

# North York Moors National Park Authority

30 July 2018

## Statement of Final Accounts 2017/18

<p>1. <b>Purpose of the Report</b></p>
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| <p>1.1 To present to Members a Draft Statement of Final Accounts for the year 2017/18 for approval.</p> |
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2. **Statement of Accounts 2017/18**

- 2.1 As a result of the Environment Act 1995 the North York Moors National Park Authority is recognised as a separate corporate body which is required to produce its own Statement of Final Accounts (SOFA).
- 2.2 As per financial regulations the draft SOFA was signed by the Section 151 Officer prior to the deadline of 31 May 2018 and the draft SOFA is attached in **Appendix A**. The format and content of this document complies with the CIPFA IFRS Code of Practice on Local Authority Accounting (The Code). The Code sets out the proper accounting practice required for the SOFA, within the statutory framework of the Accounts and Audit Regulations 2015.
- 2.3 The Annual Governance Statement, which is incorporated within the SOFA, was discussed and reviewed by the Finance, Risk, Audit and Standards Committee on 24 May 2018.
- 2.4 There have been no significant changes to accounting policies in 2017/18.

3. **Closedown Timetable**

- 3.1 Prior to the current year the SOFA had to be certified by the Section 151 Officer by 30 June and approved by the Authority in advance of the certification and publication of the Accounts by 30 September.
- 3.2 The Accounts and Audit Regulations 2015 set out the requirement to accelerate the certification and publication of the accounts from 2017/18 onwards, so that draft annual accounts are produced by 31 May and audited, approved and published by 31 July following the end of the financial year.
- 3.3 In order to ensure compliance with the requirements of the new Accounts and Audit Regulations the Authority has been working to a revised timetable for the 2017/18 closure of accounts process and the draft SOFA was produced by 31 May 2018.
- 3.4 Following formal approval the SOFA will be published on the Authority's website.

4. **Audit of Accounts**

- 4.1 The SOFA has been audited by KPMG this year – the Audit fieldwork took place in June 2018. At the time of writing this report the audit has not been completed although to date no significant issues have been raised and the audit is expected to conclude before the meeting to approve the final SOFA. Should an updated version of the SoFA be required following the audit this will be circulated to members as soon as possible.

The Independent Auditors draft report will be considered under agenda item 4 and the final report will be circulated in advance of the meeting if possible but may be tabled at the meeting if the audit is not concluded in time.

4.2 The outturn figures in the written report to the Finance, Risk, Audit and Standards Committee on 24 May 2018 have not been adjusted or amended.

5. **Financial and Staffing Implications**

5.1 The financial and staffing implications are described in the report.

6. **Sustainability Appraisal**

6.1 There are no sustainability issues.

7. **Legal Implications**

7.1 There are no legal implications arising from this report.

8. **Recommendation**

8.1 That Members approve the Statement of Final Accounts for the financial year ended 31 March 2018.

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North Yorkshire County Council

**Background documents to this report**

1. CIPFA Code of Practice on Local Authority Accounting (the Code)

**Statement of Accounts**

**2017/18**



North York Moors National Park Authority

Statement of Accounts  
2017/18

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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 2018 are presented in the format laid down in the "Code of Practice on Local Authority Accounting in the United Kingdom 2017/18" (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 Treasurer.
- d) **The Statement of Accounting Policies** – this explains the principles, bases, conventions and rules applied by the Authority in preparing the Statement of Accounts.
- e) **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 reserves. 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.
- f) **Expenditure and Funding Analysis** – this demonstrates how the funding available to the Authority for the year has been used in providing services in comparison with those resources consumed or earned by the Authority.
- g) **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.

- h) **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’.
  - i) **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.
  - j) **Notes to the Core Financial Statements** – these provide further details and explanation of the figures included in the Core Financial Statements.
  - k) **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 24, which discloses the status of the Authority’s overall liability in relation to its participation in the Local Government Pension Scheme (LGPS). As at 31<sup>st</sup> March 2018, the net liability (assets minus liabilities) stood at £4.320m, a change of £0.489m on the previous year’s value (£4.809m). The Authority’s assets increased by 8.5% in the year and liabilities increased by 5.0% 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 2017/18 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 2018. 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 31. A reconciliation of the two sets of figures is proved in the Expenditure and Funding Analysis on Page 27.

5. Financial Performance in the year resulted in a small transfer into reserves. This was planned to provide a stable position. The Authority could then continue with the Medium Term Financial Strategy in the Business Plan 2017-2020. During the year, performance on income generation from car parking and visitor centres has been strong but is offset by lower planning fees, corporate sponsorship and external funding. The transfer to reserves includes ring fenced funding received in relation to S106 Compensation & Mitigation which has been identified in earmarked reserves. In relation to the remaining reserves, the Business Plan has allocated these to significant capital projects which are highly likely to be completed over the Business Plan period; including projects at Sutton Bank and the Headquarter buildings.

## Summary of Revenue Expenditure for 2017/18 as at 31 March 2018

Outturn 2016/17 £000		Current Budget 2017/18 £000	Outturn at 31 March 2018 £000	Year End Variance 2017/18 £000
	<b>Expenditure</b>			
864	Conservation of the Natural Environment	1,028	883	(145)
616	Conservation of Cultural Heritage	925	887	(38)
1,195	Recreation Management and Transport	1,093	1,142	49
1,461	Promoting Understanding	1,551	1,571	20
816	Rangers, Estate & Volunteers	846	813	(33)
752	Development Management	701	708	7
290	Forward Planning & Communities	367	312	(55)
412	Corporate & Democratic Core	441	377	(64)
<b>6,406</b>	<b>Total Function Expenditure</b>	<b>6,952</b>	<b>6,693</b>	<b>(259)</b>
0	Section 106 Compensation & Mitigation	1,072	728	(344)
<b>6,406</b>	<b>Total Expenditure</b>	<b>8,024</b>	<b>7,421</b>	<b>(603)</b>
	<b>Income</b>			
(135)	Conservation of the Natural Environment	(362)	(288)	74
(410)	Conservation of Cultural Heritage	(668)	(609)	59
(715)	Recreation Management and Transport	(640)	(684)	(44)
(524)	Promoting Understanding	(526)	(517)	9
(26)	Rangers, Estate & Volunteers	(5)	(4)	1
(398)	Development Management	(300)	(224)	76
(211)	Forward Planning & Communities	(60)	(52)	8
(107)	Corporate & Democratic Core	(159)	(92)	67
<b>(2,526)</b>	<b>Total Function Income</b>	<b>(2,720)</b>	<b>(2,470)</b>	<b>250</b>
0	Section 106 Compensation & Mitigation	(1,067)	(728)	339
<b>(2,526)</b>	<b>Total Income</b>	<b>(3,787)</b>	<b>(3,198)</b>	<b>589</b>
<b>3,880</b>	<b>Net Expenditure</b>	<b>4,237</b>	<b>4,223</b>	<b>(14)</b>
	<b>Financed by</b>			
4,163	National Park Grant	4,235	4,235	0
(283)	Transfer (to)/from Reserves	2	(12)	(14)
<b>3,880</b>	<b>Net Expenditure</b>	<b>4,237</b>	<b>4,223</b>	<b>(14)</b>



