



Northumberland National Park Authority

Draft Statement of Accounts

**For the year ended
31st March 2020**

CONTENTS	Page
Summary of the 2019/20 Financial Year	3 - 6
Explanatory Foreword	7 - 11
Statement of Responsibilities for the Statement of Accounts	12
Annual Governance Statement	13 - 19
Independent Auditor's Report	20 - 23
Comprehensive Income and Expenditure Statement	24
Movement in Reserves Statement	25
Balance Sheet	26
Cash Flow Statement	27
Statement of Accounting Policies	28 - 33
Notes to the Accounts	34 - 67

Summary of the 2019/20 Financial Year

Overview

A key focus for the Authority this year has been to deliver the final year of the National Lottery Heritage Fund phase of The Sill project. With the outbreak of Coronavirus and the resulting interruption to business and temporary closure of The Sill and all the Authority's activity programmes, the end date of the project has had to be rolled forward, however, the financial and other commitments of the project have largely been settled this year.

Beyond The Sill, the Authority has delivered another significant programme of work against our Business Plan with 90% of the actions set out in our 2019/20 work programme completed or substantially completed by the year end. We were on track for a higher level of delivery, however, this again has been impacted by the onset of the Coronavirus pandemic. Overall this performance has delivered positive outcomes for the National Park, its communities and businesses.

A Defra commissioned Designated Landscapes (National Parks and AONBs) Review, led by Julian Glover was published on the 21st September 2019. There were 27 main recommendations in the Review. A formal response from government is expected later in 2020, however, in the meantime we are working with other National Parks in England on a Roadmap to help take forward some of the key recommendations. It was pleasing for this Authority, to see that many of the proposals made reflect the direction of travel this Authority was already taking, in terms of engaging the public and in particular young people and new and diverse audiences through The Sill National Landscapes Discovery Centre.

Our ongoing budget has been impacted as a result of our funding settlement for the year 2020/21 being frozen at 2019/20 levels, taking some £164,000 out of our existing 3 year financial plan. A balanced budget was delivered in March 2020 but not without some difficult choices being made and the need to further prioritise our delivery and to implement some service reviews. Nevertheless, we continue to be ambitious in terms of raising self-generated income and securing external non-government fundraising as we strive to achieve the best outcomes for this National Park. Whilst the Coronavirus pandemic had begun to impact on our self-generated income by the end of the financial year and will impact on the 2020/21 financial year also, we are adjusting our priorities and budgets to accommodate this and have plan in place plans to balance our budget across the year.

Whilst the onset of the Coronavirus pandemic presents a significant additional budget challenge going forward, our focus for 2020/21 will also be on recovery planning for the Authority and for how the National Park can benefit the recovery of the nation. In this respect we have developed both a national level recovery plan, jointly with other National Park Authorities, and an authority-level recovery plan (adjusted) Annual Operational Plan which will guide the Authority's operations through to the end of the financial year.

Key Achievements, Investments and Income

The 5 year National Lottery Heritage Fund project was due to conclude during 2019/20. We are proud to have ensured, that by the end of March the approved purposes of this, the single biggest grant we have been awarded, have been achieved and in many cases exceeded. We are also grateful to the NLHF who have allowed the project timeframe to be extended to give us the opportunity to complete investments and delivery programmes which were impacted towards the end of the Financial Year by the national lockdown. Throughout the project:

- We have surpassed our initial target of 100,000 visitors per year, every year.
- We achieved 48,345 event activity days which is 99% of the project target (events programmed in March would have surpassed this)
- We achieved 35,832 education activity days, which is 106% of target.
- We achieved 13,126 volunteer days, 108% of target.
- We achieved 6,169 training days, 108% of target.

We have hosted award winning exhibitions and exhibitions of national importance, including our self curated Digital Landscapes Exhibition and Robert MacFarlane and Jackie Morris Lost Words. Through our retail offer we have supported many local producers with over 80% of our stock sourced from the North East. We have engaged with new and diverse audiences and built many new partnerships including; The Comfrey Project, The Angelou Centre, Culture Bridge North East, The Mining Institute and many more.

The Traditional Farm Buildings Pilot has been one of the standout successes of 2019/20 with 16 approved projects and £1.5 million in grant awarded to fund the refurbishment of privately owned traditional farm buildings in the National Park by the end of March. Following a decision to allow a small extension to bid submissions until April, the final tally is 21 projects approved with £1.97 million in grants awarded. This represents a significant investment in the historic environment in farm businesses in the National Park.

During the year, 80% of The Cheviot summit peat restoration project was completed. The project will restore 150.5 ha (including 8 ha of bare peat), resulting in an abatement of 584.4 tonnes of CO₂e, as well as help to mitigate the risk of flooding and improve water quality in the surrounding valleys. The work was delivered in difficult conditions on the highest peatland restoration project in England, close to the summit of The Cheviot. Funding was secured from Defra via the North of England Peat Partnership.

The Authority has been working closely with our sponsoring department, Defra, on the design of the new Environmental Land Management System (ELMS). The Authority successfully bid to test some aspects to help inform the new scheme in November 2019. The 'Test & Trials' projects are now underway with the Authority working closely with Natural England and on behalf of Defra.

After almost three years work, the draft Local Plan for the National Park was submitted for examination by the Planning Inspectorate on the 30th of September 2019. Following a Public Inquiry in January 2020, the Authority received the final report from the Inspector in June 2020. This has found the Plan to be sound and has also approved a number of amendments requested by the

Authority. The Plan is due to be adopted by the Authority in July 2020, which will see the culmination of a significant element of work and set a sound planning framework for the Authority for years to come.

This year saw the completion of significant new and improved visitor facilities at Walltown and Cawfields in the Hadrian's Wall area of the Park thanks to funding secured through the Rural Development Programme for England. This has included the refurbishment of an existing building at Walltown, to create a small visitor centre with refreshment and retail space and indoor seating and included the installation of a second changing places facility in the park which provides best in class facilities for visitors.

Walltown has been further enhanced with the installation of a new activity building, and two dark skies viewing platforms have been incorporated into the grounds with telescope stands, as part of our Hadrian's Wall Observatory project.

The existing building at Cawfields was refurbished to incorporate a further changing places facility as well as a small room for the provision of visitor information. These capital improvements enhance the offer to visitors of this iconic area of the Park and importantly enhance accessibility for people with a wide variety of needs and abilities.

The Development Management team made 51 planning determinations of the reported applications with a 98% approval rate and 100% approved with in deadlines.

A new Organisational Development strategy was approved in December 2019. This focuses on the introduction of behaviour-based values for staff and volunteers, leadership, staff engagement, strategic workforce planning and wellbeing. We intend to review the strategy shortly to take into account recent challenges faced due to changes in how we work arising from the Coronavirus pandemic, particularly around staff welfare, agile working, leadership, internal communications, culture and staff development.

We have also begun the research and development phase of our new Cheviot Hillforts Project. The development phase has been funded philanthropically and has allowed for additional staff capacity to prepare a detailed project proposal to be submitted to National Lottery Heritage Fund. The project will work with partners to provide a heritage conservation and engagement programme focussing on the North of the National Park and its unique Heritage offer.

Financial Performance

The financial performance in 2019/20 delivered a surplus outturn of £50,300. The National Park Grant received in the year was £2,672,900. Net operating expenditure of £2,593,700 resulted in an operating surplus of £79,200. This surplus, together with net project expenditure of £7,900 and net expenditure of £21,000 on The Sill Business Plan increases the General Fund Balance by £50,300.

The Authority's long term pension liability increased by £1,670,000 to £6,040,000 following the Scheme's actuary's latest review. This is a long term funding liability and arises largely due to Asset returns over the accounting period being lower than expected.

The financial year results in the overall Useable Reserves increasing by £45,800 to £1,045,500. After net transfers to the Earmarked Reserves of £35,141 and £4,500 from the Capital Receipts Reserve, the General Fund has a balance of £374,900 and the Earmarked General Reserve a balance of £670,600 at the year end.

The balance of £374,900 on the General Fund ensures there are sufficient (but not excessive) funds remaining to meet any exceptional cost pressures, to mitigate financial risks and to provide, where possible, future investment funding.

Summary

2019/20 has been an extremely busy and productive year for the staff of the Authority, where we have risen to many new opportunities as well as challenges. The way that the team have coped with the onset of the Coronavirus as the year was drawing to an end, continued to deliver their work plan and reacted to new challenges is a real credit to this Authority.

Tony Gates,
Chief Executive (National Park Officer)

Further details on our plans and performance are provided within the reports that can be found on the Authority's website at:

<http://www.northumberlandnationalpark.org.uk>

Explanatory Foreword

INFORMATION AND FINANCIAL STATEMENTS

The purpose of this foreword is to provide a clear and understandable guide to the most significant matters reported in the financial statements.

Comprehensive Income and Expenditure Statement

This statement summarises the resources that have been generated and consumed in providing services and managing the Authority during the current and prior year. It also brings together all the gains and losses of the Authority for the year and shows the aggregate increase or decrease in net worth.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (those that can be applied to fund expenditure) and other reserves. The Surplus or (Deficit) 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. These are different to the statutory amounts required to be charged to the General Fund Balance.

Balance Sheet

The Balance Sheet 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 category of reserves are usable reserves; that is those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example 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 in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses 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 grant income or from 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 towards the Authority's future service delivery.

Statement of Accounting Policies

Discloses the accounting policies used by the National Park Authority in compiling the financial statements.

Expenditure and Funding Analysis

This statement demonstrates how the funding available to the Authority for the year has been used in providing services in comparison with those resources consumed in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated between the Authority's service headings.

Notes to the Accounts

Disclose more detailed information on the figures provided in the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement.

FINANCIAL POSITION

2019/20 Financial Results

Income in the Comprehensive Income & Expenditure Statement

The Authority's main source of income is National Park Grant from the Department for the Environment, Farming and Rural Affairs (Defra) which, at £2,672,927, amounted to 56% of its total income in 2019/20.

