



# **North York Moors National Park**

**Statement of Accounts**

**2019/20**

# North York Moors National Park Authority

## Statement of Accounts 2019/20

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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 2020 are presented in the format laid down in the "Code of Practice on Local Authority Accounting in the United Kingdom 2019/20" (The Code) - issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and in accordance with the International Accounting Standards Board (IASB) Framework for the preparation and presentation of Financial Statements as interpreted by The Code. The Code is based upon International Financial Reporting Standards (IFRS).

The Statements included in the Accounts are as follows:

- a) **The Narrative Statement** – the purpose of this is to indicate the most significant matters impacting on the Authority's financial position. In particular it shows the Authority's performance against budget for the financial year and the resources used.
- b) **The Independent Auditor's Report** – this explains the Auditor's responsibilities in relation to the Statement of Accounts. It also expresses an opinion on the Accounts and shows how this opinion was reached. The report also gives a conclusion on value for money in terms of the arrangements for securing economy, efficiency and effectiveness.
- c) **The Statement of Responsibilities for the Statement of Accounts** – this outlines the Authority's responsibilities for the Accounts under Local Government legislation and any other requirements. It also shows the legal and professional responsibility for the Accounts of the Chief Financial Officer.
- d) **The Movement in Reserves Statement** – this shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves and other unusable reserves. Usable reserves are available to support the National Park's spending plans. The surplus on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The net increase/decrease before transfers to Earmarked Reserves line shows the statutory General Fund Reserve before any discretionary transfers to or from Earmarked Reserves undertaken by the Authority. Unusable reserves are kept to manage the various accounting adjustments required for the accounts to comply with regulations and accounting rules. They are non-cash and consequently are not available for the use in the provision of National Park services.
- e) **The Comprehensive Income and Expenditure Statement** – which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. It shows income receivable and expenditure incurred in the year by the Authority in order to undertake its activities and services. It includes gains or losses which do not arise out of the operation of the Authority's activities

and includes adjustments relating to the revaluation of assets or actuarial valuation of the pension fund assets and liabilities.

- f) **The Balance Sheet** – this shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories, the first being Usable Reserves that may be used to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves, are those that the Authority are not able to use to provide services. This includes reserves that hold unrealised gains and losses (such as the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement of Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.
  - g) **The Cash Flow Statement** – this shows the change in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generated and used cash and cash equivalents by classifying cash flows as Operating, Investing and Financing Activities. The amount of net cash flows arising from Operating Activities is a key indicator of the extent to which the operations of the Authority are funded by way of grant income or from the recipients of services provided by the Authority. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority’s future service delivery. Cash flows arising from Financing Activities are useful in predicting claims on future cash flows by providers of capital to the Authority.
  - h) **Notes to the Core Financial Statements** – these provide further details and explanation of the figures included in the Core Financial Statements.
  - i) **Annual Governance Statement** – the Statement sets out the framework for financial control and corporate governance which the Authority has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded. It is provided at the end of this document but does not form part of the Statement of Accounts.
2. The Authority is an admitted body to the North Yorkshire Pension Fund. Members’ attention is drawn to Note 25, which discloses the status of the Authority’s overall liability in relation to its participation in the Local Government Pension Scheme (LGPS). As at 31st March 2020, the net liability (assets minus liabilities) stood at £5.365m, a change of £1.624m on the previous year’s value (£3.741m). The Authority’s assets increased by 1.9% in the year and liabilities increased by 7.5% 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

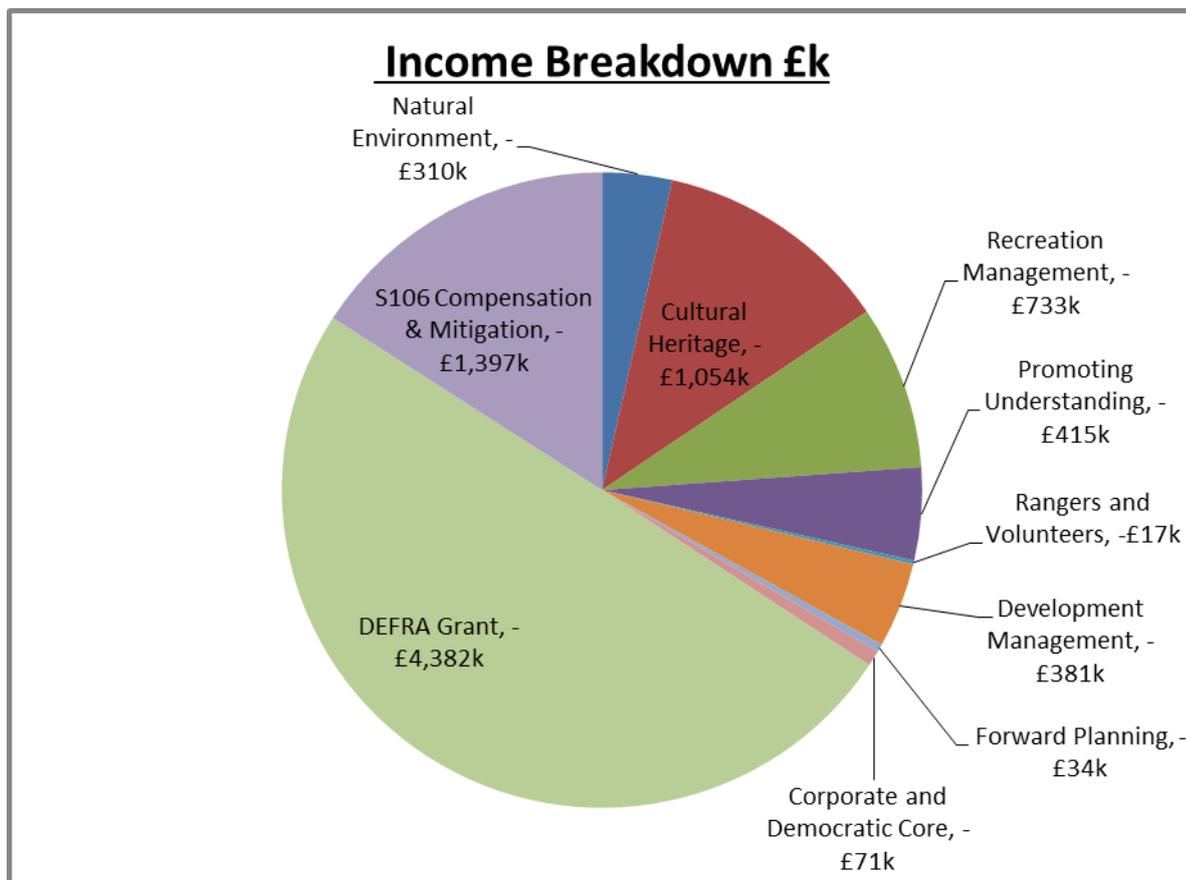
4. The main components of the Revised Budget for 2019/20 and a comparison with the actual position are set out over the page. These figures are based on the annual outturn as reported to the North York Moors National Park Finance, Risk, Audit and Standards Committee (FRASC) in June 2020 (report can be found on the meeting agenda on the Authority website). They do however exclude statutory accounting adjustments such as the use of assets which are reflected in the Comprehensive Income and Expenditure

Statement on Page 16. In addition carry forwards of £50k were included in the FRASC committee reports. A reconciliation of the two sets of figures is provided in the Expenditure and Funding Analysis on Page 31.

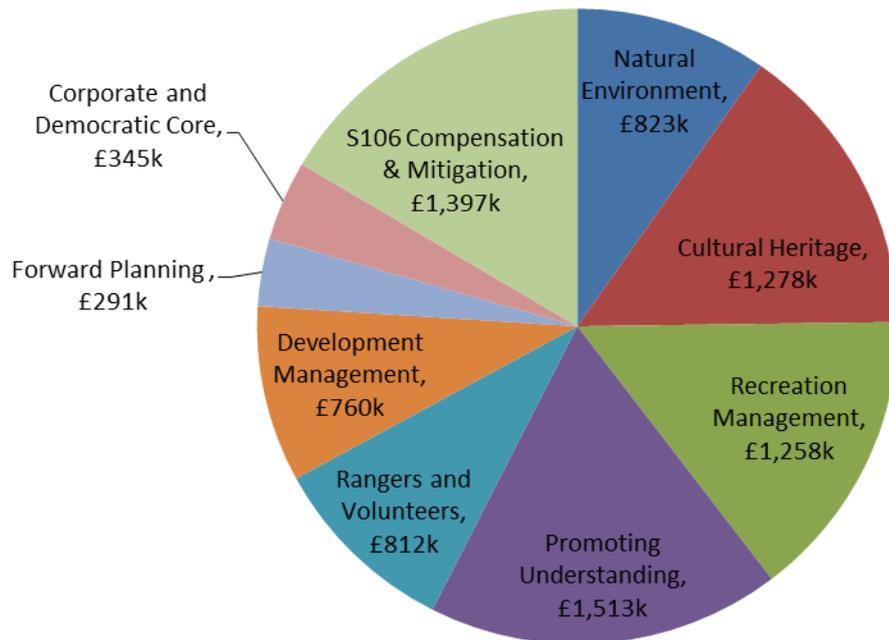
5. Financial performance in the year resulted in a transfer into reserves. The surplus has been generated from underspends in a number of areas, in particular local plan and connectivity, plus additional income achieved in planning. Part of the underspend was planned in order to help mitigate the impact of a freeze in the DEFRA grant in 2020/21 and was therefore forecast at quarter 3. The remaining underspend will be used to help mitigate some of the income deficit as a result of the covid-19 pandemic. Reserves have decreased a little in year, overall, just over half relates to ring-fenced income for S106 Compensation and Mitigation and externally funded projects. The majority of the remaining reserves have been allocated to capital projects.