6. Major expenditure and income variances against budget have their origin as follows:

**Expenditure and Income Variances**

<b>Expenditure</b>	<b>Variance</b>	<b>Explanation</b>
Conservation of the Natural Environment	(145)	Project slippage on Ryevitalise (£45k) and BIFFA (£16k). Underspends on PAWS, Connectivity, Conservation Agreements and employees.
Conservation of Cultural Heritage	(38)	Project slippage on TELI (£90k) offset by overspend on MMS (£20k) and employees (£33k).
Recreation Management & Transport	49	Spend relating to additional grant for National Trail Project (£45k).
Promoting Understanding	20	Overspends on Visitor Centres (£30k, Exhibitions (£14k), Education (£24k) and recharges (£18k) partly offset by grant underspends on CCF (£52k) and ERDF (£17k).
Rangers, Estate & Volunteers	(33)	Lower spend on volunteers, rangers and services (£47k) offset by additional spend on vehicles in year (£19k).
Development Management	7	
Forward Planning & Communities	(55)	Lower than expected consultancy spend on the landscape character assessment in the Local Plan Budget.
Corporate & Democratic Core	(64)	Lower invest to save spend (£40k) offset by increase in spend on computer hardware (£17k).
<b>Total Function Expenditure Variance</b>	<b><u>(259)</u></b>	
<b>Income</b>	<b>Variance</b>	<b>Explanation</b>
Conservation of the Natural Environment	74	Project slippage on Ryevitalise (£34k) and BIFFA (£16k) and a loss of income from the Woodlands Trust (£15k).
Conservation of Cultural Heritage	59	Project slippage on TELI (££78k) offset by increased income for MMS (£18k).
Recreation Management & Transport	(44)	Additional grant for National Trail Project (£49k). Additional income for Visitors Centres (£21k) and Exhibitions (£29k) offset by on CCF (£45k) and ERDF (£16k).
Promoting Understanding	9	
Rangers, Estate & Volunteers	1	
Development Management	76	Delay in major planning application as previously reported (£54k) and lower S106 planning income (£22k).
Forward Planning & Communities	8	Lower grant income from the DCLG for Self-Build and Custom Housebuilding Grant and for a Brownfield Sites Register (£9k).
Corporate & Democratic Core	67	Under attainment of income for corporate sponsorship (£30k), Old Vicarage rent reduced with Police move (£10k) and lower recharge income (£27k).
<b>Total Function Income Variance</b>	<b><u>250</u></b>	

7. The most significant items of expenditure incurred by the Authority are employees at £3.6m (£3.2m in 2016/17). During 2017/18 the Authority employed 118.5 full time equivalent staff (106.4 in 2016/17).
8. In 2017/18, the Authority spent £199k on capital expenditure of which £173k was funded from revenue expenditure. The remaining capital expenditure was funded from capital receipts. The total capital expenditure represents 2.7% of the Authority's total gross expenditure.

The equivalent figures for 2016/17 are that £294k was spent on capital expenditure. £269k was funded from revenue expenditure and £25k from capital receipts. The total capital expenditure represented 4.6% of the Authority's total gross expenditure.

9. The Revenue Working Balance – the Authority seeks to maintain a permanent Balance Sheet reserve as a contingency against unexpected events and the actual position at 31<sup>st</sup> March 2018 is £320k.
10. The accounting policies are set out formally in the Statement of Accounting Policies on Page 13. The policies adopted in 2017/18 are compliant with the “Code of Practice on Local Authority Accounting in the United Kingdom 2017/18” (The Code).
11. The Authority has never borrowed any money for capital purposes, and with no intention to do so in the foreseeable future, does not have in place any arrangement for borrowing facilities. 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). An Annual Scrutiny Meeting takes place each July to enable Members to review performance on the Business Plan objectives and targets.

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

There have been no changes in accounting policies or significant changes to the presentation of the accounts for 2017/18.

Page reserved for Auditors

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### Statement of Accounting Policies

#### **1. General**

The Statement of Accounts summarises the Authority's transactions for the 2017/18 financial year and its position at the year-end of 31<sup>st</sup> March 2018. These Accounts have been prepared in accordance with *the* "Code of Practice on Local Authority Accounting in the United Kingdom 2017/18" (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 from sales of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- Revenue from the Provision of Services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- 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.

## **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 North Yorkshire County Council (Property Services).

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 North Yorkshire County Council (Property Services). 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 North Yorkshire County Council (Property Services). 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 2b) 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.

The Authority has not identified any such contingent liabilities as at 31<sup>st</sup> March 2018.

## **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:

- Lease classifications between Operating and Finance Leases
- Income recognition
- Classification and valuation of heritage assets

## **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.

### **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 £4.320m 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 £553k
- A +0.1% p.a. change in pay growth would increase the deficit by £114k
- A +0.1% p.a. change in inflation would increase the deficit by £45k
- An additional 1 year increase in life expectancy would increase the deficit by £755k

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 2017/18 was authorised on 31<sup>st</sup> May 2018 by the Treasurer.

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

Amendments to the 2018/19 Code of Practice on Local Authority Accounting have been reviewed and the introduction of IFRS 9 – Financial Instruments is likely to impact on the accounting policy in this area. The 2018/19 Code also introduces IFRS 15 – Revenue from Contracts with Customers which is not relevant to the Authority and therefore no amendments to accounting policies will be required.

### 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 Treasurer;
- 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 Treasurer 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 Treasurer 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 Treasurer 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 Treasurer**

I certify that the Statement of Accounts 2017/18 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 2018.