Income for many new projects and services continues to be dependent on gaining external grant aid and other sources of income. Greater management focus continues on improving commercial income generation and philanthropic fund raising as a way of offsetting the impact of cuts in National Park Grant and allowing the Authority to continue to deliver its ambitions. The Authority continues to support the Northumberland National Park Foundation, a charitable company limited by guarantee, which raises charitable funds to support projects which help to achieve objectives for the National Park. The Authority has provided support to set up the Charitable Foundation however its Trustees and governance are fully independent of the Northumberland National Park Authority. The Foundation is fully approved by the Charity Commission, registration number 1161156. £9,259 of funds raised by the Foundation in 2018/19 were paid to the Authority in the Financial Year to support The Sill project and £30,000 was paid to take forward a project design for a Cheviot Hills Heritage Project to a phase 1 funding bid.

Gross income to support the net Cost of Services in the Comprehensive Income and Expenditure Statement during the year was £1,691,823. This was £91,153 lower than the previous year due to a £202,187 decrease in External Grants, offset by a £111,034 increase in Sales, fees and charges. An explanation is given below.

External Grant Income

The decrease in grant income was made up of a number of year on year movements. The most significant movements are highlighted below.

- A decrease of £177,091 in The Sill funding from the National Lottery Heritage Fund. This is due to this project nearing completion. There is a further decrease in revenue funding from Northumberland National Park Foundation for The Sill of £49,756 during the year
- A decrease of £35,100 in funding for the Hadrian's Cavalry project as the project was completed at the beginning of the previous financial year.
- A decrease of £15,000 in grant income from MHCLG for Self and Custom Build as the final grant from this scheme was received in the year.
- In both Financial Years, funds were received from the Northumberland National Park Foundation for revenue projects with £25,000 received in 2018/19 and £30,000 received in 2019/20.
- £54,386 has been received in the year from Natural England in relation to the Revitalising Redesdale Project compared to £90,389 in 2018/19. The Authority is a core partner in this NLHF funded project which is profiled to run over 5 years.
- £201,814 has been received in the year from Yorkshire Wildlife Trust in relation to the North of England Peat Partnership project which commenced in the financial year.

- In 2018/19, £41,500 was received from Yorkshire Dales National Park to fund works carried out on the Pennine Way and a Hill Farmers Training scheme. These were in year schemes and no income has been received in this Financial Year.
- In 2018/19, £18,352 was received from Defra in respect of the Border Uplands project, which is now complete.

Other income

The most significant movements are as follows:

- Income from the retail operation at The Sill and Walltown increased by £8,100. This is despite the closure of both sites from 21 March due to the Coronavirus Pandemic.
- Rental income and room hire on our properties has increased by £19,600 in 2019/20. This is mainly due to an increase in rental and room hire income from Eastburn of £12,200 where all hubs and rooms available to rent were fully occupied by the year end. Occupancy at Church House in Rothbury also improved, with a year on year increase in rental income of £4,300 and room hire income from The Sill increased by £2,800.
- Car parking income has decreased by £15,900. The decrease is seen across both car parks along Hadrian's Wall and The Sill. Poor weather in February and the early close as a result of the Coronavirus pandemic have both impacted this.
- Sponsorship income of £13,900 was received in the year. £10,000 of this relates to sponsorship from Clif Bar for conservation projects and £3,500 relates to funds from National Parks Partnership.
- Income from The Sill activity programme increased by £9,200 as the programme gains momentum, in The Sill's third year of operation.
- A decrease of £19,000 in Development Management fees. There were 29 fewer planning applications than in 2018/19 and fewer large scale applications.
- £87,100 has been received in the year from Defra in relation to ELMs Test and Trials.

Expenditure in the Comprehensive Income and Expenditure Statement

The gross Cost of Services in the Comprehensive Income and Expenditure Statement increased by £1,323,537 to £5,686,151; this increase was after a negative year-on-year asset revaluation movement of £1,268,258 and an positive year-on-year IAS19 pension cost movement of £170,000; excluding both of those adjustments the underlying gross Cost of Services increased by £225,279.

The notable reasons for this increase in expenditure are largely due to the timing and nature of projects undertaken and are shown as follows;

Staff Costs

- Employee expenses have decreased by £111,999 to £2,908,468. This increase is net of a £170,000 decrease relating to an IAS19 pension cost movement and includes £28,500 relating to an increase in the accumulated absence accrual. If these movements are

disregarded, there is a year on year increase of £29,501, which is slightly lower than the agreed pay increase of 2%

Other costs

Non staff costs have increased year on year by £1,435,536. This is in the main due to the impairment losses of £481,365 which largely arise at Walltown and Cawfields where the capital expenditure on non income producing works did not materially increase the valuation. The prior year showed a reversal of a previous impairment to The Sill and a positive movement of £786,893 was recorded, giving a year on year increase in impairment charges of £1,268,258. Other notable movements are as follows;

- Costs in the year of £201,814 in respect of the North of England Peat Partnership which commenced in the financial year.
- Costs in the year of £70,269 in respect of the ELMS Test and Trials contract which commenced in the financial year.
- A decrease in expenditure of £29,240 on the Border Uplands project which is now complete.
- A decrease in expenditure of £23,070 on the Breamish Valley project PDG , stage 1 of which completed in the last financial year.
- An increase in costs relating to The Sill Activity programme of £21,784
- An increase of £13,826 in spend on the Local Plan Review in line with the planned scheduling of this work.
- A decrease in spend on the Hadrian's Wall Cavalry project of £31,350 as the project was completed at the beginning of the previous Financial Year.
- A decrease in spend on the Revitalising Redesdale Project of £32,573 and a decrease in spend of £36,474 on a Pennine Way maintenance project which was completed in the previous Financial Year.
- A decrease in rates of £19,042 resulting from a backdated rates charge in the previous year on properties for which we had previously been granted an exemption.

Total net operating expenditure for the year was £3,994,328; this was an increase of £1,414,690 on the previous year reflecting the movement on impairment charges and the increase in project costs.

Finance and investment net expenditure at £113,689, decreased by £11,367. This was made up of a IAS19 pension cost movement of £10,000, and a decrease in the loan interest charge of £880. Interest received during the year remained at a similar level to the previous year, with a modest increase of £488.

Non specific grant income at £3,100,774 was £416,815 higher than the previous year due to lower capital grants raised for the West on The Wall project, and a modest inflationary increase (1.7%) in National Park Grant.

Capital Expenditure

During the year the Authority had capital expenditure of £472,518. Full details are provided in note 24

of the accounts (Property, Plant and Equipment).

Pension Reserve

The deficit on the Authority's Pension Reserve was increased by £1,670,000 to £6,040,000 reflecting the latest actuarial statement as detailed in note 12 (Unusable Reserves). The Pension Reserve is a non cash reserve which reflects a long term funding issue to be resolved by all Local Authorities.

Usable and Earmarked Reserves

During the year the level of Usable Reserves increased by £45,800 to £1,045,500. Of the £45,800 increase in Usable Reserves, £50,300 increases the General Fund as revenue budget surplus and £4,500 relates to the release of the Capital Receipts Reserve which was used to fund capital expenditure. This increase is temporary with £420,100 of budget carry forwards proposed for agreement by the Authority in July 2020, the majority of which relates to multi-year projects.

The Usable reserves of £1,045,500 would reduce to £374,900 if all the Earmarked Reserves totalling £670,600 detailed in note 10 were utilised.

Statement of Responsibilities for the Statement of Accounts

Responsibilities of the National Park Authority

The National Park 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. At the Northumberland National Park Authority, that officer is the Chief Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

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

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

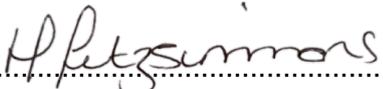
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Local Authority Code.

The Chief Financial Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Statement by the Chief Financial Officer

I certify that this Statement of Accounts gives a true and fair view of the financial position of Northumberland National Park Authority at the reporting date and its expenditure and income for the year ended 31st March 2020.

.......... Chief Financial Officer

....30/06/2020..... Date

Annual Governance Statement

Introduction

Northumberland National Park Authority is required to undertake proper practices in relation to its accounts as defined by the Accounts and Audit (England) Regulations 2015. Thus an Annual Governance Statement is required for the year ending 31st March 2020. This needs to be produced alongside the Annual Accounts and be reviewed by the full Authority or a committee of the Authority. To assist this process the Authority's Finance and Audit Group (a working group and not a committee) review the Annual Governance Statement prior to consideration by the Board of the Authority.

Scope

The Authority is responsible for ensuring its business is conducted in accordance with statutory standards and professional guidance and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Local Government Act 1999 places a statutory responsibility on the Authority to secure continuous improvement in the way its functions are delivered. Therefore the Authority is responsible for ensuring a sound system of internal control is in place to facilitate the delivery of its functions, make arrangements to manage risk, and to review its work to ensure that it is being delivered in a legal, efficient and effective manner.

The Purpose of the Annual Governance Statement

The system of internal control is designed to identify and manage risk to a reasonable level rather than to eliminate all risk. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently and effectively. Risk is managed within the framework and risk appetite set by the Board of the Authority.

The system of internal control has been in place for the year ended 31st March 2020 and up to the date of approval of the annual report and accounts and accords with proper practice.

The Internal Control Environment

Establishing and monitoring the achievement of the Authority's objectives

Medium Term Vision and 5 Year Framework

The Authority has a hierarchy of plans, headed by a statutory National Park Management Plan which sets a vision for the National Park for the next 20 years. This sets a framework for the Authority's work. The Management Plan was reviewed in 2015/16 and a new Plan was adopted by the Authority in March 2016 and published in June 2016. The Management Plan sets out a vision and strategic aims for the National Park which are cascaded into outcomes and objectives for a 5 year period for the National Park Authority and its partners.

Each year the **National Park Management Plan Partnership** (consisting of key public bodies and other stakeholders) agrees a **National Park Management Plan Annual Action Plan** which incorporates the work programmes of partners. In addition to guiding the actions of the Partnership, the Management Plan 2016-21 guides the corporate priorities of the Authority as set out in the **Business Plan** for the Authority (2017 to 2021).