<b>Outturn 2018/19 £000</b>		<b>Current Budget 2019/20 £000</b>	<b>Outturn at 31 March 2020 £000</b>	<b>Year End Variance 2019/20 £000</b>
<b>Expenditure</b>				
936	Conservation of the Natural Environment	1,300	823	(477)
1,380	Conservation of Cultural Heritage	1,353	1,278	(75)
1,288	Recreation Management and Transport	1,239	1,258	19
1,633	Promoting Understanding	1,465	1,513	48
787	Rangers, Estate & Volunteers	816	812	(4)
721	Development Management	714	760	46
311	Forward Planning & Communities	363	292	(71)
330	Corporate & Democratic Core	449	345	(104)
<b>7,386</b>	<b>Total Function Expenditure</b>	<b>7,699</b>	<b>7,081</b>	<b>(618)</b>
1,252	Section 106 Compensation & Mitigation	1,662	1,397	(265)
<b>8,638</b>	<b>Total Expenditure</b>	<b>9,361</b>	<b>8,478</b>	<b>(883)</b>
<b>Income</b>				
(291)	Conservation of the Natural Environment	(651)	(310)	341
(1,020)	Conservation of Cultural Heritage	(1,131)	(1,054)	77
(797)	Recreation Management and Transport	(724)	(733)	(9)
(641)	Promoting Understanding	(399)	(415)	(16)
(6)	Rangers, Estate & Volunteers	(4)	(17)	(13)
(241)	Development Management	(285)	(381)	(96)
(50)	Forward Planning & Communities	(35)	(34)	1
(56)	Corporate & Democratic Core	(88)	(71)	17
<b>(3,102)</b>	<b>Total Function Income</b>	<b>(3,317)</b>	<b>(3,015)</b>	<b>302</b>
<b>(1,252)</b>	Section 106 Compensation & Mitigation	<b>(1,662)</b>	<b>(1,397)</b>	<b>265</b>
<b>(4,354)</b>	<b>Total Income</b>	<b>(4,979)</b>	<b>(4,412)</b>	<b>567</b>
<b>4,284</b>	<b>Net Expenditure</b>	<b>4,382</b>	<b>4,066</b>	<b>(316)</b>
<b>Financed by</b>				
4,308	National Park Grant	4,382	4,382	0
(24)	Transfer (to)/from Reserves	0	(316)	(316)
<b>4,284</b>		<b>4,382</b>	<b>4,066</b>	<b>(316)</b>

6. Analysis of actual income and expenditure by service area is as follows :-



## Expenditure Breakdown £k



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

Income	Budget £k	Actual £k	Variance £k	Key Variances
Natural Environment	651	310	-341	Timing in external projects offset by expenditure. Levisham rents £10k higher this year due to changes in tenancy.
Cultural Heritage	1,131	1,054	-77	Timing in external projects offset by expenditure. Volume of archaeology search fees was higher than expected £8k
Recreation Management	724	733	9	Car park fees £47k lower, Targeted outreach income £13k higher.
Promoting Understanding	399	415	16	Visitor centre and gallery income higher than budget with particular strong performance at the Moors Centre. Education fees £14k lower due to lower uptake from schools. Additional income on Young Explorers offset by expenditure.
Rangers and Volunteers	4	17	13	Income from sales of vehicles offset by transfer to reserves in expenditure.

Development Management	285	381	96	Large planning application and legal enforcement case in which the Park was successful.
Forward Planning	35	34	-1	
Corporate and Democratic Core	88	71	-17	Third party income and sponsorship under budget.
DEFRA Grant	4,382	4,382	0	
<b>Total Function Income</b>	<b>7,699</b>	<b>7,397</b>	<b>-302</b>	
S106 Compensation & Mitigation	1,662	1,397	-265	Income reflecting level of expenditure.
<b>Total Income</b>	<b>9,361</b>	<b>8,794</b>	<b>-567</b>	

<b>Expenditure</b>	<b>Budget £k</b>	<b>Actual £k</b>	<b>Variance £k</b>	<b>Key Variances</b>
Natural Environment	-1,300	-823	477	Timing on Ryevitalise, Arncliffe Landscape Enhancement Initiative and Water Environment Grant project offset by income. Connectivity spend frozen, £78k below budget. PAWS spend £17k below budget.
Cultural Heritage	-1,353	-1,278	75	Timing on the Land of Iron and Monuments for the Future project.
Recreation Management	-1,239	-1,258	-19	Project variances offset by income.
Promoting Understanding	-1,465	-1,513	-48	Additional spend in line with income on retail and gallery.
Rangers and Volunteers	-816	-812	4	Reserves transfer for sale of vehicles offset by savings on volunteer programmes.
Development Management	-714	-760	-46	Costs associated with large planning application and legal enforcement case offset by income.
Forward Planning	-362	-291	71	Underspend on the local plan due to shorter inspection and staffing requirements. Lower spend on grants.
Corporate and Democratic Core	-449	-345	104	Contracted in services under budget due to increased finance support commencing 1 <sup>st</sup> April. Lower volunteer costs. Lower recharge (£67k) spread across other functions.
<b>Total Function Expenditure</b>	<b>-7,698</b>	<b>-7,080</b>	<b>618</b>	
S106 Compensation & Mitigation	-1,662	-1,397	265	Lower spend in a number of areas including core policy D will be spent in future years.
<b>Total Expenditure</b>	<b>-9,360</b>	<b>-8,477</b>	<b>883</b>	

8. The authority has a performance indicator to keep expenditure in the corporate and democratic core below 5%. This currently stands at just over 4%.
9. The most significant items of expenditure incurred by the Authority are employees at £3.9m which equates to 47% of actual expenditure in 2019/20. During 2019/20 the Authority employed 133 full time equivalent staff.
10. In 2019/20, the Authority spent £1,283k on capital expenditure of which £557k was funded from revenue expenditure. The remaining capital expenditure was funded from capital contributions and capital receipts. The total capital expenditure represents 15.1% of the Authority's total gross expenditure.
11. The Revenue Working Balance – the Authority seeks to maintain a permanent Balance Sheet reserve as a contingency against unexpected events equivalent to 5% of gross expenditure excluding S106. The actual position at 31<sup>st</sup> March 2020 is £385k.
12. The accounting policies are set out formally in the Statement of Accounting Policies on Page 19. The policies adopted in 2019/20 are compliant with the “Code of Practice on Local Authority Accounting in the United Kingdom 2019/20” (The Code).
13. The Authority has never borrowed any money for capital purposes and has no intention to do so in the foreseeable future. As such it does not have in place any arrangement for borrowing facilities, however the Treasury Management Strategy does cater for future borrowing should this be required. The Authority does have a facility arrangement with North Yorkshire County Council whereby any daily overdraft balances are consolidated into the County Council's Bank Accounts on a daily basis. However, this facility does not represent an overdraft facility, it is used to manage day-to-day cash flow balances (not to fund capital expenditure) and represents an on-going investment of cash balances for investment purposes.
14. The Authority monitors an agreed set of Performance Indicators on a regular basis and the results are reported to the Finance, Risk Audit and Standards Committee (FRASC). These reports can be found in the meeting and agendas section of the Authority website.
15. The previous Chief Executive Officer retired in July 2020 after over 20 years in the role. A new Chief Executive Officer has been appointed.
16. During the year, a new S151 Officer was appointed to commence from 1st April 2020. This continues to be delivered as part of the collaboration agreement with North Yorkshire County Council. The new post holder was previously the Deputy S151 Officer.

## **Coronavirus Pandemic and Associated Risks**

17. On the 23 March, the Prime Minister announced that the UK was to go into a period of lockdown, with restrictions on movement. As a result, the decision was taken to close all car parking and visitor facilities and discourage visitors to the National Park. Whilst financial impacts on 2019/20 were very limited, the lockdown had immediate impacts on multiple key income streams in 2020/21 including most significantly:-
  - Car park income

- Retail sales
  - Education programmes
  - Events including the gallery
18. In addition, further income streams are considered to be at risk as a result of the ongoing economic implications of the pandemic, including :-
- Planning income
  - Investment interest
  - Ability to pursue sponsorship income
19. A budget based on pre-covid assumptions had been approved on the 23rd March 2020 at full Authority. A fully revised budget for 2020/21 was approved by the National Park Authority on the 27th July 2020. The pandemic is not expected to affect the financial sustainability of the Authority, with the new budget using an element of reserves and Government grant and furlough schemes to help deliver a new balanced budget.
20. Whilst we have been able to set a budget that provides a new baseline to help mitigate the income risk, there are still existing uncertainties which will need to be managed throughout the year, and for future years as part of the Medium Term Financial Strategy.
- Length and timing of remaining lockdown restrictions;
  - The possibility of a second wave of covid-19, resulting in future closures;
  - Impacts on planning application numbers due to wider medium term economic impacts.
  - Staffing impacts
  - Impacts on visitor numbers, including to visitor centres.
  - Impact on future funding streams including DEFRA and external funding opportunities for future projects
21. Full details of the draft budget proposal can be found in the meetings and agendas section of the Authority website.