**K Iveson**  
**Section 151 Officer and Treasurer to the North York Moors National Park Authority**

**North Yorkshire County Council**  
**County Hall**  
**Northallerton**  
**DL7 8AD**

**Date: 30 July 2018**

Core Financial Statements

## Movement in Reserves Statement

Movements in Reserves during 2017/18	Usable Reserves		Unusable Reserves £000	Total Reserves £000
	General	Earmarked		
	£000	£000		
<b>Balance as at 1 April 2017</b>	994	1,201	2,460	4,655
Surplus/(deficit) on the Provision of Services (Page 31)	(522)	0	0	(522)
Other Comprehensive Income & Expenditure (Page 31)	0	0	940	940
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(522)</b>	<b>0</b>	<b>940</b>	<b>418</b>
Adjustments between Accounting Basis & Funding Basis Under Regulations (Note 1)	465	0	(465)	0
Net Increase/(decrease) before Transfer to Earmarked Reserves	(57)	0	475	418
Transfers (to)/from Earmarked Reserves	(815)	815	0	0
Increase/(decrease) in 2017/18	(872)	815	475	418
<b>Balance as at 31 March 2018 Carried Forward</b>	<b>122</b>	<b>2,016</b>	<b>2,935</b>	<b>5,073</b>

  

Movements in Reserves during 2016/17	Usable Reserves		Unusable Reserves £000	Total Reserves £000
	General	Earmarked		
	£000	£000		
<b>Balance as at 1 April 2016</b>	899	1,013	3,010	4,922
Surplus/(deficit) on the Provision of Services (Page 31)	164	0	0	164
Other Comprehensive Income & Expenditure (Page 31)	0	0	(431)	(431)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>164</b>	<b>0</b>	<b>(431)</b>	<b>(267)</b>
Adjustments between Accounting Basis & Funding Basis Under Regulations (Note 1)	119	0	(119)	0
Net Increase/(decrease) before Transfer to Earmarked Reserves	283	0	(550)	(267)
Transfers (to)/from Earmarked Reserves	(188)	188	0	0
Increase/(decrease) in 2016/17	95	188	(550)	(267)
<b>Balance as at 31 March 2017 Carried Forward</b>	<b>994</b>	<b>1,201</b>	<b>2,460</b>	<b>4,655</b>

## Expenditure and Funding Analysis

### Expenditure and Funding Analysis 2017/18

	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	595	10	0	53	0	0	658
Conservation of Cultural Heritage	278	9	(26)	41	0	0	302
Recreation Management & Transport	457	30	(6)	41	0	0	522
Promoting Understanding	1,014	51	(76)	77	0	(16)	1,050
Rangers, Estate & Volunteers	810	80	(65)	51	0	0	876
Development Control	526	10	0	46	0	0	582
Forward Planning & Communities	260	2	0	15	0	0	277
S106 Compensation & Mitigation	55	0	0	18	0	0	73
Corporate & Democratic Core	285	7	0	0	18	0	310
<b>Net Cost of Services</b>	<b>4,280</b>	<b>199</b>	<b>(173)</b>	<b>342</b>	<b>18</b>	<b>(16)</b>	<b>4,650</b>
Loss on Disposal							(11)
Interest Payable							16
Interest Received							(18)
Net Pensions Interest Cost							120
National Park Grant							(4,235)
Capital Contributions							0
<b>Deficit on Provision of Services</b>							<b>522</b>
Surplus on Revaluation of Fixed Assets							0
Actuarial (Gains) / losses on Pension Assets / Liabilities							(940)
<b>Total Comprehensive Income &amp; Expenditure</b>							<b>(418)</b>

## **Amounts Reported for Resource Allocation Decisions**

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

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

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

The outturn position reported to committee is summarised in the Explanatory Foreword on Page 6, and therefore the detailed report is not included here. A reconciliation to show the difference is shown here.

The statement for 2016/17 is shown next for comparison purposes:

## Expenditure and Funding Analysis 2016/17

	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	729	9	0	13	0	0	751
Conservation of Cultural Heritage	206	3	0	5	0	0	214
Recreation Management & Transport	480	41	(2)	10	0	0	529
Promoting Understanding	937	50	(58)	16	0	(15)	930
Rangers, Estate & Volunteers	790	74	(110)	12	0	0	766
Development Control	354	9	0	11	0	0	374
Forward Planning & Communities	79	2	0	3	0	0	84
S106 Compensation & Mitigation	0	0	0	0	0	0	0
Corporate & Democratic Core	305	13	(99)	0	18	0	237
<b>Net Cost of Services</b>	<b>3,880</b>	<b>201</b>	<b>(270)</b>	<b>69</b>	<b>18</b>	<b>(15)</b>	<b>3,883</b>
Loss on Disposal							(10)
Interest Payable							15
Interest Received							(18)
Net Pensions Interest Cost							127
National Park Grant							(4,163)
Capital Contributions							0
<b>Deficit on Provision of Services</b>							<b>(166)</b>
Surplus on Revaluation of Fixed Assets							(347)
Actuarial (gains)/losses on pension assets/liabilities							778
<b>Total Comprehensive Income &amp; Expenditure</b>							<b>265</b>

### 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:

	2017/18	2016/17
	£000	£000
Fees, Charges & Service Income	(2,130)	(2,223)
Government Grants	(340)	(305)
Section 106 Compensation & Mitigation Income	(728)	0
<b>Total Income</b>	<b>(3,198)</b>	<b>(2,528)</b>
Employee Expenses	3,643	3,182
Other Service Expenses	3,846	3,225
<b>Total Expenditure</b>	<b>7,489</b>	<b>6,407</b>
<b>Net Expenditure</b>	<b>4,291</b>	<b>3,879</b>

### Comprehensive Income and Expenditure Statement for Year Ended 31 March 2018



2016/17			2017/18			
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£000	£000	£000		£000	£000	£000
885	(135)	750	Conservation of the Natural Environment	946	(288)	658
625	(410)	215	Conservation of Cultural Heritage	911	(609)	302
1,234	(706)	528	Recreation Management & Transport	1,207	(684)	523
1,452	(524)	928	Promoting Understanding	1,566	(517)	1,049
792	(26)	766	Rangers, Estates & Volunteers	879	(4)	875
772	(397)	375	Development Control	806	(224)	582
295	(212)	83	Forward Planning & Communities	329	(51)	278
0	0	0	Section 106 Compensation & Mitigation	801	(728)	73
311	(73)	238	Corporate and Democratic Care	357	(47)	310
<b>6,366</b>	<b>(2,483)</b>	<b>3,883</b>	<b>Cost of Services</b>	<b>7,802</b>	<b>(3,152)</b>	<b>4,650</b>
<b>Other Operating Income &amp; Expenditure</b>						
	(10)		Gain on disposal of fixed assets			(11)
<b>Financing &amp; Investment Income &amp; Expenditure</b>						
	15		Interest payable and similar charges			16
	(18)		Interest and investment income			(18)
	127		Pensions interest cost and expected return on assets			120
<b>Grant Income</b>						
	(4,163)		National Park Grant			(4,235)
	0		Capital Contributions			0
			<b>(Surplus)/deficit on Provisions of Services</b>			<b>522</b>
	(166)					
	(347)		(Surplus)/Deficit on the revaluation of long-term assets			0
	778		Actuarial losses/(gains) on pension assets/liabilities			(940)
	431		<b>Other Comprehensive Income and Expenditure</b>			<b>(940)</b>
	265		<b>Total Comprehensive Income and Expenditure</b>			<b>(418)</b>