Work on revision of the National Park Management Plan will begin in the financial year 2020/21.

2017-2021 Business Plan

The **Business Plan** is used to provide a medium term framework for the National Park Authority's work programmes and to define the corporate priorities of the Authority. This represents the Authority's contribution to the delivery of the National Park Management Plan.

The Business Plan aligns with the Authority's Medium-Term Budget Plan which is set across three years and is agreed in March each year.

In January 2020, following a mid-point review of progress with the Business Plan, the Board of the Authority reviewed the Business Plan and confirmed its current priorities as relevant for the remainder of the plan period.

Operational Plan (Annual Work Programme)

An **Operational Plan** is prepared annually alongside the annual budget plan. It sets out the detailed annual work programme of the Authority. This provides the detail for individual manager and staff work plans.

During 2019/20 work has begun to further develop our approach to work planning and this will roll out in a revised system later in 2020, ahead of a full introduction in March 2021.

Governance, policy and decision making

All internal policy is made by the Board of the Authority. Policy development is led within departments and this work is always sponsored by a Head of Department, Director or the Chief Executive. The development of policy is assisted by member policy conferences and is supported and informed by task and finish working groups of members, staff and partners. Policy conferences and task and finish groups report their findings and advice to the Board of the Authority. All the members of the Authority are therefore able to take part in debating and approving policy. All key policy decisions are recorded in official and publicly available minutes.

Decision making is regulated by the Authority's Standing Orders, Scheme of Delegation, Financial Regulations and member and officer Codes of Conduct. The Scheme of Delegation and Standing Orders are reviewed annually to ensure they are fit for purpose and take account of legislative or organisational change.

The decision-making process benefits from high level legal and financial advice via the Chief Financial Officer, Monitoring Officer, internal audit service and external legal advisers and specialists. The Chief Executive ensures that the Authority has access to professional services from within and outside the staffing structure to provide specialist policy and legislative advice in key areas such as finance, human resources, health and safety, property and estates, development management, forward planning, historic buildings, ecology, archaeology and recreational access.

The Sill National Landscape Discovery Centre, as a significant new area of the Authority's operations, is supported by a dedicated staff team, who regularly report to the members via The Sill Advisory Board which provides strong and effective governance of this still relatively new and large scale area of work.

Identifying, assessing and monitoring risks

The Authority manages risk through the **Strategic Risk Register**, which identifies areas of highest strategic risk over the period of the Business Plan. The risk appetite is set by members of the Authority Board. Strategic risks are reviewed annually, initially by the Finance and Audit group and then considered and agreed by the Board of the Authority and resulting actions are incorporated, via the Operational Plan, into work programmes. The management of the strategic risks are reported to the Board of the Authority on a quarterly basis.

Internal audit is focussed on corporate risk and systems of control. This is high level advice which is in part influenced by the overall assurance framework but also takes account of the key control systems which underpin an efficient and effective organisation e.g. corporate governance and budgetary control. The work programme for internal audit is set by the Board of the Authority with advice from the Finance and Audit Group.

New Project and Programme Development

All new initiatives, which are outside of the annual Operational Plan, are discussed by the Leadership Team before the project can be developed into a fully designed proposal. This control system allows new opportunities to be assessed against agreed priorities and targets and to assess their opportunity costs and benefits, as well as assessing their financial and other resource impacts on the Authority.

Health and Safety

In accordance with its statutory responsibilities, the Authority has in place a Health and Safety Policy, related procedures and has an annual Health and Safety Action Plan which is regularly reported to the Authority. The facilitation and enabling of effective health and safety is supported by an employee Health and Safety Working Group.

Business Continuity

A Business Continuity Plan is in place to ensure the effective operation of critical Authority business in the case of an emergency or incident that has the potential to disrupt the Authority's work or put at risk its staff, member's, volunteers, tenants or the public

Between January and March 2020 the Authority reviewed, updated and tested key systems within its BCP in preparation for the emerging threat of Coronavirus. The BCP was formally launched on 17 March 2020 in response to the present threat of Coronavirus.

Continuous Improvement: Ensuring economical, effective and efficient use of resources

Improvement Planning

The Authority delivers continuing improvement through its performance management system, ongoing review of project and programme delivery and through a series of KPIs which cover a broad spectrum of the Authority's activities. In addition the Authority's Review Panel acts as an internal scrutiny and improvement panel looking at a rolling programme of reviews of key areas of the authority's work identified by members of the Authority Board. The Review Panel routinely uses independent members and expertise to bring fresh perspective on the delivery and improvement of the Authority's work. This process provides a high level of internal support and challenge as part of the Authority's overall assurance framework. This is aligned with the Strategic Risk Register, however, aims to deliver recommendations for continued improvement of the Authority's work, rather than simply managing risk.

Regular service reviews are undertaken by the Leadership Team, to ensure the efficient and effective use of resources and ensure we have the correct resources to meet the Business Plan

objectives and changing priorities. During 2019/20 a service review was concluded covering all staff under Chief Executive and Director level. This was approved by the Board of the Authority in March 2020 but the decision was taken to delay implementation due to the onset of the Coronavirus pandemic.

The Authority regularly benchmarks its performance against other National Park Authorities using a set of family KPIs as a means of identifying possible areas for improvement.

Efficiency

The Authority regularly market-tests many of its procured services. The Authority's purchasing strategy is being used to drive improved services where the essential criterion is based on gaining best value and not just lowest cost service provision.

After a period of cuts to our government grant in aid, the Authority re-introduced efficiency saving targets in the Medium Term Budget Plan in 2018/19 for the first time in a number of years. This, coupled with our drive to add value to the core grant through our commercial income generation plan, fundraising and joint sponsorship work as a member of the National Parks Partnerships Ltd, aims to ensure we can deliver a wide and varied work programme.

Salary and associated employment direct costs for non-project staff are the most significant resource for the Authority accounting for 82% of National Park Grant.

As its single greatest resource, the Authority aims to continually develop its staff and regular surveys show enhanced levels of staff satisfaction with the Authority benchmarking in the top percentile for the areas of change, control and manager and peer support. Having successfully delivered the final stages of the current Organisational Development Strategy focussing on career development opportunities and a Health at Work strategy during 2018/19, a new Organisational Development Strategy was approved in December 2019. It will focus on strategic workforce planning, organisational resilience and developing Managers, alongside maintaining an excellent record with health at work. In 2019/20, the Authority had good levels of staff engagement with sickness at 4.9 days (2.5 days short term sickness) per member of staff, below the public sector average at 5.6 days.

The Authority achieves many of its objectives working with others in the private, public and voluntary sectors. Sharing of costs and pooling of resources through partnership working has ensured exceptionally good value for money in areas such as land management and natural environment initiatives, cultural heritage, National Trail management, sustainable transport and projects to adapt to climate change. The opportunities and risks associated with partnerships are assessed on a case by case basis and higher levels of governance and control mechanism are in place where needed.

The Authority works jointly with the other English National Parks to look for opportunities for efficiency in procurement and delivery of services. We currently jointly procure Health and Safety advice from another Park Authority.

Financial management

The Authority's financial management arrangements conform to the majority of the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government 2010. The notable exception being the Chief Financial Officer does not report directly to the Chief Executive. The Chief Financial Officer reports to the Director of Business Development and is a member of the Leadership Team. The Chief Financial Officer reports directly to the Board of the Authority and Finance and Audit Group on significant financial matters including the three year Medium-Term Financial Plan, treasury management, financial

performance and audit work. Being a small Authority this is deemed the most efficient and effective structure. The Chief Financial Officer does, however, have direct and unfettered access to the Chief Executive and Authority Board Members as and when required in order to perform the role.

The roles and responsibilities of the Chief Financial Officer and the Monitoring Officer are set out in the Financial Regulations as adopted by the Authority.

Responsibility for each of the budget heads and projects is given to the Directors, Heads of Department, line managers and other staff. All financial areas are audited through a prioritised plan. Annual trading accounts are produced and used to scrutinise and challenge the effective performance of commercially important operations including: The Sill National Landscape Discovery Centre; Walltown Visitor Centre; Eastburn Enterprise Hub; and the Hadrian's Wall car park charging scheme.

Monthly reports to all budget managers are provided and actively scrutinised. All managers are required to keep up to date with their budget and report on this on a monthly basis. The Leadership Team reviews the budget quarterly with key issues being reported to members. A Finance and Audit Group consisting of members, the Chief Executive, Director of Business Development and the Chief Financial Officer meet on a quarterly basis to discuss the key financial business of the Authority, including providing a steer from members on the budget strategy and scrutinising the detail of the half and full year financial performance before the formal report is issued to the Board of the Authority. External auditors are invited to observe these meetings and are regular attendees. The Board of the Authority receives annual and quarterly financial reports. Key targets and areas of high corporate risk are reported quarterly to the Authority alongside performance.

Performance management

All targets and objectives within the National Park Management Plan, the Business Plan and Operational Plan are regularly monitored and reviewed. In addition performance management is applied in a consistent way across the Authority. Key performance indicators, which are a mix of measures of activity, processes, outputs and outcomes are in place for the whole of the Authority's work.

Projects and other key areas of work are examined regularly by the Leadership Team with significant issues being reported to the Authority. Directors and Heads of Department have regular meetings with their managers to progress more detailed areas of work, where lessons learned and activities to correct performance variations are discussed, agreed and implemented.

Business critical operations such as the Sill National Landscape Discovery Centre produce performance reports on a weekly basis to the Leadership Team and regular scrutiny of performance takes place through monthly senior executive reviews and quarterly Sill Advisory Boards.

The Board of the Authority receives an annual review of performance which provides an assessment of how the annual work programme has contributed to the Business Plan targets and the vision as set out in the statutory National Park Management Plan. Performance is publicly reported including through publication of an Annual Report and through the Authority's website.