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

22. The Authority's successful track record in securing grant funding provides much to celebrate and allows much greater achievement of National Park purposes than would otherwise be the case. If it is to be successfully continued it will however demand continuing input of senior staff resource and matchfunding from potentially depleted other sources of income.
23. In order to achieve the Park's purposes, the Authority has been keen to maximise the use of its resources and earmark available reserves to provide match funding. This has been a successful strategy and has enabled the Authority to lever significant additional funding. However moving forward there are limited reserves available for match funding, and as core costs rise, should income fail to keep pace it is likely that resources for match funding will have to be curtailed unless core savings and efficiencies can be delivered and stretch income targets can be achieved.

24. There is currently considerable financial pressure in the public sector, with increasing costs in other sectors adding the pressure on the public purse. This does provide some uncertainty around future funding for the National Parks and this is the context that we are working in.
25. DEFRA announced a grant freeze for 2020/21 in December. Funding levels beyond 2020/21 are uncertain. The Authority does rely on core funding to help support generation of earned and external income streams. The additional risk of future freezes of reductions in grant will need to be addressed in the Medium Term Financial Strategy and budget process in the Autumn.
26. Brexit was identified as a key risk in last years Medium Term Financial Strategy with the risk of a no deal Brexit. There continues to be a risk of a no deal exit at the end of 2020/21 should there be no successful conclusion or extension to the current negotiations.
27. The final report from the National Parks review was published in the Autumn of 2019. There are a number of recommendations that come with associated increase in cost. Implementation of these, should they be undertaken, would require additional funding and considerable reconsideration of current financial strategy.
28. A medium term financial strategy is updated annually involving Members, with the latest presented to Financial, Risk and Audit Standards Committee in November 2020 before onward transmission to Full Authority in December 2020. The strategy helps to develop and set the overall Authority strategy and is an integral part of the Business Plan, looking at all resources including volunteers. It demonstrates the continuing financial pressure and indicative future deficits that need to be mitigated. The link to the latest Medium Term Financial Strategy can be found below :

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

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

29. There have been no changes in accounting policies or significant changes to the presentation of accounts for 2019/20

# Independent Auditor's Report to the Members of the Authority

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of North York Moors National Park Authority (the 'Authority') for the year ended 31 March 2020 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and notes to the core financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

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

### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Chief Financial Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Chief Financial Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's

operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

#### **Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings**

We draw attention to Note 1.21 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings as at 31 March 2020. As, disclosed in Note 1.21 to the financial statements, the outbreak of Covid-19 has impacted global financial markets and market activity has been impacted. A material valuation uncertainty was therefore disclosed in the Authority's property valuer's report. Our opinion is not modified in respect of this matter.

#### **Other information**

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

#### **Opinion on other matter required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

## **Responsibilities of the Authority, the Chief Financial Officer and Those Charged with Governance for the financial statements**

As explained more fully in the Statement of Responsibilities, the Authority is required 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. In this authority, that officer is the Chief Financial Officer. The Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Finance, Risk, Audit and Standards Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

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

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

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

## **Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

## **Responsibilities of the Authority**

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## **Report on other legal and regulatory requirements - Certificate**

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

## **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

## ***Gareth D Mills***

### **Gareth Mills, Key Audit Partner**

for and on behalf of Grant Thornton UK LLP, Local Auditor

**Leeds**

**30 November 2020**

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## Statement of Responsibilities for the Statement of Accounts

The Authority is required:

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

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

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

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

The Chief Financial Officer has also:

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

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

I certify that the Statement of Accounts 2019/20 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 2020.

P Williams  
Section 151 Officer and Chief Financial Officer to the North York Moors National Park Authority  
North Yorkshire County Council  
County Hall  
Northallerton  
DL7 8AD  
Date: 27th November 2020

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

I confirm that these Accounts were approved by the National Park Authority meeting on 02/11/2020 following completion of the External Audit.

Chair  
North York Moors National Park Authority  
(Signed on 27/11/2020 Following a National Park Authority meeting)

## Core Financial Statements

### Movement in Reserves Statement

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

Movements in Reserves during 2018/19	Usable Reserves		Unusable Reserves	Total Reserves
	General	Earmarked		
	£000	£000		
<b>Balance as at 1 April 2018</b>	122	2,017	2,936	5,075
Surplus/(deficit) on the Provision of Services (Page 14)	(88)	0	0	(88)
Other Comprehensive Income & Expenditure (Page 14)	0	0	1,588	1,588
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(88)</b>	<b>0</b>	<b>1,588</b>	<b>1,500</b>
Adjustments between Accounting Basis & Funding Basis Under Regulations (Note 4)	602	0	(602)	0
Net Increase/(decrease) before Transfer to Earmarked Reserves	514	0	986	1,500
Transfers (to)/from Earmarked Reserves	(381)	381	0	0
Increase/(decrease) in 2018/19	133	381	986	1,500
<b>Balance as at 31 March 2019 Carried Forward</b>	<b>255</b>	<b>2,398</b>	<b>3,922</b>	<b>6,575</b>

## Comprehensive Income and Expenditure Statement for Year Ended 31 March 2020

2018/19			2019/20			
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£000	£000	£000		£000	£000	£000
1,002	(291)	711	Conservation of the Natural Environment	909	(310)	599
1,197	(1,020)	177	Conservation of Cultural Heritage	1,394	(1,054)	340
1,355	(797)	558	Recreation Management & Transport	1,386	(733)	653
1,851	(641)	1,210	Promoting Understanding	1,656	(416)	1,240
910	(6)	904	Rangers, Estates & Volunteers	955	(17)	938
787	(241)	546	Development Control	835	(381)	454
329	(50)	279	Forward Planning & Communities	314	(34)	280
913	(1,252)	(339)	Section 106 Compensation & Mitigation	1,437	(1,397)	40
536	(2)	534	Corporate and Democratic Care	242	(7)	235
<b>8,880</b>	<b>(4,300)</b>	<b>4,580</b>	<b>Cost of Services</b>	<b>9,128</b>	<b>(4,349)</b>	<b>4,779</b>
			<b>Other Operating Income &amp; Expenditure</b>			
		(19)	Gain on disposal of fixed assets			(29)
			<b>Financing &amp; Investment Income &amp; Expenditure</b>			
		16	Interest payable and similar charges			16
		(27)	Interest and investment income			(35)
		106	Pensions interest cost ad expected return on assets			87
			<b>Grant Income</b>			
		(4,308)	National Park Grant			(4,382)
		(260)	Capital Contributions			(93)
			<b>(Surplus)/deficit on Provisions of Services</b>			<b>343</b>
		(327)	(Surplus)/Deficit on the revaluation of long-term assets			360
		(1,277)	Actuarial losses/(gains) on pension assets/liabilities			1,074
		16	Impairment (gains) / losses non-current assets			16
		<b>(1,588)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>1,450</b>
		<b>(1,500)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>1,793</b>

## Balance Sheet as at 31 March 2020

31 March 2019	Notes	31 March 2020
£000		£000
4,997	5 Property, Plant & Equipment	4,929
2,781	5 Heritage Assets	2,771
0	Intangible Assets	0
100	10 Long Term Debtors	84
<b>7,878</b>	<b>Non Current Assets</b>	<b>7,784</b>
97	8 Inventories	105
1,038	9 Short Term Debtors	676
2,117	11 Cash and Cash Equivalents	2,643
<b>3,252</b>	<b>Current Assets</b>	<b>3,424</b>
(636)	12 Short Term Creditors	(883)
0	Short Term Provisions	0
<b>(636)</b>	<b>Current Liabilities</b>	<b>(883)</b>
(178)	24 Finance Lease	(178)
0	Provisions	0
(3,741)	25 Pension Liability	(5,365)
<b>(3,919)</b>	<b>Long Term Liabilities</b>	<b>(5,543)</b>
<b>6,575</b>	<b>Net Assets</b>	<b>4,782</b>
255	16 General Fund Reserve	506
2,398	16 Earmarked Reserves	2,072
<b>2,653</b>	<b>Usable Reserves</b>	<b>2,578</b>
4,472	13 Revaluation Reserve	4,090
3,221	14 Capital Adjustment Account	3,509
0	7 Financial Instruments Adjustment Account	0
(3,741)	15 Pension Reserve	(5,365)
(30)	16 Accumulated Absences Account	(30)
<b>3,922</b>	<b>Unusable Reserves</b>	<b>2,204</b>
<b>6,575</b>	<b>Total Reserves</b>	<b>4,782</b>