## Balance Sheet as at 31 March 2018

31 March 2017	Notes	31 March 2018
£000		£000
4,610	2 Property, Plant & Equipment	4,611
2,745	2 Heritage Assets	2,745
0	3 Intangible Assets	0
132	8 Long Term Debtors	116
<u>7,487</u>	<b>Non Current Assets</b>	<u>7,472</u>
95	6 Inventories	101
489	7 Short Term Debtors	756
2,209	9 Cash and Cash Equivalents	2,016
<u>2,793</u>	<b>Current Assests</b>	<u>2,873</u>
(636)	10 Short Term Creditors	(772)
0	Short Term Provisions	0
<u>(636)</u>	<b>Current Liabilities</b>	<u>(772)</u>
(178)	23 Finance Lease	(178)
0	Provisions	0
(4,809)	24 Pension Liability	(4,320)
<u>(4,987)</u>	<b>Long Term Liabilities</b>	<u>(4,498)</u>
<u>4,657</u>	<b>Net Assets</b>	<u>5,075</u>
994	15 General Fund Reserve	122
1,202	15 Earmarked Reserves	2,018
<u>2,196</u>	<b>Usable Reserves</b>	<u>2,140</u>
4,214	11 Revaluation Reserve	4,176
3,086	12 Capital Adjustment Account	3,109
0	5 Financial Instruments Adjustment Account	0
(4,809)	13 Pension Reserve	(4,320)
(30)	14 Accumulated Absences Account	(30)
<u>2,461</u>	<b>Unusable Reserves</b>	<u>2,935</u>

Signed on behalf of the North York Moors National Park Authority:

## Cash Flow Statement for Year Ended 31 March 2018

2016/17	Notes	2017/18
£000		£000
<b>Operating Activities</b>		
166		(522)
Net Surplus on the Provision of Services		
<b>Adjustment to Net Surplus on the Provision of Services for Non-Cash Movements</b>		
201	2	198
Depreciation		
0	2	0
Impairment & Revaluations		
Carrying Value of Non-Current Assets Written Out on		
0	2	0
Disposal		
10	10	135
Movement in Creditors		
(172)	7	(266)
Movement in Debtors		
(8)	6	(5)
Movement in Inventories		
(8)		0
Movement in Provisions		
197	24	451
Pension Liability		
<b>220</b>		<b>513</b>
<b>Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>		
<b>0</b>		<b>0</b>
<b>385</b>		<b>(9)</b>
<b>Net Cash Flows from Operating Activities</b>		
<b>Investing Activities</b>		
(294)	2	(200)
Purchase of Property, Plant & Equipment		
15		16
Other Receipts for Investing Activities		
<b>(279)</b>		<b>(184)</b>
<b>Net Cash Flows from Investing Activities</b>		
<b>0</b>		<b>0</b>
<b>Financing Activities</b>		
<b>106</b>		<b>(193)</b>
<b>Net Increase in Cash and Cash Equivalents</b>		
2,103	9	2,210
Cash and Cash Equivalents at the Beginning of the Reporting Period		
<b>2,209</b>		<b>2,017</b>
<b>Cash and Cash Equivalents at the end of the reporting period</b>		

#### Notes to the Core Financial Statements

### 1. 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.

2017/18	Usable Reserves		Movement
	General Fund Reserve	Capital Receipts Reserve	in Unusable Reserves
	£000	£000	£000
<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	198		(198)
Carrying Value of non-current assets written out on disposal	(11)		11
Capital contributions	0		0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement			
Capital expenditure charged against the General Fund	(173)		173
<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		15	(15)
Use of capital receipts		(15)	15
<b>Adjustments involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	923		(923)
Employer's pension contribution payable in the year	(472)		472
<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>465</b>	<b>0</b>	<b>(465)</b>

2016/17	Usable Reserves General Fund Reserve £000	Capital Receipts Reserve £000	Movement in Unusable Reserves £000
<b>Adjustments involving the Capital Adjustment Account</b>			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement			
Charges for depreciation, amortisation and impairment of non-current assets	201		(201)
Carrying Value of non-current assets written out on disposal	(10)		10
Capital contributions	0		0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement			
Capital expenditure charged against the General Fund	(269)		269
<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		15	(15)
Use of capital receipts		(15)	15
<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	(434)		434
<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>119</b>	<b>0</b>	<b>(119)</b>

## 2. 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 2017/18</b>			
<b>Historical or Revalued Gross Cost</b>	<b>4,439</b>	<b>1,111</b>	<b>5,550</b>
Additions in year	72	128	200
Cost of disposals in year	0	(67)	(67)
Revaluations at 31 March 2018:			
Recognised in the Revaluation Reserve	0	0	0
Recognised in the Provision of Services	0	0	0
<b>Gross Value at 31 March 2018</b>	<b>4,511</b>	<b>1,172</b>	<b>5,683</b>
Depreciation b/f	(91)	(850)	(941)
Depreciation for 2017/18	(83)	(115)	(198)
Accumulated depreciation of disposals	0	67	67
Revaluations:			
Recognised in the Revaluation Reserve	0	0	0
Recognised in the Provision of Services	0	0	0
<b>Net Value at 31 March 2018</b>	<b>4,337</b>	<b>274</b>	<b>4,611</b>

	Land & Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000
<b>Movements in 2016/17</b>			
<b>Historical or Revalued Gross Cost</b>	<b>3,840</b>	<b>887</b>	<b>4,727</b>
Additions in year	54	240	294
Cost of disposals in year	0	(16)	(16)
Revaluations at 31 March 2017:			
Recognised in the Revaluation Reserve	550	0	550
Recognised in the Provision of Services	(5)	0	(5)
<b>Gross Value at 31 March 2017</b>	<b>4,439</b>	<b>1,111</b>	<b>5,550</b>
Depreciation b/f	(86)	(747)	(833)
Depreciation for 2016/17	(81)	(119)	(200)
Accumulated depreciation of disposals	0	16	16
Revaluations:			
Recognised in the Revaluation Reserve	76	0	76
Recognised in the Provision of Services	0	0	0
<b>Net Value at 31 March 2017</b>	<b>4,348</b>	<b>261</b>	<b>4,609</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:

	2017/18	2016/17	2015/16	2014/15	2013/14
	£000	£000	£000	£000	£000
<b>At 1 April</b>	<b>2,745</b>	<b>3,028</b>	<b>3,024</b>	<b>2,889</b>	<b>2,651</b>
Revaluation	0	(283)	4	135	238
<b>At 31 March</b>	<b>2,745</b>	<b>2,745</b>	<b>3,028</b>	<b>3,024</b>	<b>2,889</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 2017/18, as part of the 5 year rolling programme of revaluation by RICS registered valuers, North Yorkshire County Council (Property Services) as at 1<sup>st</sup> April 2017. A desktop valuation of the Authority's land and buildings (including Heritage Assets) 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 (Hemsley) & 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 1<sup>st</sup> April 2016 by North Yorkshire County Council (Property Services), with a desktop valuation undertaken as at 31<sup>st</sup> March 2018. 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 £199k, (£294k in 2016/17) was financed as follows:

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Revenue	173	269
Capital contributions	0	0
Capital receipts	26	25
Capital grant	0	0
	<b><u>199</u></b>	<b><u>294</u></b>

**f) Capital Schemes**

The key capital schemes were the replacement of vehicles, replacement of equipment, ongoing improvements of the car park at Sutton Bank and IT equipment purchases.

