are included in the Authority's Business Plan. These include key Financial Principles such as percentage spent on salaries which set parameters within which the Authority expects to operate.

- 3.14 The routine financial management of the Authority is described in detail by the Financial Regulations (revised in 2018 with minor revisions agreed in 2020). The annual budget is approved by the full Authority prior to the commencement of the financial year. The Senior Leadership Team receives reports on expenditure and income against the expected position at their monthly meetings and take appropriate action to address any significant deviation from the plan. The quarterly meetings of the FRASC receive a formal report on the financial position, including a description of any significant variations that have been made. In November of each year, the annual budget is fully reviewed and revised to reflect the anticipated out-turn for the whole year.
- 3.15 The Authority is compliant with the CIPFA Statement on The Role of the Chief Financial Officer (2016) with the exception of two issues which reflect the arrangements in place to provide certain services under contract. The Authority's Chief Financial Officer (s151 Officer) is provided via the Financial Collaboration Agreement with North Yorkshire County Council. His role as one of the three statutory officers and professional qualifications/experience are consistent with the Statement. The arrangements for the Chief Financial Officer also give the Authority access to services of a specialist nature, such as Treasury Management and Insurance/risk management etc. The Finance function is now delivered under a Collaboration Agreement with North Yorkshire County Council, which provides resilience and opportunities to access more specialist expertise as required.
- 3.16 The Chief Financial Officer has direct access as required to the Chief Executive and Members of the Authority, and contributes to the meetings of the SLT as appropriate. He has line management responsibility for the NYCC staff working on financial matters within the Authority, and works closely with the Authority's CEO/Head of Corporate Services.
- 3.17 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.
- 3.18 The governance of the Authority was appropriately managed and formal business was conducted in an open and publically accessible manner throughout the lockdown periods during the covid pandemic.

#### 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 This review is used to inform the contents of the Annual Governance Statement which is prepared by the Head 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 2020/21;
- The major item for consideration was how to respond to the governance challenges provided by the lockdown measures put in place nationally to control COVID 19. This included ensuring that;

- all Members could continue to participate positively and properly in the governance of the Authority;
  - any decisions taken by the Authority continued to be done so in a way that was legal and reasonable in the circumstances;
  - members of the public could participate in the meetings in which they would normally expect to do so i.e. National Park Authority, Planning and Finance Risk Audit and Standards Committees;
  - any changes to significant processes, such as approvals for paying invoices, were recorded, the revised processes documented and subjected to scrutiny via Internal Audit as part of their annual review;
  - the in-year revisions to the previously approved budget were formally approved by Members;
  - the items postponed from regular meetings due to the additional workload caused by COVID 19 were documented and carried forward to future meetings;
  - the Parish Forum system was re-established as soon as lockdown restrictions make it possible to meet and discuss issues face to face.
- Review of our Values in 2021/22 in light of significant organisational changes over recent years with this helping to inform revisions to the Codes of Conduct and Ethical Framework in 2021/22;
  - High quality induction training to include governance for the new Chief Executive Officer when he started on 28 September;
  - Monitoring Officer to complete governance training for Members;
  - Support a renewed emphasis on the national reporting arrangements to Ministers and engagement with civil servants.

4.4 Good progress has been made on all of these items during 2020/21. The governance measures put in place in response to the Covid 19 restrictions have been achieved with the exception of reinvigorating the Parish Forum, although they have been re-establish virtually. The ongoing nature of the restrictions placed on movement and meeting people face to face means that this work has been postponed to 2021/22. The timing of the work on Values is important and this work (together with the follow on work in relation to the Codes of Conduct and Ethical Framework) will take place when work on the National Park Management Plan has been completed. In addition the Complaints process has been reviewed and amended using the updated guidance from the Local Government Ombudsman.

## 5. **Governance Actions**

5.1 The following areas have been identified to be addressed in 2021/22;

- The review of Values (and subsequent work on the Code of Conduct and Ethical Framework);
- Reinvigoration of the Parish Forum network;
- Further training for members and staff on their respective Codes of Conduct;
- Additional training in respect of the application of the Financial Regulations and procurement is considered important due to the number of new starters;
- Assess and taken action as appropriate regarding the potential implications for the NPA as a result of local government reform;
- As above with regard to the implementation of the Glover Review
- Consider the development of an Authority strategy, consider how the Business Plan interacts with the National Park Management Plan and wider financial strategy to maximise delivery of desired outcomes.

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:

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T Hind (Chief Executive)

Date: 5<sup>th</sup> October 2021

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J Bailey (Chair)

Date: 5<sup>th</sup> October 2021

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