## Cash Flow Statement for Year Ended 31 March 2020

2018/19 £000	Notes	2019/20 £000
<b>Operating Activities</b>		
(88)	Net Surplus on the Provision of Services	(343)
<b>Adjustment to Net Surplus on the Provision of Services for Non-Cash Movements</b>		
236	Depreciation	239
145	Impairment & Revaluations	0
(133)	Movement in Creditors	247
(284)	Movement in Debtors	362
4	Movement in Inventories	(8)
0	Movement in Provisions	0
698	Pension Liability	550
8	Carrying Value of Non-Current Assets Written Out on Disposal	0
0	Other Non-Cash Items Charged to the Provision of Services	0
<b>674</b>		<b>1,390</b>
<b>Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>		
(271)		(105)
<b>315</b>	<b>Net Cash Flows from Operating Activities</b>	<b>942</b>
<b>Investing Activities</b>		
(485)	Purchase of Property, Plant & Equipment	(521)
286	Other Receipts for Investing Activities	121
<b>(199)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(400)</b>
<b>(16)</b>	<b>Financing Activities</b>	<b>(16)</b>
<b>100</b>	<b>Net Increase in Cash and Cash Equivalents</b>	<b>526</b>
2,017	Cash and Cash Equivalents at the Beginning of the Reporting Period	2,117
<b>2,117</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>2,643</b>

## Notes to the Core Financial Statements

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

#### **1. General**

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end of 31<sup>st</sup> March 2020. These Accounts have been prepared in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2019/20" (The Code): issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The accounting policies adopted have been used consistently throughout the current and prior period. Any significant non-compliance with The Code is disclosed as part of the relevant Financial Statement.

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

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

#### **2. Accruals of Income and Expenditure**

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

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

Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **3. Cash and Cash Equivalents**

Cash equivalents are short-term investments that are of a highly liquid nature. Cash is represented by cash in hand and deposits with financial institutions repayable on short notice without penalty. The Authority has determined that cash equivalents are investments that require more than 3 months' notice to withdraw.

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

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

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

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

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

### **5. Charges to Revenue for Non-Current Assets**

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

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

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

### **6. Employee Benefits**

#### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include benefits such as salaries, paid annual leave and paid sick leave, for current employees, and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of any type of leave entitlements earned by employees but not taken before the year-end which

employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus/deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday benefits are ultimately charged to revenue in the financial year in which the holiday absence occurs.

### **Termination Benefits**

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

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

## **7. Post-Employment Benefits**

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

The LGPS is accounted for as a defined benefit scheme:

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

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

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

### **Discretionary Benefits**

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

## **8. Financial Instruments**

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

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

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

## **9. Grants**

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

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

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

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

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

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

## **10. Inventories**

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

## **11. Leases**

Leases are classified as Finance Leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or

equipment from the lessor to the lessee. All other leases are classified as Operating Leases.

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

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

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

## **12. Overheads and Support Services**

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

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

## **13. Property, Plant and Equipment**

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

### **Recognition**

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

### **Measurement**

Assets are initially measured at cost, comprising

- The purchase price; and

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

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

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

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

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

Assets are classified into the groupings required by The Code.

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

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

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

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

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

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

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

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

### **De-Minimis**

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

### **Depreciation**

Depreciation is provided for on all assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- Buildings (but not the land on which they stand) are depreciated over their remaining useful lives. Estimates of useful life are determined for each property and where material, for components of those properties as part of the valuation process. 13 Bondgate (Helmsley), Old Vicarage (Helmsley), Sutton Bank Visitor Centre, Moors Centre (Danby) and Spout House (Chopgate) buildings are depreciated over 40 years, as advised by Align Property Partners. All other buildings are depreciated over 30 years with the exception of the buildings at Sawmill Lane Depot (Helmsley) which are depreciated over 20 years; and
- Vehicles, plant, furniture and equipment are depreciated over a number of years depending on the nature of the asset (e.g. vehicles 5 years, equipment 3 to 5 years).

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

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

### **Components**

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

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

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

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

### **Revaluation Reserve**

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

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

## **14. Heritage Assets**

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

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

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

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

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

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

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

## **15. Provisions and Contingent Liabilities**

### **Provisions**

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

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

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

### **Contingent Liabilities**

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

The Authority has identified one contingent liability as at 31<sup>st</sup> March 2020.

## **16. Reserves**

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

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

## **17. Presentation of Accounting Statements**

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

## **18. VAT**

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

## **19. Treasury Management**

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

## **20. Critical Judgements in Applying Accounting Policy**

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

- Grant Income - Judgement is required to determine whether the Authority can be reasonably assured that the conditions of grant and contribution income received have been met before recognising them as income in the Comprehensive Income and Expenditure Statement. Where conditions require specified expenditure to have taken place, the grant monies will not be recognised until this has happened. Equally where conditions specify that a grant or contribution must be re-paid in the event of non-expenditure, the income is not recognised until the conditions of the grant have been met.
- Leases - The IFRS Code requires the Authority to consider the classification of leases between the categories of finance and operating on an annual basis. The distinction between the two categories is not clearly defined by the IFRS Code and an element of judgement is required to make the assessment in line with best practice.
- Heritage Assets - Heritage assets are non-current assets which are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities. They are held and maintained by the Authority principally for their contribution to knowledge and culture. As a result accurate valuations for Heritage Assets may not be available but are measured at valuation where available and the asset is recognised within the Balance Sheet.

As part of the desktop valuation conducted for the 2019/20 accounts, the Levisham Estate has been fully revalued during the year. The estate makes up the majority of value of the Heritage Assets carried in the accounts, therefore the risk involved in the critical judgements should be minimal this year.

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

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

### **Property, Plant and Equipment**

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

A desktop valuation was conducted for the purpose of the 2019/20 accounts. The current response to COVID-19 means that Align Property Partners have been faced with an unprecedented set of circumstances on which to base a judgement. Their valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, the valuation of this the Authority's property will be kept under frequent review.

### **Pension Liability**

Estimation of the net liability to pay future pensions depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, mortality rates and expected returns on pension fund assets. Sensitivity analysis around certain assumptions has identified that the following changes to the current estimated pension deficit of £5.365m 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 £665k
- A +0.1% p.a. change in pay growth would increase the deficit by £71k
- A +0.1% p.a. change in inflation would increase the deficit by £621k
- An additional 1 year increase in life expectancy would increase the deficit by £948k

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 2019/20 was authorised on 30<sup>th</sup> June 2020 by the Chief Financial Officer.

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

CIPFA are considering the implications of adopting IFRS 16 Leases. This standard was originally expected to be adopted in the Statements of Accounts for 2020/21 but this has been deferred as a result of measures to address the demands placed on Local

Authorities supporting the nation's response to the Covid-19 pandemic. IFRS 16 will not be adopted until 2021/22.

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

## 2. Expenditure and Funding Analysis

Expenditure and Funding Analysis 2019/20	Outturn Figures	Capital Charges	Capital Expenditure Funded from Revenue	Pension Adjust with IAS19	Interest Received	Finance Lease Asset	Net Expenditure in Final Accounts
	£000	£000	£000	£000	£000	£000	£000
Conservation of the Natural Environment	514	12	0	73	0	0	599
Conservation of Cultural Heritage	306	10	(23)	47	0	0	340
Recreation Management & Transport	557	43	(6)	59	0	0	653
Promoting Understanding	1,385	77	(318)	112	0	(16)	1,240
Rangers, Estate & Volunteers	838	79	(43)	64	0	0	938
Development Control	379	12	0	63	0	0	454
Forward Planning & Communities	258	3	0	19	0	0	280
S106 Compensation & Mitigation	15	0	0	25	0	0	40
Corporate & Democratic Core	206	4	(10)	0	35	0	235
<b>Net Cost of Services</b>	<b>4,458</b>	<b>240</b>	<b>(400)</b>	<b>462</b>	<b>35</b>	<b>(16)</b>	<b>4,779</b>
Loss on Disposal							(29)
Interest Payable							16
Interest Received							(35)
Net Pensions Interest Cost							87
National Park Grant							(4,382)
Capital Contributions							(93)
<b>Deficit on Provision of Services</b>							<b>343</b>
Surplus on Revaluation of Fixed Assets							360
Actuarial (gains) / losses on Pension Assets / Liabilities							1,074
Impairment (gains) / losses on Non-Current Assets							16
<b>Total Comprehensive Income &amp; Expenditure</b>							<b>1,793</b>

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

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

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

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

The outturn position reported to committee is summarised in the Explanatory Foreword on Page 5, and therefore the detailed report is not included here. A reconciliation to show the difference is shown above.