In addition, the Authority produces a **State of the Park Monitoring Report** which provides high level outcome measures to further inform progress on the overall state of the National Park and

reflects changes and challenges in the economic, social and environmental health of Northumberland National Park over the medium term (3-5 years).

Review of Effectiveness

The external auditors provide an annual management letter to the Board of the Authority following the annual audit. Issues raised within the letter are considered by the Board of the Authority and the Leadership Team in order to address any areas requiring action.

During the year the Leadership Team consider the findings of each internal audit report, agree the acceptance or otherwise of recommendations and approve the management response. The implementation of recommendations agreed are monitored on a regular basis. The Finance and Audit Group discuss the Annual Report which summarises the work undertaken in year before it is considered by the Board of the Authority annually.

Internal Control

The Head of Internal Audit's Opinion on the overall adequacy and effectiveness of the Authority's governance, risk and control framework during 2019/20 was that, there has been an adequate and effective system of control in place.

This Opinion is based on the audit work undertaken on the following areas, as agreed by the Finance and Audit Group:

- Income Generation
- Financial Systems
- Data Protection

This work has identified areas where further improvements to the system of control can be made. In detail, as a result of these audits and a follow-up audit of previous recommendations:

- 4 recommendation were categorised as low priority;
- 7 recommendations were categorised as medium priority; and
- 1 recommendation was categorised as high priority.

The Authority's systems of internal control including: governance; financial management; internal audit; performance management and; improvement planning together provide, a strong basis to provide assurance for board members and the management of the Authority.

COVID 19 Outbreak

The Authority's Business Continuity Plan was enacted towards the end of the financial year in response to the outbreak of the Coronavirus pandemic, including the implementation of government advice and subsequent "lockdown" measures. This resulted in the closure of our car parks, washroom facilities, offices and visitor centres.

The existing Business Continuity Plan was re-visited in the weeks leading up to lockdown to ensure it was fit for purpose, in light of the ensuing emergency and to ensure that the necessary systems and equipment were in place to enable Officer's to work from home. The majority of staff were able to easily and effectively work from home and continue to do so. Capacity and workload were carefully considered and staff who could not easily and effectively work from home or whose workload had

significantly decreased as a direct result of the outbreak were furloughed under the government Coronavirus Job Retention Scheme. This affected 26 members of staff with a maximum of 18 postholder's furloughed at any one time, some on a rotational basis. All posts are funded from income generating areas such as The Sill: National Landscape Discovery Centre, income raised from car parking and Development Management fees.

Governance and decision making continued as the Board of the Authority delegated decision making to the Chief Executive as an interim measure at their March meeting. The implementation of the Coronavirus Bill enables meetings of the Authority to be held virtually the first of which will take place in July 2020. The Finance and Audit Group – a Member, Officer working group has successfully met virtually in the interim period.

Work has been ongoing and models are in place to adjust the assumptions and mitigate the financial pressures from the loss of trading income as a result of the lockdown and the potential changes in visitor behaviour and disposable income as lockdown measures are relaxed. We are working closely with our sponsoring department Defra who have given some assurance around one off support in the 2020/21 financial year to ensure we are able to balance our budget. We will aim to reduce this need for support as far as possible by taking savings and in year budget reductions, as well as accessing the support schemes from government. The current predictions are for a net budget deficit of £300,000.

..... Chief Executive

..... Chairman

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NORTHUMBERLAND NATIONAL PARK AUTHORITY**

Statement to be inserted in the final Accounts to be published on or by 30 September 2020, on completion of the audit by Ernst & Young.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NORTHUMBERLAND NATIONAL PARK AUTHORITY**

Statement to be inserted in the final Accounts to be published on or by 30 September 2020, on completion of the audit by Ernst & Young.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NORTHUMBERLAND NATIONAL PARK AUTHORITY**

Statement to be inserted in the final Accounts to be published on or by 30 September 2020, on completion of the audit by Ernst & Young.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NORTHUMBERLAND NATIONAL PARK AUTHORITY**

Statement to be inserted in the final Accounts to be published on or by 30 September 2020, on completion of the audit by Ernst & Young.

Comprehensive Income and Expenditure Statement for the Year Ended 31st March 2020

2018/19				2019/20		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
				£	£	£
353,518	(82,232)	271,286	Conservation of Natural Environment	628,854	(333,367)	295,487
282,818	(135,280)	147,538	Conservation of Cultural Heritage	177,185	(79,667)	97,518
383,192	(410,895)	(27,703)	Recreation Management and Transport	368,682	(333,730)	34,952
1,094,509	(1,019,984)	74,525	Promoting Understanding	2,266,345	(813,229)	1,453,116
435,559	(8,286)	427,273	Rangers, Estates and Volunteers	415,840	(9,520)	406,320
190,807	(41,918)	148,889	Development Control	187,105	(23,927)	163,178
221,569	(33,687)	187,882	Forward Planning and Communities	213,317	(17,446)	195,871
1,400,642	(50,694)	1,349,948	Corporate Management and Administration	1,428,823	(80,937)	1,347,886
4,362,614	(1,782,976)	2,579,638	Cost of Services	5,686,151	(1,691,823)	3,994,328
-	(225)	(225)	Other operating income (Note 3)	-	-	-
129,565	(4,509)	125,056	Financing and investment income and expenditure (Note 4)	118,686	(4,997)	113,689
	(2,683,959)	(2,683,959)	Non specific grant income (Note 5)		(3,100,774)	(3,100,774)
		20,510	Deficit on the Provision of services			1,007,243
		(113,003)	Revaluation loss/ (gain) on Land and Buildings revalued on the 31 st March 2020 (Note 24)			(437,297)
		(370,000)	Actuarial (gains) / losses on Pension Fund assets and liabilities (Note 19)			1,270,000
		(483,003)	Other Comprehensive (Income) and Expenditure			832,703
		(462,493)	Total Comprehensive (Income) and Expenditure			1,839,946

The above Comprehensive Income and Expenditure Account shows a true and fair view of the income and expenditure of the Authority for the year ended 31st March 2020.

The accounting policies and notes on pages 28 to 67 form an integral part of these financial statements.

.......... Chief Financial Officer ...30/06/2020..... Date

Movement in Reserves Statement for the Year Ended 31st March 2020

	General Fund Balance £	Earmarked General Fund Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance as at 31 March 2018	460,404	215,900	-	676,304	6,075,849	6,752,153
Movement in Reserves during 2018/19						
Deficit on the provision of services	(20,510)	-	-	(20,510)	-	(20,510)
Other comprehensive income and expenditure	-	-	-	-	483,003	483,003
Total comprehensive income and expenditure	(20,510)	-	-	(20,510)	483,003	462,493
Adjustments between accounting basis and funding basis under regulations (Note 9)	339,380	-	4,500	343,880	(343,880)	-
Net (Decrease) before Transfers to Earmarked Reserves	318,870	-	4,500	323,370	139,123	462,493
Transfers from Earmarked Reserves (Note 10)	(419,559)	419,559	-	-	-	-
Decrease in 2018/19	(100,689)	419,559	4,500	323,370	139,123	462,493
Balance as at 31 March 2019	359,715	635,459	4,500	999,674	6,214,972	7,214,646
Movement in Reserves during 2019/20						
Deficit on the provision of services	(1,007,243)	-	-	(1,007,243)	-	(1,007,243)
Other comprehensive income and expenditure	-	-	-	-	(832,703)	(832,703)
Total comprehensive income and expenditure	(1,007,243)	-	-	(1,007,243)	(832,703)	(1,839,946)
Adjustments between accounting basis and funding basis under regulations (Note 9)	1,057,522	-	(4,500)	1,053,022	(1,053,022)	-
Net Increase before Transfers to Earmarked Reserves	50,279	-	(4,500)	45,779	(1,885,725)	(1,839,946)
Transfers to Earmarked Reserves (Note 10)	(35,141)	35,141	-	-	-	-
(Decrease)/ Increase in 2019/20	15,138	35,141	(4,500)	45,779	(1,885,725)	(1,839,946)
Balance as at 31 March 2020	374,853	670,590	-	1,045,453	4,329,247	5,374,700

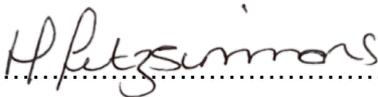
The accounting policies and notes on pages 28 to 67 form an integral part of these financial statements.

Balance Sheet as at 31st March 2020

31 March 2019		Note	31 March 2020
£			£
11,805,862	Property, Plant and Equipment	24	11,591,830
20,833	Assets Held for Sale	25	-
-	Intangible Assets	26	-
11,826,695	Long Term Assets		11,591,830
36,237	Inventories	28	37,165
606,716	Short Term Debtors	29	775,479
673,926	Cash and Cash Equivalents	30	505,032
1,316,879	Current Assets		1,317,676
(349,504)	Short Term Creditors	31	(324,523)
(39,141)	Short Term Borrowing	33	(40,035)
-	Short Term Provisions	34	-
(388,645)	Current Liabilities		(364,558)
(1,170,283)	Long Term Loan	33	(1,130,248)
(4,370,000)	Pensions Liability	19	(6,040,000)
(5,540,283)	Long Term Liabilities		(7,170,248)
7,214,646	Net Assets		5,374,700
999,674	Usable reserves	11	1,045,453
6,214,972	Unusable reserves	12	4,329,247
7,214,646	Total Reserves		5,374,700

The above Balance Sheet presents a true and fair financial position of the Authority as at 31st March 2020.

The accounting policies and notes on pages 28 to 67 form an integral part of these financial statements.

.....  Chief Financial Officer

..30/06/2020..... Date

Cash Flow Statement for the Year Ended 31st March 2020

2018/19		2019/20
£		£
20,510	Net deficit on the provision of services	1,007,243
(10,589)	Adjustments to net surplus on the provision of services for non-cash movements (Note 13)	(1,458,272)
128,299	Adjustments for items included in the net surplus or deficit on the provision of services that are investing activities	349,040
138,220	Net cash flows from Operating Activities (Note 14)	(101,989)
(10,306)	Investing Activities (Note 15)	231,742
38,268	Financing Activities (Note 16)	39,141
166,182	Net Decrease in cash and cash equivalents	168,894
840,108	Cash and cash equivalents at the beginning of the reporting period	673,926
673,926	Cash and cash equivalents at the end of the reporting period (Note 30)	505,032

The accounting policies and notes on pages 28 to 67 form an integral part of these financial statements.