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Land & Buildings	72	54
Vehicles, Plant & Equipment	96	183
IT & Other Equipment	31	57
	<b><u>199</u></b>	<b><u>294</u></b>

**g) Disposals of Property, Plant and Equipment**



	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Vehicles	11	10
	<b>11</b>	<b>10</b>

#### **h) Analysis of Property**

The list below gives an indication of the significant fixed assets of the Authority as at 31<sup>st</sup> March 2018:

<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

### **3. Intangible Assets**

The Authority accounts for its software as intangible, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Vehicles, Plant and Equipment. The intangible assets included relate to purchased software as the Authority has no internally generated software.

All software is given a finite useful life based upon the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are:

- 3 years – Microsoft Upgrade
- 5 years – Northgate Planning System

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation charge for 2017/18 is nil (no change in 2016/17).

The movement on intangible asset balances during the year is as follows:

	2017/18	2016/17
	£000	£000
<b>Balance at 1 April</b>		
Gross carrying amount	57	57
Accumulated amortisation	(57)	(57)
<b>Net carrying amount at 1 April</b>	<u>0</u>	<u>0</u>
<b>Additions</b>		
Purchases	0	0
Amortisation for the year	0	0
<b>Net carrying amount at 31 March</b>	<u>0</u>	<u>0</u>
<b>Comprising</b>		
Gross carrying amount	57	57
Accumulated amortisation	(57)	(57)
	<u>0</u>	<u>0</u>

#### 4. 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:

	2017/18	2016/17
	£000	£000
<b>Opening Capital Financing Requirement</b>	<b>179</b>	<b>179</b>
<b>Capital Investment</b>		
Property, Plant & Equipment	199	294
<b>Source of Finance</b>		
Capital receipts	(26)	(25)
Capital contributions	0	0
<b>Sums set aside from Revenue</b>		
Direct revenue contributions	(173)	(269)
Minimum Revenue Provision	0	0
<b>Closing Capital Financing Requirement</b>	<u><b>179</b></u>	<u><b>179</b></u>

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.

## **5. 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 2018 £000</b>	<b>31 March 2017 £000</b>
Bank current accounts	(214)	(191)
Short-term deposit with NYCC Treasury	<u>2,231</u>	<u>2,400</u>
	<b><u>2,017</u></b>	<b><u>2,209</u></b>

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.

**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 2018, which are included within the £755k short-term debtors, can be analysed by age as follows:

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Less than 3 months	72	66
3 to 6 months	5	3
6 to 12 months	37	12
More than 12 months	43	0
	<u><b>157</b></u>	<u><b>81</b></u>

**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.

## 6. Inventories

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

	Stock for Resale		Footpath Maintenance Stock		Total	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April</b>	<b>80</b>	<b>76</b>	<b>16</b>	<b>12</b>	<b>96</b>	<b>88</b>
Purchases	129	122	52	77	181	199
Inventory utilised in year	(126)	(118)	(50)	(73)	(176)	(191)
<b>Balance at 31 March</b>	<b>83</b>	<b>80</b>	<b>18</b>	<b>16</b>	<b>101</b>	<b>96</b>

## 7. Short Term Debtors

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

	31 March 2018 £000	31 March 2017 £000
Central government bodies	517	196
Other local authorities	22	53
Other entites and individuals	181	204
Payments in advance	35	36
	<b>755</b>	<b>489</b>

### Provision for Doubtful Debt

No provision has been provided for doubtful debts.

## 8. 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 £132k as at 31<sup>st</sup> March 2017 and a repayment was made in 2017/18 of £16k, thus the balance of this loan is £116k as at 31 March 2018.

## 9. Cash and Cash Equivalent

The balance if 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 5b).

## 10. Short-term Creditors

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

	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
Central government bodies	59	72
Other local authorities	69	68
Other entities and individuals	208	422
Accumulated absences	30	30
Income in advance	405	44
	<u><b>771</b></u>	<u><b>636</b></u>

## 11. 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>2017/18 £000</b>	<b>2016/17 £000</b>
<b>Balance at 1 April</b>	<b>4,214</b>	<b>3,908</b>
Upward revaluation of asset	0	344
Difference between fair value depreciation and historical cost depreciation	(38)	(38)
<b>Balance at 31 March</b>	<u><b>4,176</b></u>	<u><b>4,214</b></u>

## 12. 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).

	2017/18	2016/17
	£000	£000
<b>Balance at 1 April</b>	<b>3,086</b>	<b>2,975</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	(199)	(200)
Revaluation losses on Plant, Property and Equipment	0	(5)
Amounts of non-current assets written off on disposal to Statement of Comprehensive Income	0	0
Write down long term debtor	(16)	(15)
	<b>(215)</b>	<b>(220)</b>
Adjusting amount written out of the Revaluation Reserve	38	37
Net written out amount of the cost of non-current assets consumed in year	<b>(177)</b>	<b>(183)</b>
Capital financing applied in year:		
Use of capital receipts	26	25
Capital grants & contributions credited to the SCI	0	0
Capital expenditure charged against the general fund	173	269
	<b>199</b>	<b>294</b>
<b>Balance at 31 March</b>	<b>3,108</b>	<b>3,086</b>

### 13. 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.



	2017/18	2016/17
	£000	£000
<b>Balance at 1 April</b>	<b>(4,809)</b>	<b>(3,843)</b>
Remeasurement of net defined benefit liability	940	(778)
Reversal of items relating to retirement benefits debited/credited to the surplus/deficit on the Provision of Services	(923)	(631)
Employers pension contributions and direct payments to pensioners payable in year	472	443
<b>Balance at 31 March</b>	<b><u>(4,320)</u></b>	<b><u>(4,809)</u></b>

#### 14. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Reserve from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Reserve is neutralised by transfers to or from the account. This is shown in the accounts as an Accrual.