**Comparison Expenditure and Funding Analysis 2018/19**

	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	645	14	0	52	0	0	711
Conservation of Cultural Heritage	125	10	0	42	0	0	177
Recreation Management & Transport	487	48	(19)	42	0	0	558
Promoting Understanding	1,041	213	(112)	84	0	(16)	1,210
Rangers, Estate & Volunteers	782	76	(3)	49	0	0	904
Development Control	485	13	0	48	0	0	546
Forward Planning & Communities	262	3	0	14	0	0	279
S106 Compensation & Mitigation	(359)	0	0	20	0	0	(339)
Corporate & Democratic Core	326	4	(64)	241	27	0	534
<b>Net Cost of Services</b>	<b>3,794</b>	<b>381</b>	<b>(198)</b>	<b>592</b>	<b>27</b>	<b>(16)</b>	<b>4,580</b>
Loss on Disposal							(19)
Interest Payable							16
Interest Received							(27)
Net Pensions Interest Cost							106
National Park Grant							(4,308)
Capital Contributions							(260)
<b>Deficit on Provision of Services</b>							<b>88</b>
Surplus on Revaluation of Fixed Assets							(327)
Actuarial (gains) / losses on Pension Assets / Liabilities							(1,277)
Impairment (gains) / losses on Non-Current Assets							16
<b>Total Comprehensive Income &amp; Expenditure</b>							<b>(1,500)</b>

### 3. Income and Expenditure by Nature

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Fees, Charges & Service Income	(2,639)	(2,781)
Government Grants	(376)	(321)
Section 106 Compensation & Mitigation Income	<u>(1,397)</u>	<u>(1,252)</u>
<b>Total Income</b>	<b><u>(4,412)</u></b>	<b><u>(4,354)</u></b>
Employee Expenses	3,967	3,928
Other Service Expenses	<u>4,511</u>	<u>4,710</u>
<b>Total Expenditure</b>	<b><u>8,478</u></b>	<b><u>8,638</u></b>
<b>Net Expenditure</b>	<b><u>4,066</u></b>	<b><u>4,284</u></b>

### 4. Adjustments between Accounting Basis and Funding Basis under Regulations

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

	Usable Reserves		Movement in Unusable Reserves £000
	General Fund Reserve £000	Capital Receipts Reserve £000	
<b>2019/20</b>			
<b>Adjustments involving the Capital Adjustment Account</b>			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement			
Charges for depreciation, amortisation and impairment of non-current assets	239		(239)
Carrying Value of non-current assets written out on disposal	0		0
Transfer of Sale Proceeds Credited as part of the Gain/Loss on Disposal to the CI&E	(29)		29
Capital contributions	(697)		697
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement			
Capital expenditure charged against the General Fund	(557)		557
Revenue Expenditure Funded by Capital Under Statute	762		(762)
<b>Adjustments involving the Capital Receipts Reserve</b>			
Transfer of Sales proceeds credited as part of the gain/loss on disposal to the Statement of Comprehensive Income		29	(29)
Use of capital receipts		(29)	29
<b>Adjustments involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement			
Employer's pension contribution payable in the year	1,068		(1,068)
	(518)		518
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account</b>			
Amount by which Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year, in accordance with statutory requirements			
	0		0
<b>Total Adjustments</b>	<b>268</b>	<b>0</b>	<b>(268)</b>

2018/19	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	382		(382)
Carrying Value of non-current assets written out on disposal	8		(8)
Transfer of Sale Proceeds Credited as part of the Gain/Loss on Disposal to the CI&E	(27)		27
Capital contributions	(260)		260
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement			
Capital expenditure charged against the General Fund	(199)		199
<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		27	(27)
Use of capital receipts		(27)	27
<b>Adjustments involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement			
Employer's pension contribution payable in the year	1,199		(1,199)
	(501)		501
<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>602</b>	<b>0</b>	<b>(602)</b>

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

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

	Land & Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000
<b>Movements in 2019/20</b>			
<b>Historical or Revalued Gross Cost</b>	<b>4,536</b>	<b>1,567</b>	<b>6,103</b>
Additions in year	318	204	522
Gross asset disposal	0	(160)	0
Cost of disposals in year	0	(51)	(51)
Revaluations at 31 March 2020:			
Recognised in the revaluation reserve	(425)	0	(425)
Recognised in the provision of services	0	0	0
<b>Gross value at 31 March 2020</b>	<b>4,429</b>	<b>1,560</b>	<b>6,149</b>
Depreciation b/f	(75)	(1,031)	(1,106)
Gross asset disposal	0	160	0
Depreciation for 2019/20	(73)	(166)	(239)
Accumulated depreciation of disposals	0	51	51
Revaluations:			
Recognised in the revaluation reserve	74	0	74
Recognised in the provision of services	0	0	0
<b>Net value at 31 March 2020</b>	<b>4,355</b>	<b>574</b>	<b>4,929</b>

	Land & Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000
<b>Movements in 2018/19</b>			
<b>Historical or Revalued Gross Cost</b>	<b>4,511</b>	<b>1,172</b>	<b>5,683</b>
Additions in year	54	431	485
Cost of disposals in year	0	(36)	(36)
Revaluations at 31 March 2019:			
Recognised in the Revaluation Reserve	116	0	116
Recognised in the Provision of Services	(145)	0	(145)
<b>Gross Value at 31 March 2019</b>	<b>4,536</b>	<b>1,567</b>	<b>6,103</b>
Depreciation b/f	(175)	(898)	(1,073)
Depreciation for 2018/19	(75)	(161)	(236)
Accumulated depreciation of disposals	0	28	28
Revaluations:			
Recognised in the Revaluation Reserve	175	0	175
Recognised in the Provision of Services	0	0	0
<b>Net Value at 31 March 2019</b>	<b>4,461</b>	<b>536</b>	<b>4,997</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:

	2019/20	2018/19	2017/18	2016/17	2015/16
	£000	£000	£000	£000	£000
<b>At 1 April</b>	<b>2,781</b>	<b>2,745</b>	<b>2,745</b>	<b>3,028</b>	<b>3,024</b>
Revaluation	(10)	36	0	(283)	4
<b>At 31 March</b>	<b>2,771</b>	<b>2,781</b>	<b>2,745</b>	<b>2,745</b>	<b>3,028</b>

Heritage Assets held by the Authority consist of:

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

Heritage assets are included within the Balance Sheet at valuation. A full valuation of the Authority's land and buildings (including those classified as Heritage Assets) was undertaken in 2018/19, as part of the 5 year rolling programme of revaluation by RICS registered valuers, Align Property Partners as at 31st March 2019. A desktop valuation of the Authority's land and buildings (including Heritage Assets) was undertaken by RICS registered valuers, Align Property Partners as at 31st March 2020 will be undertaken each year prior to the next full revaluation

## c) Depreciation

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

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

#### d) Revaluations

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

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

The capital expenditure on fixed assets of £1,283k, (£485k in 2018/19) was financed as follows:

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Revenue	557	198
Capital contributions	697	260
Capital receipts	29	27
Capital grant	0	0
	<b><u>1283</u></b>	<b><u>485</u></b>

#### f) Capital Schemes

The key capital schemes in 2019/20 were improvements to the car park at Sutton Bank, upgrading and refurbishing the visitor centre cafes, and replacement of vehicles and IT equipment. REFCUS relates to environmental spend on major Projects Land of Iron and Ryevitalise.

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Land & Buildings	318	54
Vehicles, Plant & Equipment	177	354
IT & Other Equipment	26	77
Revenue Expenditure Funded from Capital under Statute	762	0
	<b><u>1283</u></b>	<b><u>485</u></b>

## g) Analysis of Property

The list below gives an indication of the significant fixed assets of the Authority as at 31<sup>st</sup> March 2020:

<b>Land</b>	<b>Acres</b>
Land related to operational use	3,500
<b>Buildings</b>	<b>Number</b>
National park centres	2
Other operational buildings	1
Public conveniences	7
Administrative buildings	2

## 6. Capital Expenditure and Capital Financing

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b>Opening Capital Financing Requirement</b>	<b>179</b>	<b>179</b>
<b>Capital Investment</b>		
Property, Plant & Equipment	1,283	485
<b>Source of Finance</b>		
Capital receipts	(29)	(27)
Capital contributions	(697)	(260)
<b>Sums set aside from Revenue</b>		
Direct revenue contributions	(557)	(198)
Minimum Revenue Provision	0	0
<b>Closing Capital Financing Requirement</b>	<b>179</b>	<b>179</b>

The Capital Financing Requirement arises as a result of the classification of the building element of Moors Centre Lease as a Finance Lease under IFRS. The Prudential Framework for Capital Finance establishes a statutory basis for the Minimum Revenue Provision to be charged in relation to Finance Leases. This states that charges should

be made to revenue equal to the element of the rental payable for any year to write down the balance sheet liability.

## **7. Financial Instruments**

### **a) Financial Assets: Cash, Loans and Receivables**

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

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

The Authority's Treasury Management is provided via a collaboration arrangement with NYCC under the CIPFA Code of Practice on Treasury Management. The code sets out a framework of operating procedures to reduce treasury risk and improve understanding and accountability regarding the Treasury position of the Authority.

The CIPFA Code of Practice on Treasury Management requires:

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

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

- Risk management;
- Performance measurement;
- Decision making and analysis;
- Approved instruments, methods and techniques;
- Organisation, clarity and segregation of responsibilities and dealing arrangements;
- Reporting requirements and management information arrangements;

- Budgeting, accounting and audit arrangements;
- Cash and cash flow management;
- Money laundering;
- Training and qualifications;
- Use of external service providers; and
- Corporate governance.