Statement of Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS).

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.

Property, Plant and Equipment

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis in the Statement of Accounts. Expenditure on Property, Plant and Equipment is capitalised, provided that the Property, Plant and Equipment yields benefits extending over more than one year to the Authority and is greater in value than £25,000. This excludes expenditure on routine repairs and maintenance of Property, Plant and Equipment which is charged direct to the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment are classified into the following groups, as required by the Code of Practice on Local Authority Accounting 2019/20 issued by CIPFA:

- Land and Buildings are valued on the basis of the Code issued by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors. Land and Buildings are re-valued every 5 years, or earlier if individual items have a significant change that could impact on their valuation.
- Surplus Land and Buildings are valued at Fair Value as recommended in the Code issued by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors;
- Plant and Equipment - included in the Balance Sheet at the lower of net current replacement cost and net realisable value in their existing use; and
- Assets Under Construction are measured at historical cost and are transferred to the relevant asset category when they are deemed complete.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Non-specific 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 Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Depreciation

Annual depreciation is calculated on a straight-line basis at valuation or cost less residual value, divided by the estimated useful life of the asset. The useful lives of buildings range between 10 - 99 years and are based on details advised by independent valuers. Equipment useful lives range from 3 – 15 years depending on the type of asset. The charge is time-apportioned in the year of acquisition.

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Third Party Capital Expenditure

Grants made to third parties to fund expenditure of a capital nature (e.g. sheds, walls, etc.) are immediately written off to the Comprehensive Income and Expenditure Statement if no lasting benefit will accrue to the National Park Authority. Any external grants received to finance this expenditure are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software programmes) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Heritage Assets

Heritage Assets are non-current assets that are held and maintained principally for their contribution to knowledge and culture.

Heritage Assets are measured at valuation where available and the asset is recognised within the Balance Sheet. Valuations are reviewed with sufficient frequency to ensure measurement remains current.

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 losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The acquisition or disposal of a Heritage Asset would require the approval of the Authority, if the criteria for capitalisation was met (i.e. it yields benefits extending over more than one year to the Authority and is greater in value than £25,000). In any other instance the approval of the Leadership Team or the relevant Head of Department would be necessary.

Records in relation to the assets themselves are held in the estates database and the Archaeologist holds separate records regarding the condition of the assets and planned routine maintenance.

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.

The Authority does not currently have any Heritage Assets held within the Balance Sheet.

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.

Stock

Stock for re-sale at visitor centres, has been valued at the lower of cost and net realisable value. In general, obsolete and slow-moving items are written-off against the value of stock shown in the Balance Sheet.

Debtors and Creditors

The revenue and capital accounts of the Authority are, in general, maintained on an accruals basis in accordance with International Accounting Standard (IAS) 18, applying a discretionary de-minimis of £500. The accounts reflect sums due to or incurred by the Authority during the year whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for creditors and debtors at 31st March 2020.

Provision for Doubtful Debts

The Authority will recognise and account for bad debt in the financial year that it is recognised that the debt, after all cost-effective methods to recover it have failed, will not be fulfilled. As a result of this policy no provision for doubtful debts is separately maintained.

Overheads

Costs of management and administration are not re-allocated to the other cost headings within the accounts, but are shown as 'Corporate Management and Administration Costs' on the face of the Comprehensive Income and Expenditure Account.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash Equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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 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 relevant risks and uncertainties.

When payments are eventually made they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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.

Northumberland National Park Authority has entered into finance leases for property and the net book value of these are included in the land and buildings element of property, plant and equipment section of the Balance Sheet. There is no corresponding liability under finance leases as the lease payments due are nil or peppercorn. Equipment leases entered into are operating leases, and in these cases the rentals payable are charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease term.

Capital Receipts

Amounts receivable from the disposal of property, plant and equipment are credited to the Capital Receipts Reserve on an accruals basis.

Grants and Revenue Recognition

Revenue grants and other contributions are accounted for on an accruals basis and recognised in the financial statements when the conditions for their receipt have been complied with and there is a reasonable assurance that the grant or contribution will be received. Other income is recognised on an accruals basis.

Capital grants that have been received for the acquisition of Property, Plant and Equipment are accounted for on an accruals basis and credited to the Comprehensive Income and Expenditure Statement when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. The grant is then transferred from the General Fund to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

Reserves

The Revaluation Reserve records the accumulated gains on Property, Plant and Equipment held by the Authority arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

The Reserve is also debited with amounts equal to the part of depreciation charges on assets that have been incurred only because the asset has been revalued. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the Reserve thus represents the amount by which the current value of Property, Plant and Equipment carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

Pensions

The pension liabilities of the Authority are accounted for using International Accounting Standard (IAS) 19 "Employee Benefits" principles. Employees, subject to certain qualifying criteria, are eligible to join the Northumberland County Council Pension Fund, administered by Northumberland County Council, which provides members with defined benefits related to pay and service.

The Authority has complied with the requirements of IAS19, and in particular:

- The assets are measured at fair value;
- The attributable liabilities of the scheme are measured on an actuarial basis;
- The scheme liabilities are discounted at a rate that reflects the time value of money and the characteristics of the liability;
- The deficit in the scheme is the shortfall of the value of assets over the present value of liabilities;
- The current service cost is based on the most recent actuarial valuation at the beginning of the period;
- The interest cost is based on the discount rate and present value of liabilities at the beginning of the period;
- Actuarial gains and losses may arise from a new valuation or updates to the latest valuation;
- Past service costs are disclosed on a straight-line basis over the period the increased benefits vest; and
- Gains/losses arising on settlement or curtailment are measured at the date all parties become irrevocably committed to the transaction.

Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Instruments are formally defined within the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 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 accounting treatment of a financial instrument depends on its classification on initial recognition.

Financial Liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income & Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the Authority's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable, and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial assets are assets which have fixed or determinable payments but are not quoted in an active market. At the year end the only financial instruments held by the Authority are Short-Term Receivables.

Financial assets represented by the fixed term deposits are initially recognised at fair value and then subsequently carried in the balance sheet at amortised cost. Financial assets represented by receivables are short-duration receivables with no stated interest rate and are therefore measured at original invoice amount. There have been no revaluations of financial instruments in the period so there are no gains or losses recognised in the accounts; hence there is no variation between the carrying value and fair value of Financial Instruments.

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.

Notes to the Accounts

1. Expenditure and Funding Analysis for the Year Ended 31st March 2020

2018/19				2019/20		
Net Expenditure Chargeable to the General Fund	Adjustments between the funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure statement		Net Expenditure Chargeable to the General Fund	Adjustments between the funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure statement
190,286	81,000	271,286	Conservation of Natural Environment	224,387	71,100	295,487
107,538	40,000	147,538	Conservation of Cultural Heritage	77,117	20,400	97,517
(70,197)	42,494	(27,703)	Recreation Management and Transport	(38,387)	73,340	34,953
189,284	(114,759)	74,525	Promoting Understanding	794,742	658,374	1,453,116
328,073	99,200	427,273	Rangers, Estates and Volunteers	336,220	70,100	406,320
104,589	44,300	148,889	Development Control	128,178	35,000	163,178
151,582	36,300	187,882	Forward Planning and Communities	164,471	31,400	195,871
1,238,878	111,070	1,349,948	Corporate Management and Administration	1,250,078	97,808	1,347,886
2,240,033	339,605	2,579,638	Cost of Services	2,936,806	1,057,522	3,994,328
-	(225)	(225)	Other Operating Income (Note 3)	-	-	-
125,056	-	125,056	Financing and investment income and expenditure (Note 4)	113,689	-	113,689
(2,683,959)	-	(2,683,959)	Non specific grant income (Note 5)	(3,100,774)	-	(3,100,774)
(318,870)	339,380	20,510	Deficit on the Provision of services	(50,279)	1,057,522	1,007,243
676,304			Opening balance on the General Fund	995,174		
318,870			Add Surplus (less Deficit) on the Provision of services	50,279		
995,174			Closing Balance on the General Fund	1,045,453		

Note to the Expenditure and Funding Analysis for the Year Ended 31st March 2019 - Adjustments to the General Fund to arrive at the Comprehensive Income and Expenditure Balance

2019/20	Adjustments for Capital Purposes	Net change for Pension adjustments	Movement in accrual for accumulated absence	Total Adjustments
	£	£	£	£
Conservation of the Natural Environment	-	68,000	3,100	71,100
Conservation of the Cultural Heritage	-	20,000	400	20,400
Recreation Management and Transport	41,240	32,000	100	73,340
Promoting Understanding	541,274	116,000	1,100	658,374
Rangers, Estates and Volunteers	-	68,000	2,100	70,100
Development Control	-	32,000	3,000	35,000
Forward Planning and Communities	-	28,000	3,400	31,400
Management and Administration	55,008	36,000	6,800	97,808
Total (Deficit)/Surplus	637,522	400,000	20,000	1,057,522
2018/19	Adjustments for Capital Purposes	Net change for Pension adjustments	Movement in accrual for accumulated absence	Total Adjustments
	£	£	£	£
Conservation of the Natural Environment	-	81,200	(200)	81,000
Conservation of the Cultural Heritage	-	40,600	(600)	40,000
Recreation Management and Transport	3,869	40,600	(2,200)	42,269
Promoting Understanding	(295,359)	185,600	(5,000)	(114,759)
Rangers, Estates and Volunteers	-	98,600	600	99,200
Development Control	-	46,400	(2,100)	44,300
Forward Planning and Communities	-	40,600	(4,300)	36,300
Management and Administration	59,370	46,400	5,300	111,070
Total (Deficit)/Surplus	(232,120)	580,000	(8,500)	339,380

2. Accounting Standards that have been issued but have not yet been adopted

The 2019/20 code requires the Authority to disclose information relating to the impact of an accounting change that will be required by new accounting standards that have been issued but not yet adopted by the Code.