	2017/18	2016/17
	£000	£000
<b>Accrual balance at 1 April</b>	<b>30</b>	<b>30</b>
Release of accrual in-year	(30)	(30)
Recognition of accrual	30	30
<b>Balance at 31 March</b>	<b><u>30</u></b>	<b><u>30</u></b>

#### 15. 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 2017/18.

	Balance at 31 March 2017 £000	Movement to Reserves 2017/18 £000	Movement from Reserves 2017/18 £000	Net Movement £000	Balance at 31 March 2018 £000
Emergency Reserve	320	0	0	0	320
Capital & Maintenance Reserve	250	638	0	638	888
This Exploited Land of Iron Reserve	228	0	0	0	228
Section 106 Reserve	384	106	(203)	(97)	287
NYMNR Reserve	0	30	0	30	30
Project Reserve	0	263	0	263	263
Other Earmarked Reserves	19	0	(19)	(19)	0
<b>Total Earmarked Reserves</b>	<b>1,201</b>	<b>1,037</b>	<b>(222)</b>	<b>815</b>	<b>2,016</b>
General Fund	994	31	(903)	(872)	122
<b>Total Useable Reserves</b>	<b>2,195</b>	<b>1,068</b>	<b>(1,125)</b>	<b>(57)</b>	<b>2,138</b>

	Balance at 31 March 2016 £000	Movement to Reserves 2016/17 £000	Movement from Reserves 2016/17 £000	Net Movement £000	Balance at 31 March 2017 £000
Emergency Reserve	320	0	0	0	320
Capital & Maintenance Reserve	250	0	0	0	250
This Exploited Land of Iron Reserve	250	0	(22)	(22)	228
Section 106 Reserve	173	303	(92)	211	384
NYMNR Reserve	0	0	0	0	0
Project Reserve	0	0	0	0	0
Other Earmarked Reserves	20	0	(1)	(1)	19
<b>Total Earmarked Reserves</b>	<b>1,013</b>	<b>303</b>	<b>(115)</b>	<b>188</b>	<b>1,201</b>
General Fund	899	95	0	95	994
<b>Total Useable Reserves</b>	<b>1,333</b>	<b>398</b>	<b>(115)</b>	<b>283</b>	<b>2,195</b>

The £903k movement in 2017/18 from the General Fund has been transferred into Earmarked Reserves as follows:

	£000
Capital & Maintenance Reserve	610
NYMNR Reserve	30
Project Reserve	263
	<u>903</u>

## 16. Agency Services

The Authority has contracts with the following Local Authorities to provide services. The charges are as follows:

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
North Yorkshire County Council	79	50
Scarborough Borough Council	101	90
	<b><u>180</u></b>	<b><u>140</u></b>

## 17. Member's Allowance

The total amount of member's allowances paid during 2017/18 was £56k (£54k in 2016/17).

## 18. 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.

<b>Band</b>	<b>Number of Employees</b>	
	<b>2017/18</b>	<b>2016/17</b>
£50,000 - £54,999	2	2
£55,000 - £59,999	1	0
£60,000 - £64,999	0	0
£65,000 - £69,999	0	0
£70,000 - £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.

	2017/18	2016/17
	£	£
<b>Chief Executive</b>		
Total remuneration excluding pension contribution	74,453	73,752
Employers pension contribution	<u>13,402</u>	<u>9,952</u>
<b>Total remuneration including pension contribution</b>	<b><u>87,855</u></b>	<b><u>83,704</u></b>
<b>Director of Planning</b>		
Total remuneration excluding pension contribution	56,211	54,383
Employers pension contribution	<u>8,691</u>	<u>7,513</u>
<b>Total remuneration including pension contribution</b>	<b><u>64,902</u></b>	<b><u>61,896</u></b>
<b>Director of Polyhalite</b>		
Total remuneration excluding pension contribution	53,000	
Employers pension contribution	<u>9,540</u>	
<b>Total remuneration including pension contribution</b>	<b><u>62,540</u></b>	
<b>Director of Park Services</b>		
Total remuneration excluding pension contribution	52,142	50,710
Employers pension contribution	<u>9,386</u>	<u>6,845</u>
<b>Total remuneration including pension contribution</b>	<b><u>61,528</u></b>	<b><u>57,555</u></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.

The Chief Executive has asked that this note confirms that an additional contribution was made from his salary of £8k.

In 2017/18 the Chief Executive claimed £234.00 (£231.00 in 2016/17) in expenses for reimbursement of expenditure incurred whilst on Authority business and did not receive any benefits in kind.

## 19. Exit Packages and Termination Benefits

There were no compulsory redundancy or other exit packages paid out to employees in either 2017/18 or 2016/17.

## 20. External Audit Cost

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

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Fees payable for external audit services	12	12
	<u>12</u>	<u>12</u>

## 21. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2017/18:

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
<b>Credited to Grant Income</b>		
National Park Grant (NPG)	4,235	4,163
<b>Credited to Services</b>		
Natural England	149	155
English Heritage	75	30
Forestry Commission	3	10
Environment Agency	26	25
North Yorkshire County Council	49	67
Redcar & Cleaveland Borough Council	0	18
DCLG	35	0
Other local authorities	3	0
<b>Total government revenue grants (excluding NPG)</b>	<u>340</u>	<u>305</u>
Lottery funding	500	421
Other Grants	252	120
<b>Total revenue grants (excluding NPG)</b>	<u>1,092</u>	<u>846</u>

## 22. 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 21.

**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 19 Members (normally 20, but there is currently one vacancy), 11 are appointed from the Councillors of the County, Borough and District Councils that the National Park geographical boundary encompasses. Of these, North Yorkshire County Council has 4 seats, Scarborough BC 2 seats, Redcar & Cleveland and Ryedale DC 2 seats each, and Hambleton DC 1 seat. All transactions with the appropriate councils in 2017/18 are included within the primary financial statements and relevant Disclosure Notes reported in these accounts.

Officers have day to day control of the running of the Authority's affairs. Zero Material Related Party Transactions took place with Members during 2017/18.

It should be noted that the Treasurer (Section 151 Officer) of the Authority is also an Assistant Director for North Yorkshire County Council. The Authority's Monitoring Officer is the Director of Legal and Democratic Services at Scarborough Borough Council.