## b) Financial Instrument Balances

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
Bank current accounts	(2)	(109)
Short-term deposit with NYCC Treasury	2,645	2,226
	<u><b>2,643</b></u>	<u><b>2,117</b></u>
<b>Long Term Debtors (see Note 10)</b>		
Loan	84	100
<b>Total - Financial Instruments</b>	<u><b>2,727</b></u>	<u><b>2,217</b></u>

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

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

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

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

- For loans receivable, the prevailing benchmark market rates have been used to provide fair value;
- Where an instrument (loan/investment) will mature in the next 12 months, the carrying amount is assumed to approximate fair value;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount; and

- A review of bad debts was performed at the balance sheet date and no impairments have been applied.

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

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

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

#### **e) Procedures for Managing Risk**

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

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

#### **Credit Risk**

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

The Authority does not generally allow credit for its debtors. Analysis of invoices outstanding as at 31<sup>st</sup> March 2020, which are included within the £676k short-term debtors, can be analysed by age as follows:

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Less than 3 months	113	163
3 to 6 months	22	4
6 to 12 months	3	6
More than 12 months	12	12
	<b>150</b>	<b>185</b>

### **Liquidity Risk**

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

### **Market Risk**

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

### **Amounts Arising from Expected Credit Loss**

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

## **8. Inventories**

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

	<b>Stock for Resale</b>		<b>Footpath Maintenance Stock</b>		<b>Total</b>	
	<b>2019/20</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>78</b>	<b>83</b>	<b>19</b>	<b>18</b>	<b>97</b>	<b>101</b>
Purchases	132	125	75	67	207	192
Inventory utilised in year	(122)	(130)	(77)	(66)	(199)	(196)
<b>Balance at 31 March</b>	<b>88</b>	<b>78</b>	<b>17</b>	<b>19</b>	<b>105</b>	<b>97</b>

## 9. Short Term Debtors

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

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Central government bodies	448	754
Other local authorities	32	38
Other entities and individuals	153	203
Payments in advance	43	43
	<u><b>676</b></u>	<u><b>1,038</b></u>

### Provision for Doubtful Debt

A £2k provision has been made for doubtful debts in 2019/20. This is in addition to the £10k recognised in 2018/19.

## 10. Long Term Debtors

A £177k loan over 12 years to Esk Energy (Yorkshire) Limited was advanced in 2012/13 (£20k) and 2011/12 (£157k). This loan arrangement is subject to a formal signed legal agreement. There was a balance of £100k as at 31<sup>st</sup> March 2019 and a repayment was made in 2019/20 of £16k, thus the balance of this loan is £84k as at 31<sup>st</sup> March 2020.

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

## 11. Cash and Cash Equivalent

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

## 12. Short-term Creditors

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

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Central government bodies	65	83
Other local authorities	149	65
Other entities and individuals	347	318
Accumulated absences	30	30
Income in advance	292	140
	<u><b>883</b></u>	<u><b>636</b></u>

### 13. Revaluation Reserve

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

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

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>4,472</b>	<b>4,176</b>
Upward revaluation of asset	(360)	327
Difference between fair value depreciation and historical cost depreciation	(22)	(31)
<b>Balance at 31 March</b>	<b><u>4,090</u></b>	<b><u>4,472</u></b>

### 14. Capital Adjustment Account

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

	2019/20	2018/19
	£000	£000
<b>Balance at 1 April</b>	<b>3,221</b>	<b>3,110</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	(239)	(236)
Revaluation losses on Plant, Property and Equipment	0	(145)
Amounts of non-current assets written off on disposal to Statement of Comprehensive Income	0	(8)
Write down long term debtor	(16)	(16)
Revenue Expenditure Funded by Capital Under Statute	(762)	0
	<b>(1,017)</b>	<b>(405)</b>
Adjusting amount written out of the Revaluation Reserve	22	31
Net written out amount of the cost of non-current assets consumed in year	<b>(995)</b>	<b>(374)</b>
Capital financing applied in year:		
Use of capital receipts	29	27
Capital grants & contributions credited to the SCI	93	260
Capital expenditure charged against the general fund	399	198
Capital financing utilised as Revenue Expenditure Funded by Capital under Statute	762	0
	<b>1,283</b>	<b>485</b>
<b>Balance at 31 March</b>	<b>3,509</b>	<b>3,221</b>

## 15. Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in its Comprehensive Income and Expenditure Statements as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The Authority participates in the North Yorkshire Pension Fund.

	2019/20	2018/19
	£000	£000
<b>Balance at 1 April</b>	<b>(3,741)</b>	<b>(4,320)</b>
Remeasurement of net defined benefit liability	(1,074)	1,277
Reversal of items relating to retirement benefits debited/credited to the surplus/deficit on the Provision of Services	(1,068)	(1,199)
Employers pension contributions and direct payments to pensioners payable in year	518	501
<b>Balance at 31 March</b>	<b><u>(5,365)</u></b>	<b><u>(3,741)</u></b>

## 16. Transfers to/from Earmarked Reserves

This shows the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back into the General Fund 2019/20.

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

	Balance at 31 March 2018 £000	Movement to Reserves 2018/19 £000	Movement from Reserves 2018/19 £000	Net Movement £000	Balance at 31 March 2019 £000
Emergency Reserve	320	0	0	0	320
Capital & Maintenance Reserve	888		(211)	(211)	677
TELI Reserve	228	287	(52)	235	463
Section 106 Reserve	288	380	(26)	354	642
National Trails Reserve	0	36	(24)	12	12
NYMNR Reserve	30	0	0	0	30
Project Reserve	264	48	(158)	(110)	154
Car Park Income Generation Reserve	0	100	0	100	100
Other Earmarked Reserves	0	0	0	0	0
<b>Total Earmarked Reserves</b>	<b>2,018</b>	<b>851</b>	<b>(471)</b>	<b>380</b>	<b>2,398</b>
General Fund	122	366	(232)	134	256
<b>Total Usable Reserves</b>	<b>2,140</b>	<b>1,217</b>	<b>(703)</b>	<b>514</b>	<b>2,654</b>

## 17. Agency Services

The Authority has contracts with the following Local Authorities to provide services. The charges for 2019/20 and 2018/19 are as follows:

	2019/20	2018/19
	£000	£000
North Yorkshire County Council	109	114
Scarborough Borough Council	141	123
	<u>250</u>	<u>237</u>

## 18. Member's Allowance

The total amount of member's allowances paid during 2019/20 was £60k (£64k in 2018/19).

## 19. Disclosure of Remuneration

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

Band	Number of Employees	
	2019/20	2018/19
£50,000 - £54,999	1	0
£55,000 - £59,999	1	2
£60,000 - £64,999	1	0
£65,000 - £69,999	0	0
£70,000 - £74,999	0	0
Over £74,999	1	1

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

	2019/20	2018/19
	£	£
<b>Chief Executive</b>		
Total remuneration excluding pension contribution	86,700	87,000
Employers pension contribution	<u>15,606</u>	<u>15,660</u>
<b>Total remuneration including pension contribution</b>	<b><u>102,306</u></b>	<b><u>102,660</u></b>
<b>Director of Planning</b>		
Total remuneration excluding pension contribution	60,343	59,160
Employers pension contribution	<u>10,193</u>	<u>9,685</u>
<b>Total remuneration including pension contribution</b>	<b><u>70,536</u></b>	<b><u>68,845</u></b>
<b>Director of Park Services</b>		
Total remuneration excluding pension contribution	52,800	0
Employers pension contribution	<u>9,504</u>	<u>0</u>
<b>Total remuneration including pension contribution</b>	<b><u>62,304</u></b>	<b><u>0</u></b>
<b>Director of Conservation</b>		
Total remuneration excluding pension contribution	57,222	55,080
Employers pension contribution	<u>10,300</u>	<u>9,914</u>
<b>Total remuneration including pension contribution</b>	<b><u>67,522</u></b>	<b><u>64,994</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 £8.5k.

## 20. Exit Packages and Termination Benefits

There were no compulsory redundancy or other exit packages paid out to employees in either 2019/20 or 2018/19.

## 21. External Audit Cost

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

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Fees payable for external audit services	13	11
	<u>13</u>	<u>11</u>

## 22. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2019/20:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b>Credited to Grant Income</b>		
National Park Grant (NPG)	4,382	4,308
<b>Credited to Services</b>		
Natural England	133	142
English Heritage	47	25
Forestry Commission	3	1
Environment Agency	55	41
North Yorkshire County Council	69	73
Redcar & Cleveland Borough Council	0	0
DCLG	17	34
European Grants	7	0
Rural Payment Agency	42	0
Other local authorities	3	5
<b>Total government revenue grants (excluding NPG)</b>	<u>376</u>	<u>321</u>
Lottery funding	1,032	874
Other Grants	62	383
<b>Total revenue grants (excluding NPG)</b>	<u>1,470</u>	<u>1,578</u>

## 23. Related Party Transactions

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

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

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

The Authority has 20 Members, 11 are appointed from the Councillors of the County, Borough and District Councils that the National Park geographical boundary encompasses. Of these, North Yorkshire County Council has 4 seats (Currently 1 vacancy), Scarborough BC 2 seats, Redcar & Cleveland and Ryedale DC 2 seats each, and Hambleton DC 1 seat. The remaining members are Defra appointments, 5 Secretary of State and 4 Secretary of State Parish.