Amendments to the 2019/20 Code of Practice on Local Authority Accounting have been reviewed and are not considered to be relevant or are immaterial to the Authority. A new standard (IFRS 16), which is likely to impact the way the Authority accounts for its leases in the financial statements, was to have been introduced in 2020/21. The implementation date has been deferred to 1 April 2021 and work will be undertaken to quantify the impact for disclosure in the 2021 Accounts.

3. Other Operating Income

2018/19		2019/20
£		£
(225)	Gains/ (losses) on the disposal of non-current assets	-
(225)	Total	-

4. Financing and Investment Income and Expenditure

2018/19		2019/20
£		£
100,000	Net interest on the net defined pension liability	90,000
29,565	Interest payable	28,686
(4,509)	Interest receivable	(4,997)
125,056	Total	113,689

5. Non Specific Grant Income

2018/19		2019/20
£		£
(2,627,730)	National Park Grant *	(2,672,927)
(56,229)	Capital Grants and Contributions	(427,847)
(2,683,959)	Total	(3,100,774)

* Northumberland National Park Authority receives its net budget, as approved by Parliament, from the Department of the Environment, Food and Rural Affairs (Defra).

6. Cost of Services Income

2018/19		2019/20
£		£
(1,047,141)	External grants	(844,954)
(735,835)	Sales, fees and charges	(846,869)
(1,782,976)	Total	(1,691,823)

The National Park Authority receives external grant aid and generates other income, such as car park charges, rental income, planning development fees and visitor centre sales.

7. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20, with amounts over £10,000 only shown:

Credited to Taxation and Non Specific Grant Income

2018/19		2019/20
£		£
56,229	Northumberland National Park Foundation – The Sill: National Landscape Discovery Centre	3,866
-	Rural Payments Agency – West on the Wall	423,981
56,229	Total	427,847

Credited to Services

2018/19		2019/20
£		£
554,718	National Lottery Heritage Fund – The Sill: National Landscape Discovery Centre	377,627
113,672	Natural England – Hadrian’s Wall National Trail	105,635
15,000	Northumberland County Council – Hadrian’s Wall National Trail	15,000
35,100	The Arts Council – Hadrian’s Cavalry	-
30,000	MHCLG Self and Custom Build	15,000
3,687	MHCLG Brownfields	2,446
18,352	Defra – Border Uplands	-
16,111	Natural England – Facilitation Fund	20,770
90,389	Natural England – Revitalising Redesdale	54,386
-	Yorkshire Wildlife Trust – North of England Peat Partnership	201,814
31,500	Yorkshire Dales National Park – Pennine Way	-
10,000	Yorkshire Dales National Park – Hill Farm Training	-
20,000	Kielder Water & Forest Park Development Trust – Border Uplands	-
55,149	Northumberland National Park Foundation – The Sill	5,393
25,000	Northumberland National Park Foundation – Increasing visitor awareness (signage)	-
-	Northumberland National Park Foundation – Cheviot Hills Heritage	30,000
5,910	Northumberland National Park Foundation - Education	-
22,553	Other Revenue Grants each under £10,000	16,883
1,047,141	Total	844,954

The Authority may receive a number of grants, contributions and donations that are not yet recognised as income as they might have conditions attached to them that will require the monies or property to be returned to the giver. The items at year end are:-

2018/19		2019/20
£		£
1,855	Natural England – Cheviot Hill Tracks	1,855
5,786	Environment Agency – Roman Wall Loughs	786
7,641	Total	2,641

8. Income and Expenditure in the Comprehensive Income and Expenditure Statement classified by nature

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is the same basis used to make decisions about resource allocation, which are taken by the Board of the Authority. A further analysis of the nature of income and expenditure is included below.

2019/20	Sales, Fees and Charges	Grants	Total Income	Employee Expenses	Depreciation and Impairment costs	Service Expenses	Total Expenditure	Net Expenditure
	£	£	£	£	£	£	£	£
Conservation of the Natural Environment	(105,783)	(227,584)	(333,367)	333,483	-	295,371	628,854	295,487
Conservation of the Cultural Heritage	(4,780)	(74,887)	(79,667)	129,467	-	47,718	177,185	97,518
Recreation Management and Transport	(206,612)	(127,118)	(333,730)	175,959	50,973	141,750	368,682	34,952
Promoting Understanding	(418,310)	(394,919)	(813,229)	635,628	1,038,701	592,016	2,266,345	1,453,116
Rangers, Estates and Volunteers	(9,520)	-	(9,520)	383,144	-	32,696	415,840	406,320
Development Control	(23,927)	-	(23,927)	174,345	-	12,760	187,105	163,178
Forward Planning and Communities	-	(17,446)	(17,446)	142,045	-	71,272	213,317	195,871
Management and Administration	(77,937)	(3,000)	(80,937)	934,397	55,008	439,418	1,428,823	1,347,886
Total Surplus	(846,869)	(844,954)	(1,691,823)	2,908,468	1,144,682	1,633,001	5,686,151	3,994,328
2018/19	Sales, Fees and Charges	Grants	Total Income	Employee Expenses	Depreciation and Impairment costs	Service Expenses	Total Expenditure	Net Expenditure
	£	£	£	£	£	£	£	£
Conservation of the Natural Environment	(14,679)	(67,553)	(82,232)	332,945	-	20,573	353,518	271,286
Conservation of the Cultural Heritage	(18,128)	(117,152)	(135,280)	150,988	-	131,830	282,818	147,538
Recreation Management and Transport	(208,386)	(202,509)	(410,895)	158,469	13,661	211,062	383,192	(27,703)
Promoting Understanding	(396,744)	(623,240)	(1,019,984)	733,574	(210,429)	571,364	1,094,509	74,525
Rangers, Estates and Volunteers	(8,286)	-	(8,286)	403,903	-	31,656	435,559	427,273
Development Control	(41,918)	-	(41,918)	168,196	-	22,611	190,807	148,889
Forward Planning and Communities	-	(33,687)	(33,687)	154,356	-	67,213	221,569	187,882
Management and Administration	(47,694)	(3,000)	(50,694)	918,036	59,369	423,237	1,400,642	1,349,948
Total Surplus	(735,835)	(1,047,141)	(1,782,976)	3,020,467	(137,399)	1,479,546	4,362,614	2,579,638

9. 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.

2019/20	Usable Reserves		
	General Fund Balance (£)	Capital Receipts Reserve (£)	Movement in Unusable Reserves (£)
Adjustments primarily involving the Capital Adjustment Account:			
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation of non-current assets	663,316	-	(663,316)
Revaluation gains on non-current assets	481,365	-	(481,365)
Capital grants and contributions applied	(427,847)	-	427,847
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Capital Expenditure charged against the General Fund Balance	(40,171)	-	40,171
Minimum Revenue Provision for the financing of capital investment	(39,141)	-	39,141
Adjustment primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	800,000	-	(800,000)
Employer's pension contributions and direct payments to pensioners payable in the year	(400,000)	-	400,000
Adjustment primarily involving the Accumulated Absences Account:			
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	20,000	-	(20,000)
Adjustment primarily involving the Capital Receipts Reserves			
Use of Capital Receipts Reserve to finance new Capital expenditure	-	(4,500)	4,500
Total Adjustments	1,057,522	(4,500)	(1,053,022)

2018/19	Usable Reserves		
	General Fund Balance (£)	Capital Receipts Reserve (£)	Movement in Unusable Reserves (£)
Adjustments primarily involving the Capital Adjustment Account:			
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation of non-current assets	649,494	-	(649,494)
Charges for impairment of non-current assets	(786,892)	-	786,892
Amortisation of intangible assets	(56,229)	-	56,229
Capital grants and contributions applied	4,275	-	(4,275)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Capital Expenditure charged against the General Fund Balance	-	-	-
Minimum Revenue provision for the financing of capital investment	(38,268)	-	38,268
Adjustment primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	970,000	-	(970,000)
Employer's pension contributions and direct payments to pensioners payable in the year	(390,000)	-	390,000
Adjustment primarily involving the Accumulated Absences Account:			
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	(8,500)	-	8500
Adjustment primarily involving the Capital Receipts Reserves			
Transfer of non current asset sale proceeds from Revenue to the Capital Receipts Reserve	(4,500)	4,500	-
Total Adjustments	339,380	4,500	(343,880)

10. Transfers to/ (from) Earmarked Reserves

	Balance at 1 st April 2019	Transfers out 2019/20	Transfers in 2019/20	Balance at 31 st March 2020
2019/20	£	£	£	£
Medium Term Budget Requirement and 2019/20 Budget carry forward.	490,600	(490,600)	523,500	523,500
IT Capital Replacements	45,000	-	10,000	55,000
Planning Contingency	55,000	-	-	55,000
Legacy Donation Fund	5,100	-	-	5,100
Sill Capital Earmarked Reserve	32,000	(32,000)	-	-
Major Repairs Reserve	-	-	32,000	32,000
Development Management Fees Reserve	7,759	(7,759)	-	-
Total Earmarked Reserves	635,459	(530,359)	565,500	670,600

Transfer as per Movement in Reserves Statement £35,141

	Balance at 1 st April 2018	Transfers out 2018/19	Transfers in 2018/19	Balance at 31 st March 2019
2018/19	£	£	£	£
Medium Term Budget Requirement and 2018/19 Budget carry forward.	-	-	490,600	490,600
IT Capital Replacements	35,000	-	10,000	45,000
Planning Contingency	100,000	(45,000)	-	55,000
Legacy Donation Fund	48,900	(43,800)	-	5,100
Sill Phase 2 Working Balances	32,000	-	-	32,000
Development Management Fees Reserve	-	-	7,759	7,759
Total Earmarked Reserves	215,900	(88,800)	508,359	635,459

Transfer as per Movement in Reserves Statement (£419,559)

Further details on the purpose of each earmarked reserve are given below.