## 23. 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 2018</b>	<b>31 March 2017</b>
	<b>£000</b>	<b>£000</b>
Other land & buildings	198	202
	<u><b>198</b></u>	<u><b>202</b></u>

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

	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
<b>Finance Lease Liabilities</b>		
Non-current	178	178
Finance costs payable in future years	696	712
<b>Minimum Lease Payments</b>	<u><b>874</b></u>	<u><b>890</b></u>

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

	Finance Lease Interest Payments		Finance Lease Liabilities	
	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000
Not later than one year	16	16	0	0
Later than one year and not later than five years	79	79	1	1
Later than five years	601	617	177	177
	<b>696</b>	<b>712</b>	<b>178</b>	<b>178</b>

### Operating Lease

As at the 31<sup>st</sup> March 2018, the Authority was not committed to making any payments under operating leases in 2017/18.

## 24. 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 2018, the Authority has paid all pension contributions due in the 2017/18 financial year, to the North Yorkshire Pension Fund.

2016/17	Comprehensive Income and Expenditure Statement	2017/18
£000		£000
	<b>Net Cost of Service</b>	
(485)	Current Service Cost	(793)
0	Curtailments	0
0	Past Service Cost	0
(9)	Administrative Cost	(10)
	<b>Financing and Investment Income</b>	
(127)	Net Interest Expense	(120)
<hr/>		<hr/>
<b>(621)</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Service</b>	<b>(923)</b>
	<b>Remeasurement of the net defined benefit liability</b>	
(778)	Actuarial gains and (losses)	940
<hr/>		<hr/>
<b>(1,399)</b>	<b>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>17</b>
<hr/>		<hr/>
	<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	(923)
(631)	Actual amount charged against the General Fund Balance for employers pension contributions in the year	472
434		<hr/>
<b>(197)</b>		<b>(451)</b>
<hr/>		<hr/>

The cumulative amount of actuarial gains recognised in the Comprehensive Income and Expenditure Statement to 31<sup>st</sup> March 2018 is a gain of £0.94m (£0.78m loss in 2016/17).

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 £4.32m 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 2018 £000</b>	<b>31 March 2017 £000</b>
Estimated share of liabilities in scheme	(26,303)	(25,066)
Estimated share of assets in scheme	<u>21,983</u>	<u>20,257</u>
<b>Authority's net liability</b>	<b><u>(4,320)</u></b>	<b><u>(4,809)</u></b>
<b>Pensions liabilities at beginning of year</b>	<b>(25,066)</b>	<b>(20,623)</b>
Current service cost	(803)	(494)
Interest cost	(648)	(717)
Contributions by scheme participants	(181)	(159)
Actuarial (loss)/gain	(135)	(3,507)
Curtailments	0	(10)
Benefits paid	530	444
Past service cost	<u>0</u>	<u>0</u>
<b>Pensions liabilities at end of the year</b>	<b><u>(26,303)</u></b>	<b><u>(25,066)</u></b>
<b>Pension assets at the beginning of the year</b>	<b>20,257</b>	<b>16,780</b>
Movement in assets in year:		
Interest Income	528	590
Remeasurement (loss)/gain	1,075	2,729
Employer contributions	472	443
Contributions by scheme participants	181	149
Benefits paid	<u>(530)</u>	<u>(434)</u>
<b>Pension assets at end of year</b>	<b><u>21,983</u></b>	<b><u>20,257</u></b>
<b>Deficit</b>	<b><u>(4,320)</u></b>	<b><u>(4,809)</u></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.yk](http://www.nypf.org.yk).

	<b>31 March 2018 Years</b>	<b>31 March 2017 Years</b>
Mortality Assuptions:		
Longevity at 65 for current pensioners		
Men	22.9	22.8
Women	26.4	26.3
Longevity at 65 for future pensioners		
Men	25.1	25.0
Women	28.7	28.6

Assets in the Pension Fund are valued at fair value, principally market value for investments, totalling £22.0m at 31<sup>st</sup> March 2018 (£20.3m at 31<sup>st</sup> March 2017), and consists of the following categories.

	<b>Fair Value of Scheme Assets</b>	
	<b>2017/18</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>
Equity Instruments	14,245	13,248
Property	1,759	1,722
Government bonds	3,627	2,876
Corporate bonds	0	628
Cash/Liquidity	44	21
Other	2,308	1,762
<b>Total Assets</b>	<b><u>21,983</u></b>	<b><u>20,257</u></b>

The actuarial gain identified as movements on the Pensions Reserve in 2017/18 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 2018 with comparative data for the previous four financial years:

	<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Difference between the expected and actual return on assets	(1,075)	(2,729)	544	(1,577)	1,437
Difference between actuarial assumptions about liabilities and actual experience	126	(2,199)	(205)	0	1,178
Changes in the financial assumptions used to estimate liabilities	(1)	5,321	(1,566)	3,912	1,741
Changes in the demographic assumptions used to estimate liabilities	0	358	0	0	24
	<b><u>(950)</u></b>	<b><u>751</u></b>	<b><u>(1,227)</u></b>	<b><u>2,335</u></b>	<b><u>4,380</u></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 2019 is £477k.

## 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 and 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 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.

### **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 and can therefore only provide reasonable and not absolute 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<sup>st</sup> March 2018 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 DCLG) and to local communities reflecting the needs of national and local customers. Local accountability is achieved via the appointment of elected Members by local government and other mechanisms.

- 3.2 The other mechanisms are varied involving the statutory appointment of elected Parish Councillors to the Authority and a wide variety of voluntary mechanisms. The Authority makes great effort to ensure that voluntary mechanisms are as open, inclusive and transparent as possible. They include (omitting statutory requirements):
- Customer Service Excellence success has continued with the Authority being fully compliant with all 57 elements of the Standard and 'Compliance Plus' (best practice) in 10 of these. The latest assessment took place on 11 May 2017 and this level of performance has been maintained. The 2018 assessment will take place on 30 May.
  - The arrangement of regular Parish Forums which are attended by Members, the Chief Executive and Directors this is supplemented by an annual Joint Parish Forum. Members of the public can ask questions without giving notice at these events.
  - The Authority has two other Forums; 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
  - Representatives of groups of users otherwise under-represented as Members (young people, disabled people, BME groups and volunteers) address the Authority meeting directly. There is a quarterly Disability Advisory Group in which Officers work jointly with representatives of a variety of disability groups.
  - Periodic surveys of satisfaction with Authority Services are undertaken plus quadrennial Park wide surveys of residents' views.
  - State of the Park Reports are published periodically with consistent long running data sets where possible.
  - The Scheme of Delegation allows members of the public and representatives of the parish to address the Planning committee.
  - Wide and effective consultation mechanisms using a number of different communication channels
  - User groups such as the regular Primary Land Users Group and officer attendance sectoral groups and at Parish Council meetings.
  - Publication of full pension, allowance and salary details of all staff earning over £50k
  - Publication of Member allowances
  - Publication and access to documents within the Publication Scheme including but not exclusively details of all invoices over £250.
  - Standards are reviewed in consultation with the Independent Person on an annual basis.
  - 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 2017/2018, as at 31<sup>st</sup> March 2018 the Authority received 22 complaints (although 4 of those were withdrawn by the complainants prior to investigation) of the remaining 18, 6 were justified or partially justified. In the same time period the Authority also received 74 compliments. Details of all these are reported quarterly to Members. As at the same date the Local Government Ombudsman had received 2 complaints. One, the LGO decided not to investigate; the outcome of the second is yet to be published.