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

Officers have day to day control of the running of the Authority's affairs. Zero Material Related Party Transactions took place with Members during 2019/20.

<b>Related Party</b>	<b>Income</b>	<b>Expenditure</b>	<b>Net</b>
North Yorkshire County Council	(153,976.49)	121,481.00	(32,495.49)
Scarborough Borough Council	(5,148.89)	320,242.71	315,093.82
Ryedale District Council	(27,560.38)	6,456.54	(21,103.84)
Redcar & Cleveland Borough Council	(472.50)	7,656.00	7,183.50
Hambleton District Council	0.00	5,377.56	5,377.56
North Yorkshire Moors Trust	(11,801.29)	0.00	(11,801.29)
North York Moors Historical Railway Trust	0.00	30,000.00	30,000.00
Scarborough & Ryedale Mountain Rescue Team	0.00	1,200.00	1,200.00
<b>Total</b>	<b>(198,959.55)</b>	<b>492,413.81</b>	<b>293,454.26</b>

## 24. Leases

### Finance Leases

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

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

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Other land & buildings	140	98
	<b>140</b>	<b>98</b>

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

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

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

	<b>Finance Lease Interest Payments</b>		<b>Finance Lease Liabilities</b>	
	<b>2019/20</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Not later than one year	16	16	0	0
Later than one year and not later than five years	63	63	1	1
Later than five years	585	601	177	177
	<b>664</b>	<b>680</b>	<b>178</b>	<b>178</b>

### **Operating Lease**

As at the 31<sup>st</sup> March 2020, the Authority was not committed to making any payments under operating leases in 2019/20.

## **25. Defined Benefit Pension Scheme**

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

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

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

As at 31<sup>st</sup> March 2020, the Authority has paid all pension contributions due in the 2019/20 financial year, to the North Yorkshire Pension Fund.

2018/19 £000	Comprehensive Income and Expenditure Statement	2019/20 £000
	<b>Net Cost of Service</b>	
(841)	Current Service Cost	(967)
(241)	Curtailments	0
(241)	Past Service Cost	0
(11)	Administrative Cost	(14)
	<b>Financing and Investment Income</b>	
(106)	Net Interest Expense	(87)
<b>(1,440)</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Service</b>	<b>(1,068)</b>
	<b>Remeasurement of the net defined benefit liability</b>	
1,277	Actuarial gains and (losses)	(1,074)
<b>(163)</b>	<b>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(2,142)</b>
	<b>Movement in Reserves Statement</b>	
(1,199)	Reversal of net charges made to the surplus or deficit for the Provision of Services for Post Employment benefits in accordance with the code	(1,068)
501	Actual amount charged against the General Fund Balance for employers pension contributions in the year	518
<b>(698)</b>		<b>(550)</b>

The cumulative amount of actuarial gains/losses recognised in the Comprehensive Income and Expenditure Statement to 31<sup>st</sup> March 2020 is a loss of £1.07m (£1.28m gain in 2018/19).

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 £5.4m 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 2020 £000</b>	<b>31 March 2019 £000</b>
Estimated share of liabilities in scheme	(29,928)	(27,844)
Estimated share of assets in scheme	24,563	24,103
<b>Authority's net liability</b>	<b>(5,365)</b>	<b>(3,741)</b>
<b>Pensions liabilities at beginning of year</b>	<b>(27,844)</b>	<b>(26,303)</b>
Current service cost	(981)	(852)
Interest cost	(692)	(680)
Contributions by scheme participants	(194)	(188)
Actuarial (loss)/gain	(746)	(67)
Curtailments	0	0
Benefits paid	529	487
Past service cost	0	(241)
<b>Pensions liabilities at end of the year</b>	<b>(29,928)</b>	<b>(27,844)</b>
<b>Pension assets at the beginning of the year</b>	<b>24,103</b>	<b>21,983</b>
Movement in assets in year:		
Interest Income	605	574
Remeasurement (loss)/gain	(328)	1,344
Employer contributions	518	501
Contributions by scheme participants	194	188
Benefits paid	(529)	(487)
<b>Pension assets at end of year</b>	<b>24,563</b>	<b>24,103</b>
<b>Deficit</b>	<b>(5,365)</b>	<b>(3,741)</b>

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

	<b>31 March 2020 Years</b>	<b>31 March 2019 Years</b>
Mortality Assumptions:		
Longevity at 65 for current pensioners		
Men	21.8	22.2
Women	23.9	25.3
Longevity at 65 for future pensioners		
Men	23.5	23.9
Women	25.7	27.2

Assets in the Pension Fund are valued at fair value, principally market value for investments, totalling £24.6m at 31<sup>st</sup> March 2020 (£24.1m at 31<sup>st</sup> March 2019), and consists of the following categories.

<b>Fair Value of Scheme Assets</b>		
	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Equity Instruments	14,369	13,594
Property	1,793	2,025
Government bonds	4,692	4,580
Corporate bonds	0	0
Cash/Liquidity	1,007	1,181
Other	2,702	2,723
<b>Total Assets</b>	<b><u>24,563</u></b>	<b><u>24,103</u></b>

The actuarial gain identified as movements on the Pensions Reserve in 2019/20 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 2020 with comparative data for the previous four financial years:

	<b>2019/20</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2015/16</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	328	(1,344)	(1,075)	(2,729)	544
Difference between actuarial assumptions about liabilities and actual experience	1,655	53	126	(2,199)	(205)
Changes in the financial assumptions used to estimate liabilities	8	1,131	(1)	5,321	(1,566)
Changes in the demographic assumptions used to estimate liabilities	(917)	(1,114)	0	358	0
	<b><u>1,074</u></b>	<b><u>(1,274)</u></b>	<b><u>(950)</u></b>	<b><u>751</u></b>	<b><u>(1,227)</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 2021 is £499k.

## **26. Material Contingent Liabilities**

### **GMP Indexation and Equalisation**

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to April 1997 – all public service schemes including the LGPS were contracted out. Prior to April 2016 the Government ensured that both state and scheme pensions, when combined, kept pace with inflation through top up payments.

Reforms to the State Pension system in 2016 removed the Government top up payments to members with GMP who reached State Pension Age (SPA) from 5 April 2016 and introduced an ‘interim solution’ making the LGPS responsible for paying the full increases on GMPs for those individuals. This cost was accounted for in 2017.

In 2018 the Government extended the ‘interim solution’ to further individuals, while a High Court separately ruled that equalisation for the effect of unequal GMPs is required and that schemes have a duty to equalise benefits for men and women in relation to GMPs. HM Treasury have subsequently confirmed that the ‘interim solution’ provides a method to equalise GMP benefits.

The NYPF is a funded arrangement with NYCC and other employers paying contributions based on the results of regular valuations, with the next valuation due as at 31 March 2020. The 2020 valuation of the fund is expected to include the liability of the extended ‘interim solution’ and as such could potentially result in increased employer contribution rates in the future. However, due to a number of unknown factors the impact cannot yet be determined.

## Annual Governance Statement (Officer Draft)

### **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, the NAO guidance, and forms part of the overall governance framework in operation by the Authority. A copy of the Authority's Values Statement and Ethical Framework is available on our website <http://www.northyorkmoors.org.uk> in the publications section or can be obtained from; Head of Corporate Services, North York Moors National Park Authority, The Old Vicarage, Bondgate, Helmsley, YO62 5BP. This statement explains how the Authority has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015.
- 1.3 There are two additional items that should be mentioned at the outset of this statement. Firstly, the lockdown restrictions placed upon the country in March 2020 as a result of the COVID 19 pandemic will make a significant change to the way in which the Authority operates in at least the first part of 2020/21. This has been reflected in the Governance Actions detailed in part 5 of this Statement.
- 1.4 Secondly, the previous Chief Executive Officer retired in July 2020 after over 20 years in the role. A key part of the CEO's role is in overseeing and ensuring good governance. The induction programme for the new CEO will focus on this area to ensure continuity in the quality of governance.

### **2. The Purpose of the Governance Framework**

- 2.1 The governance framework comprises the values, systems and processes for the direction and control of the Authority and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services in pursuit of National Park purposes.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve objectives but can provide a reasonable assurance of effectiveness. The system of internal control is based on a process designed to identify and prioritise the risks to the achievement of the Authority's objectives, to evaluate the likelihood of those risks occurring and the impact should they occur, and to manage them efficiently effectively and economically.
- 2.3 The governance framework has been in place for the year ended 31 March 2020 and up to the date of approval of the annual report and statement of accounts.