Medium Term Budget Requirement and 2019/20 Budget carry forward

This reflects the impact of the Medium Term Budget Plan 2020/21 – 2022/23 agreed in March 2020, as well as budget carry forwards proposed for agreement by the Authority in July 2020, the majority of which relates to multi-year projects.

IT Capital Replacements

A fund increasing by £10,000 per annum to be utilised for periodic replacement of ICT hardware and core systems (next scheduled replacement 2021/22)

Planning Contingency

The earmarked reserve has historically been held to cover the potential future legal costs of challenging or defending major planning decisions.

Legacy Donation Fund

The Authority has been the recipient of two legacies totalling £72,800, which were placed in an earmarked reserve to ensure that the amounts received are used to fund projects that are appropriate to the donor's interests. £23,900 was released in 2015/16 and a further £43,800 was released in 2018/19, giving a balance of £5,100.

Sill Capital Earmarked Reserve

The original reserve of £450,000 provided a 5% contingency to cover unplanned construction and fit out costs on the new building; this is in addition to normal contingencies contained within the detailed project costs. £418,000 of this reserve was released to the General Fund during 2016/17 and 2017/18. The remaining £32,000 is not required for capital expenditure and the funds have been transferred to a Major Repairs Reserve.

Major Repairs Reserve

This reserve has been created to cover major repairs across the whole of our property portfolio. This will be increased by £10,000 per annum from 2021/22.

Development Management Fees Reserve

In January 2018, Development Management fees were increased by 20% nationally with a stipulation that the increase should be used towards improvements within the service. 20% of all income from Development Management fees received in the year has been transferred to this reserve. £7,759 which was transferred in to the reserve in respect of 2018/19 Development Management Fees has been utilised during the year to cover costs relating to the archiving of planning documents.

11. Usable Reserves

Movements in the Authority's Usable Reserves are detailed in the Movement in Reserves Statement, Note 9 and the table below.

2018/19		2019/20
£		£
676,304	Opening Balance	999,674
(20,510)	(Deficit) on the Provision of Services	(1,007,243)
343,880	Adjustments between accounting and funding basis (Note 9)	1,053,022
999,674	Total Usable Reserves	1,045,453

12. Unusable Reserves

2018/19		2019/20
£		£
878,948	Revaluation Reserve	1,298,559
9,738,324	Capital Adjustment Account	9,122,988
(4,370,000)	Pensions Reserve	(6,040,000)
(32,300)	Accumulated Absences Account	(52,300)
6,214,972	Total Unusable Reserves	4,329,247

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:

- Revalued 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 are realised.

The reserve only contains revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date were consolidated into the balance on the capital adjustment account.

The revaluation reserve during the year was increased by £419,612 to reflect the net valuation gain on assets following the revaluation of car parks, offices and visitor centres at 31 March 2020. £170,294 of this movement relates to an upward valuation of the office and Enterprise Hubs at Eastburn and £239,441 relates to an upward valuation of The Sill building. The reserve was decreased by £17,686 in respect of the difference between fair value depreciation and historical cost depreciation.

2018/19		2019/20
£		£
844,220	Balance at 1 April	878,948
(12,156)	Difference between fair value depreciation and historical cost depreciation	(17,686)
123,573	Upward revaluation of assets	442,281
(10,570)	Downward revaluation of assets	(4,984)
113,003	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus / Deficit on the Provision of Services	437,297
(66,119)	Amount written off to the Capital Adjustment Account	-
878,948	Balance at 31 March	1,298,559

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 provisions. The account is debited with the cost of acquisition, construction 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). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains gains recognised on donated assets that have yet to be recognised by the Authority.

The Account also contains revaluation reserves accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 provides the detail of all transactions posted to the Capital Adjustment Account, other than the adjusting amounts written out of the Revaluation Reserve.

2018/19		2019/20
£		£
9,432,429	Balance at 1 April	9,738,324
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(649,494)	• Charges for depreciation of non-current assets	(663,316)
786,892	• Net revaluation gains and (charges for impairment) of non-current assets	(481,365)
	• Amortisation of intangible assets	
(4,275)	• Net book value of Fixed Assets derecognised	-
<u>133,123</u>		<u>(1,144,681)</u>
78,275	Adjusting amounts written out of the Revaluation Reserve	17,686
<u>211,398</u>	Net written out amount of the cost of non-current assets consumed in the year	<u>(1,126,995)</u>
	Capital financing applied in the year:	
-	• Capital Expenditure charged against the General Fund Balance	40,171
56,229	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	427,847
-	• Use of Capital Receipts Reserve to finance new capital expenditure	4,500
38,268	• Statutory provision for the financing of capital investment charged against the General Fund	39,141
<u>94,497</u>		<u>511,659</u>
<u>9,738,324</u>	Balance at 31 March	<u>9,122,988</u>

Pensions Reserve

The Pensions Reserve absorbs the timing difference 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 the Comprehensive Income and Expenditure Statement 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 pays any pensions for which it is directly responsible. The debit balance on the Pension 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.

2018/19 £		2019/20 £
(4,160,000)	Balance at 1 April	(4,370,000)
370,000	Actuarial gains, (losses) on pensions assets and liabilities	(1,270,000)
(970,000)	Reversal of items relating to the retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(800,000)
390,000	Employer's pensions contributions and direct payments to pensioners payable in the year	400,000
(4,370,000)	Balance at 31 March	(6,040,000)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for holidays or other compensated absences earned but not taken in the year, e.g. annual leave entitlement as a result of the annual leave year differing to the financial year. Statutory arrangements require the impact on the General Fund Balance is neutralised by transfers to or from the account.

2018/19 £		2019/20 £
(40,800)	Balance at 1 April	(32,300)
40,800	Cancellation of accrual made at the end of the preceding year	32,300
(32,300)	Amounts accrued at the end of the current year	(52,300)
8,500	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	(20,000)
(32,300)	Balance at 31 March	(52,300)

13. Cash Flow Statement – Non Cash Movements

2018/19		2019/20
£		£
(649,494)	Depreciation Property Plant and Equipment	(663,316)
-	- Amortisation Intangible Assets	-
786,893	(Impairment charge)/ Revaluation Gain - Property Plant and Equipment	(481,365)
(4,275)	Net book value of Non Current Assets disposed of	-
(580,000)	IAS19 charges for Retirement Benefits	(400,000)
	<u>Items on an accruals basis:</u>	
11,794	• Increase in stock	928
310,367	• Increase in Debtors	168,763
175,892	• Decrease in Creditors	24,981
(61,766)	• Decrease in Capital Accruals	(108,263)
(10,589)	Total Non Cash Movements	(1,458,272)

14. Cash Flow Statement – Operating Activities

2018/19		2019/20
£		£
2,426,237	Cash paid to and on behalf of employees	2,454,979
1,689,611	Operating cash payments	1,707,044
(2,627,730)	National Park Grant	(2,672,927)
(618,091)	Other external revenue grants	(828,171)
(757,064)	Other operating cash receipts	(786,810)
(4,510)	Bank interest received	(4,997)
29,767	Loan interest paid	28,893
(138,220)	Total Cash Flow from Operating Activities	(101,989)

15. Cash Flow Statement – Investing Activities

2018/19		2019/20
£		£
117,994	Cash paid to purchase property, plant and equipment	580,782
(123,800)	Cash inflow Capital Grants	(349,040)
(4,500)	Cash inflow from the sale of Non-current Assets	-
(10,306)	Total Cash Flow from Investing Activities	231,742

16. Cash Flow Statement – Financing Activities

2018/19		2019/20
£		£
38,268	Repayments of long-term borrowing	39,141
38,268	Net Cash Flows from Financing Activities	39,141

17. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

		Salary/ Fees, and Allowances £	Compensation for loss of office £	Pension Contribution £	Total £
Chief Executive (National Park Officer)	2019/20	91,000	-	16,289	107,289
	2018/19	88,877	-	15,909	104,786
Sill Manager	2019/20	-	-	-	-
	2018/19	30,699	33,379	3,992	68,070
Director of Business Development	2019/20	64,331	-	11,515	75,846
	2018/19	52,558	-	9,408	61,966
Director of Park Management	2019/20	57,159	-	10,231	67,390
	2018/19	26,965	-	4,827	31,792

The Sill Manager position no longer exists within the Authority.

The 2018/19 remuneration for the Director of Park Management does not reflect a full year as the position was filled in October 2018.

The number of exit packages with total costs per band are set out in the table below.

Exit package cost band	Total number of exit packages per cost band		Total cost of exit packages in each band	
	2018/19	2019/20	2018/19	2019/20
£20,000-£40,000	1	-	£33,729	-

18. Audit Costs

In 2019/20 Northumberland National Park Authority incurred the following fees relating to external audit:

2018/19		2019/20
£		£
9,864	Fees payable to Ernst & Young LLP with regard to external audit services carried out by the appointed auditor	9,356
<u>9,864</u>		<u>9,356</u>

19. Pensions

Introduction

The disclosures below relate to the funded liabilities within the Northumberland County Council Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS") and related unfunded liabilities which have been included in the disclosure where appropriate.

The LGPS is a funded defined benefit plan with benefits earned up to March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'The Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

The unfunded pension arrangements relate to termination benefits made on a discretionary basis upon early retirement in respect of members of the Local Government Pension Scheme under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations.

The pension disclosures include allowances for estimated liabilities arising from GMP Indexation / Equalisation and the McCloud Judgement.

Funding / Governance Arrangements of the LGPS

The funded nature of the LGPS requires Northumberland National Park Authority and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in the LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2019 and the contributions to be paid until 31 March 2023 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate.

The Fund Administering Authority, Northumberland County Council, is responsible for the governance of the Fund.