- 3.5 There was one formal Member complaint in 2017. In accordance with the Member Complaints procedure the Deputy Monitoring Officer carried out an initial assessment of the allegations to determine whether or not they merited a formal investigation. The assessment was that no breach of the Code of Conduct or other applicable rules had occurred, that no parts of the complaint merited formal investigation, and that no further action was necessary. The Independent Person was also involved with and supportive of this assessment. The Complainant submitted further information in support of the complaint. The assessment of that information was that the initial assessment was not altered. The Complainant was notified and the matter ended.

Notwithstanding the outcome of this Member complaint, it serves as a useful reminder that the behaviour of Members is often subject to close scrutiny, particularly in public meetings and in relation to declarations of interests.

- 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.
- 3.7 The Authority's objectives are defined and established by the National Park Management Plan. The 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.
- 3.8 The Business Plan (2017-2020) 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 is currently working on a draft Local Plan. This is supported by a Working Group of 11 Members which met eight times in the year 2017-18. Following initial consultation in September 2016 the Authority carried out two further rounds of consultation on the Authorities draft Local Plan during 2017/18. A further round on a full draft plan is planned for July 2018. Comments were invited on a 'Current Thinking' consultation document over a seven week period from 6<sup>th</sup> October to 24<sup>th</sup> November 2017, and 98 individuals or organisations provided views. Consultation was supported by four drop in events and through an article in the November 2017 version of the Moors Messenger, which was delivered to all households in and around the National Park. Consultation on policy for three of the National Park's special qualities also took place in December 2017 and gathered 222 responses.
- 3.10 The Authority has an established Committee Structure with an associated Scheme of Delegation to ensure that decisions are taken in the most appropriate and effective manner. The Scheme of Delegation allows swift and effective policy and decision making by Members and managerial and operational decision making by officers within a framework of accountability to Government and local people.
- 3.11 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 with effect from 1<sup>st</sup> April 2012 following a tendering exercise. 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. The risk management process is the responsibility of the Head of Corporate Services and is reported to 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.
- 3.13 The routine financial management of the Authority is described in detail by the Financial Regulations. The annual budget is approved by the full Authority prior to the commencement of the financial year. The Directors and Management Team receive reports on expenditure and income against the expected position at their respective bi-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 virements 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.
- 3.14 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 the Assistant Director of Strategic Resources at North Yorkshire County Council. Her role as one of the three statutory officers and her professional qualifications and 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 specialist expertise as required.
- 3.15 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 Directors as appropriate. She 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.
- 3.16 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 against the Authority's Headline Indicators and Corporate Management performance indicators. The Directors and Management Team receives progress reports on the headline indicators where the data is collected on a monthly cycle.

## 4. Review of Effectiveness

- 4.1 The Authority has responsibility for conducting, at least annually, a review of 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 and maintenance 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 and inspectorates.
- 4.2 This review is used to inform the contents of the Annual Governance Statement which prepared by the Head of Corporate Services in consultation with the Chief Executive, Monitoring Officer, Chief Finance Officer and key Members.
- 4.3 The following key areas of work were due to be completed in 2017/18
- Completion of the work on the review of Financial Regulations, Standing Orders and Scheme of Delegation in particular to reflect the impact of the ongoing collaborative working with North Yorkshire County Council and other minor changes which have been identified by Officers.
  - A review and implementation of agreed actions relating to Fraud and Corruption Risk.
  - Give increased prominence to the Officers' Code of Conduct to ensure that Officers are clear about its contents and fully comply with their obligations.
  - Improve Officers' awareness of their obligations with regard to the Freedom of Information and Data Protection Acts. In particular, this relates to both the retention/disposal of data and to reinforce the message that care needs to be used in the language used and opinions expressed in all email messages.
  - Update the Authority's Customer Service Standards to reflect the changed ways in which our customers want to interact with us – for example the current standards refer extensively to how we should reply to written correspondence and while there is some guidance on email communication, no mention is made of social media.
  - Review the complaints process to ensure that complaints coming into the Authority from a wide variety of sources (including social media and emails) are being properly captured to give certainty that they are dealt with effectively and any opportunities for improving the way in which we work are taken.
  - Given the expansion of the Authority's operations, notably in delivering externally funded projects and in undertaking mitigation work via the Sirius Minerals Section 106 Agreement, ensure that the resources deployed in key areas are sufficient to support the greater volume of legal and governance work.
  - Continue to integrate volunteers into all of the Authority's work teams and ensure that volunteers are properly considered and consulted when key decisions are made.
  - Continue the development of the financial collaborative working arrangements with NYCC to deliver high quality information to facilitate Member and officer decision making.
- 4.4 Excellent progress has been on the majority of these items during 2017/18. The Finance Regulations are being revised and updated versions of the Scheme of Delegation and Standing Orders will be presented to the June NPA meeting; considerable work has been done on the Authority's archives to ensure full and proper compliance with the Retention policy; the Customer Service Standards have been updated as has the Clear Communications Guide. Briefing sessions for staff on the latter are planned shortly; Volunteers are working in teams across the whole Authority and are delivering a very significant range of work; the Complaints process is in the process of being reviewed,

although no major changes are anticipated; Financial Collaboration agreement has delivered high quality support as anticipated. Staff absence has limited the work on Fraud and Corruption following the paper presented to this Committee in June last year, but Officers do not consider this to be a major problem.

## 5. Significant Governance Issues

5.1 The review of effectiveness has identified the following areas to be addressed in 2018/19

- Completion of the work and associated training in relation to the Finance Regulations, Scheme of Delegation and Standing Orders;
- Prepare the Authority's systems for the implementation of the General Data Protection Regulations in May and associated training for staff;
- Ensure that all new staff in particular are familiar with the Officers' Code of Conduct and fully comply with their obligations.
- Given the continued expansion of the Authority's operations, notably in delivering a variety of externally funded projects, ensure that the resources deployed in key areas are sufficient to support the greater volume of legal and corporate support work

5.2 We propose over the coming year to take steps to address the above matters to further 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:

.....  
A. Wilson (Chief Executive)

Date.....

.....  
J Bailey (Chairman)

Date.....

On behalf of the Members and Senior Officers of the North York Moors NPA.