### **3. The Governance Framework**

### 3.1 **Accountability**

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

3.2 The full breadth of the other mechanisms is varied involving, a variety of financial and political reporting arrangements at a national level and a wide range of voluntary actions. The Authority makes great effort to ensure that voluntary actions are as open, inclusive and transparent as possible. They include the following;

- 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 11 of these. The latest assessment took place in May 2019 and this level of performance was maintained.
- The arrangement of regular Parish Forums which are attended by Members, the Chief Executive and Directors is supplemented by an annual Joint Parish Forum. Members of the public can ask questions without giving notice at these events.
- The Authority has two other Forums (Awareness, Recreation & Business and Conservation & Land Management); membership is drawn from a wide range of interested parties as well as Authority Members to discuss topical issues in relation to Awareness, Recreation and Business and Conservation and Land Management. These cover both local and national issues.
- 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.
- The Scheme of Delegation allows members of the public and representatives of the parish to address the Planning committee. Full Authority meetings and Finance, Risk, Audit & Standards committee meetings are open to the public and there is the opportunity for the public to ask questions at the former.
- Wide and effective consultation mechanisms using a number of different communication channels, for example, face to face consultation, the use of social media, on-line and paper based consultation. Feedback on the outcome of consultation is also shared in a similar variety of formats.
- User groups such as the regular Primary Land Users Group, Disability Advisory Group and officer attendance sectoral groups and at Parish Council meetings.
- 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 2019/2020, the Authority received 17 complaints, 2 of which were withdrawn prior to full investigation. 3 were justified or partially justified. In the same time period the Authority also received 65 compliments. Details of all these are reported quarterly to Members. During the year the Local Government Ombudsman reported on 1 complaint.
- Complaint Ref: 19008233 - Report issued: not upheld
- 3.5 There were no formal Member complaints in 2019/20.
- 3.6 The Authority's governance framework seeks to ensure that the principles of good governance are embedded into all aspects of its work. This has been achieved by the adoption of the Ethical Framework which aims to embed the Authority's core values into the day to day operations of the Authority. Both the Ethical Framework and Staff Code of Conduct were updated in 2015 with reviews planned in 2020/21.
- 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 flows from the Management Plan (2017-2020) and includes forecasts of income and expenditure over the medium term, allocating indicative resources to the objectives based upon the best available information. This forms the basis of the Medium Term Financial Strategy and assists in identifying any potential financial risks. This is reviewed annually as part of the budget setting process and ensures that resources and objectives are appropriately aligned.
- 3.9 The Authority has just completed a new Local Plan and, following an Inspection by PINS in 2019, the Plan will be formally adopted by Members in July 2020.
- 3.10 The Authority has an established Committee Structure with an associated Scheme of Delegation (revised in 2018 with further minor revisions due to be agreed later in 2020) to ensure that decisions are taken in the most appropriate and effective manner. The Scheme of Delegation allows swift and effective policy and decision making by Members and managerial and operational decision making by officers within a framework of accountability to Government and local people.
- 3.11 Compliance with the regulations, procedures and statutory requirements is facilitated by a comprehensive set of appropriate controls. Policies are in place to regulate how the Authority's Members and staff use the resources available to them. Regular internal audits are conducted by external auditors, providing assurance that the procedures are being adhered to. The Authority receives legal advice and Monitoring Officer support as appropriate in all aspects of its work via a contractual arrangement with Scarborough Borough Council. Advice includes detailed input into significant Committee papers, particularly the work of the Authority's Planning Committee. The Whistleblowing Officer role is externalised via this contract to increase objectivity and independence.
- 3.12 The management of risk within the business is embedded into the activity of the Authority. A risk register is maintained to identify significant operational risks and describe the mitigation measures in place to control them.
- 3.13 Managing the risk management process is the responsibility of the Head of Corporate Services; the Risk register itself is discussed by the Senior Leadership Team and agreed by Members in the spring of each year. Direct responsibility for controlling individual risks is

delegated to the officer most closely involved in the operation that would be affected. More strategic risks, and the mitigation measures to control them, are included in the Authority's Business Plan. These include key Financial Principles such as percentage spent on salaries which set parameters within which the Authority expects to operate.

- 3.14 The routine financial management of the Authority is described in detail by the Financial Regulations (revised in 2018 with minor revisions agreed in 2020). The Senior Leadership Team receives reports on expenditure and income against the expected position at their monthly meetings and take appropriate action to address any significant deviation from the plan. The quarterly meetings of the FRASC receive a formal report on the financial position, including a description of any significant variations that have been made. In November of each year, the annual budget is fully reviewed and revised to reflect the anticipated out-turn for the whole year.
- 3.15 The annual budget was approved by the full Authority prior to the commencement of the financial year. Due to the loss of income and financial uncertainty caused by COVID 19, the previously approved 2020/21 annual budget was significantly updated and approved by Members in July 2020. While the financial effect of COVID 19 on the Authority's finances has been the subject of detailed discussion between the Authority's senior officers and DEFRA officials, The revised budget referred to above has been developed within the Authority's current financial resources.
- 3.16 It should be noted that during the year the ownership of Sirius Minerals changed and the company is now wholly owned by Anglo American plc. This has had no effect on the s106 funding provided to the Authority.
- 3.17 The Authority is compliant with the CIPFA Statement on The Role of the Chief Financial Officer (2016) with the exception of two issues which reflect the arrangements in place to provide certain services under contract. The Authority's Chief Financial Officer (s151 Officer) is provided via the Financial Collaboration Agreement with North Yorkshire County Council. His role as one of the three statutory officers and professional qualifications/experience are consistent with the Statement. The arrangements for the Chief Financial Officer also give the Authority access to services of a specialist nature, such as Treasury Management and Insurance/risk management etc. The Finance function is now delivered under a Collaboration Agreement with North Yorkshire County Council, which provides resilience and opportunities to access more specialist expertise as required.
- 3.18 The Chief Financial Officer has direct access as required to the Chief Executive and Members of the Authority, and contributes to the meetings of the SLT as appropriate. He has line management responsibility for the NYCC staff working on financial matters within the Authority, and works closely with the Authority's CEO/Head of Corporate Services.
- 3.19 Performance Management is conducted via the FRASC which meets every quarter. This committee receives reports on finance, risk management, complaints and compliments and it monitors performance.

#### **4. Review of Effectiveness**

- 4.1 The Authority has responsibility for reviewing the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies. The Head of Internal Audit's annual report for 2019/20 gave the Authority 'substantial assurance' for its overall audit performance.

- 4.2 This review is used to inform the contents of the Annual Governance Statement which is prepared by the Head of Corporate Services in consultation with the Chief Executive, Monitoring Officer, Chief Financial Officer and key Members.
- 4.3 The following key areas of work were due to be completed in 2019/20;
- Further publicity for the Staff Code of Conduct;
  - Group training for Members in the light of the report of the Committee on Standards in Public Life, published in January 2019 on Ethical Standards in Local Government;
  - A planned programme of external scrutiny by the Monitoring Officer to ensure that the officers' and Members' codes of conduct are being properly followed
  - Work will be undertaken to procure a revised Legal Services contract to commence on 1 April 2020 to ensure that both continued high quality and good value for money legal support is in place for Members and Officers.
  - Organise the elections for Parish members of the Authority;
  - Pursue the points raised about governance in the National Parks Review consultation, particularly in terms of the timeliness of appointing Secretary of State members;
  - Take advice from the Monitoring Officer about potential clarification of the wording of the members' complaints process;
  - Consider the implications of any recommendations coming from the National Landscapes Review with reference to governance;
- 4.4 Good progress has been made on all of these items during 2019/20. The Staff Code has been publicised again; training for members with regard to Ethical Standards and the external Scrutiny by the Monitoring Officer has happened; the Legal Services contract with Scarborough BC has been extended for 18 months; the Parish Elections were well organised with a record number of people standing for election; the Authority has provided a considerable amount of constructive feedback with regard to the governance elements in the National Landscapes Review; and revised wording for the Members' complaints process was approved in May 2019..

## 5. **Governance Actions**

- 5.1 The following areas have been identified to be addressed in 2020/21;
- The major item for consideration is how to respond to the governance challenges provided by the lockdown measures put in place nationally to control COVID 19. This includes ensuring that;
    - all Members can continue to participate positively and properly in the governance of the Authority. In practice this will mean that established decision making committees continue to operate in one form or another during this period;
    - any decisions taken by the Authority continue to be done so in a way that is legal and reasonable in the circumstances;
    - members of the public can participate in the meetings in which they would normally expect to do so i.e. National Park Authority, Planning and Finance Risk Audit and Standards Committees;
    - any changes to significant processes, such as approvals for paying invoices, are recorded, the revised processes documented and subjected to scrutiny via Internal Audit as part of their annual review;
    - the in-year revisions to the previously approved budget are formally approved by Members;
    - the items postponed from regular meetings due to the additional workload caused

- by COVID 19 are documented and carried forward to future meetings;
- the Parish Forum system is re-established as soon as lockdown restrictions make it possible to meet and discuss issues face to face.
- Defra is encouraged to act on its commitment to widen the scope of Parish Member appointments.

Review of our Values in 2021/22 in light of significant organisational changes over recent years with this helping to inform revisions to the Codes of Conduct and Ethical Framework in 2020/21;

- High quality induction training to include governance for the new Chief Executive Officer following his start date on 28 September;
- Monitoring Officer to complete governance training for Members following the activities outlined in paragraph 4.3 of this Statement.
- Support a renewed emphasis on the national reporting arrangements to Ministers and engagement with civil servants.
- Ensure that the Authority’s response to the Glover Review, particularly in relation to governance continues to be emphasised at a national level.

5.2 We propose over the coming year to take the steps detailed above to enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

.....  
T Hind (Chief Executive)

Date: 27 November 2020

.....  
J Bailey (Chair)

Date: 27 November 2020

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