Key assumptions

	31 st March 2020 % p.a.	31 st March 2019 % p.a.	31 st March 2018 % p.a.
Discount rate	2.3%	2.4%	2.6%
RPI Inflation	-%	3.3%	3.2%
CPI Inflation	1.9%	2.2%	2.1%
Pension Increases	1.9%	2.2%	2.1%
Pension accounts revaluation rate	1.9%	2.2%	2.1%
Salary increases	3.4%	3.7%	3.6%

The principal assumptions used by the actuary in updating the latest valuation of the unfunded benefits vary to a small degree to those set out above but do not warrant disclosure on the basis of materiality.

Mortality assumption

	31 st March 2020	31 st March 2019
<u>Males</u>		
Member aged 65 at accounting date	22.2	22.2
Member aged 45 at accounting date	23.2	23.9
<u>Females</u>		
Member aged 65 at accounting date	24.6	24.1
Member aged 45 at accounting date	26.0	25.9

Assets

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Administering Authority) is shown in the disclosures.

The Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Asset Allocation

	Value at 31st March 2020			Value at 31st March 2019	Value at 31st March 2018
	Quoted £m	Unquoted £m	Total £m	Total £m	Total £m
Equities	8.84	0.57	9.41	10.24	9.51
Property	0.57	-	0.57	0.65	0.55
Govt. bonds	2.35	-	2.35	2.67	2.56
Corporate bonds	1.10	-	1.10	1.23	1.08
Cash	0.12	-	0.12	-	-
Other	-	0.76	0.76	0.80	0.51
Total	12.98	1.33	14.31	15.59	14.21

The fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if a large payment is required to be paid (e.g. bulk transfer value payment).

Reconciliation of funded status to Balance Sheet

	31st March 2020 £m	31st March 2019 £m	31st March 2018 £m
Fair value of assets	14.31	15.59	14.21
Present value of funded defined benefit obligation	(20.23)	(19.83)	(18.23)
Present value of unfunded defined benefit obligation	(0.12)	(0.13)	(0.14)
Liability recognised on the Balance Sheet	<u>(6.04)</u>	<u>(4.37)</u>	<u>(4.16)</u>

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active members	39%
Deferred Pensioners	23%
Pensioners	38%

Breakdown of amounts recognised in the Surplus or Deficit on the Provision of Services and Other Comprehensive Income (OCI)

	For the year ended 31st March 2020 £m	For the year ended 31st March 2019 £m
Operating cost		
Current service cost*	0.71	0.57
Past service cost – incl. Curtailments	-	0.30
Financing Cost		
Interest on net defined liability / (asset) – funded pension scheme	0.09	0.10
Pension expense recognised in the Surplus or Deficit on the Provision of Services	0.80	0.97

Remeasurements in Other Comprehensive Income

Return on plan assets below that/ (in excess of) recognised in net interest	1.95	(0.76)
Actuarial losses due to changes in financial assumptions – funded pension scheme	(0.82)	1.12
Actuarial (gains) / losses due to changes in financial assumptions - unfunded pension scheme	-	0.01
Actuarial (gains) / losses due to changes in demographic assumptions – funded pension scheme	(0.38)	(0.76)
Actuarial (gains) / losses due to changes in demographic assumptions – unfunded pension scheme	-	(0.01)
Actuarial losses / (gains) due to liability experience	0.52	0.03
Total Amount recognised in Other Comprehensive Income	1.27	(0.37)
Total Amount recognised	2.07	0.60

* Allowance for administration expenses included in current service cost (£M)	0.01	0.01
---	------	------

Changes to the present value of the defined benefit obligation- funded pension scheme

	For the year ended 31st March 2020 £m	For the year ended 31st March 2019 £m
Opening defined benefit obligation	19.83	18.23
Current service cost	0.71	0.57
Interest expense on defined benefit obligation	0.47	0.47
Contributions by participants	0.12	0.12
Actuarial (gains) losses due to changes in financial assumptions	(0.82)	1.12
Actuarial (gains) due to changes in demographic assumptions	(0.38)	(0.76)
Actuarial losses / (gains) due to liability experience	0.52	0.03
Net benefits paid out #	(0.22)	(0.25)
Past service cost (incl. curtailments)	-	0.30
Closing present value of liabilities	20.23	19.83

Consists of net benefits cash-flow out of the Fund in respect of the employer, including an approximate allowance for the expected cost of death in service lump sums and Fund administration expenses.

Changes to the present value of the defined benefit obligation- unfunded pension scheme

	For the year ended 31st March 2020 £m	For the year ended 31st March 2019 £m
Opening defined benefit obligation	0.13	0.14
Actuarial losses due to changes in financial assumptions	-	0.01
Actuarial (gains) due to changes in demographic assumptions	-	(0.01)
Net benefits paid out	(0.01)	(0.01)
Closing present value of liabilities	0.12	0.13

Changes to the fair value of assets during the accounting period

	For the year ended 31st March 2020 £m	For the year ended 31st March 2019 £m
Opening fair value of assets	15.59	14.21
Interest income on assets	0.38	0.37
Remeasurement gains / (losses) on assets	(1.95)	0.76
Contributions by the employer	0.40	0.38
Contributions by participants	0.12	0.12
Net benefits paid out	(0.23)	(0.25)
Closing fair value of assets	14.31	15.59

Actual return on assets

	For the year ended 31st March 2020 £m	For the year ended 31st March 2019 £m
Interest income on assets	0.38	0.37
Remeasurement gains / (losses) on assets	(1.95)	0.76
Actual return on assets	<u>(1.57)</u>	<u>1.13</u>

The Authority's contributions to the fund for the accounting period ending 31 March 2020 are estimated to be £0.36m. In addition unfunded benefits paid by the Authority directly to beneficiaries were £0.01m in 2019/20 and is expected to be £0.1m for the accounting period ending 31 March 2021.

Risks associated with the Fund in relation to accounting**Asset Volatility**

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform, this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

Changes in Bond Yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

Inflation Risk

The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

Life expectancy

The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Exiting Employers

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of 'orphan liabilities' may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of the overall liabilities in the Fund.

Sensitivity Analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31st March 2020 and the projected service cost for the year ending 31st March 2021 is set out below.

In each case, only the assumption mentioned is altered, all the other assumptions remain the same

and are summarised above.

Sensitivity of the unfunded benefits has not been included on the basis of materiality.

Funded LGPS Benefits

Discount rate assumption

	+0.1% pa	Base Figure	-0.1% pa
Adjustment to discount rate			
Present value of total obligation (£Ms)	19.81	20.23	20.68
% change in present value of total obligation	-2.1%		2.2%
Projected service cost (£Ms)	0.65	0.67	0.69
Approximate % change in projected service cost	-3.5%		3.6%

Rate of general increases in salaries

	+0.1% pa	Base Figure	-0.1% pa
Adjustment to salary increase rate			
Present value of total obligation (£Ms)	20.27	20.23	20.19
% change in present value of total obligation	0.2%		-0.2%
Projected service cost (£Ms)	0.67	0.67	0.67
Approximate % change in projected service cost	0.0%		0.0%

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption

	+0.1% pa	Base Figure	-0.1% pa
Adjustment to pension increase rate			
Present value of total obligation (£Ms)	20.63	20.23	19.85
% change in present value of total obligation	2.0%		-1.9%
Projected service cost (£Ms)	0.69	0.67	0.65
Approximate % change in projected service cost	3.6%		-3.5%

Post retirement mortality assumption

	- 1 year	Base Figure	+ 1 year
Adjustment to mortality age rating assumption*			
Present value of total obligation (£Ms)	20.88	20.23	19.58
% change in present value of total obligation	3.2%		-3.2%
Projected service cost (£Ms)	0.70	0.67	0.64
Approximate % change in projected service cost	3.8%		-3.8%

* A rating of + 1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

20. Members Allowances

The total Northumberland National Park Authority Members allowances paid in the year was £41,809 (2018/19 £40,699).

The total Northumberland National Park Authority Members travel and subsistence paid in the year was £5,243 (2018/19 £7,894).

21. Financial commitments

Operating Leases

The amount paid to lessors under the National Park Authority's operating leases in 2019/20 was £44,154 (2018/19 £38,335).

As at the balance sheet date, 31st March 2020, the National Park Authority had total future minimum lease payments under non-cancellable leases of £60,460 (31st March 2019 £40,590):

	31st March 2020		31st March 2019	
	Land and Buildings £	Vehicles £	Land and Buildings £	Vehicles £
Operating leases:				
Payments due within one year	-	31,090	-	21,516
Payments due within two and five years	-	29,370	-	19,074
	-	60,460	-	40,590

Steel Rigg car park should be noted as an operating lease despite no annual rent being payable under the agreement. A profit sharing arrangement exists with the owners of the land, the National Trust. There is no defined end date to this arrangement and it will continue as long as both parties are agreeable.

22. Related Party Transactions

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates and provides the majority of its funding in the form of the "National Park Grant" from the Department of the Environment, Food and Rural Affairs (DEFRA). Note 5 sets out the amount of "National Park Grant" received during the year 2019/20.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2019/20 is shown in Note 20. Community grants or invoices for the procurement of goods and services were paid to a number of organisations in which members were either trustees or had positions on the governing body. Details are set out in the following table. In all instances the relevant members did not take part in any discussion or decision relating to the award of the grants.

Northumberland County Council

Of the eighteen Authority members who served during the year, six were nominated by Northumberland County Council. The Authority made and received payments for various services (excluding those relating to business rates and the pension fund) to Northumberland County Council during 2019/20. Details are set out in the following table.

Payments to related parties		Payments to related party 2018/19	Due to related party at 31.3.19	Payments to related party 2019/20	Due to related party at 31.3.20
	Nature of relationship	£	£	£	£
Northumberland County Council	a.	111,231	9,610	41,485	6,807
Bardon Mill & Henshaw Village Hall	b.	2,063	-	-	-
Glendale Agricultural Society	b.	4,600	-	4,600	-
Glendale Gateway Trust	b.	1,683	-	2,084	-
Harbottle Show	b.	250	-	100	-
Kirknewton Village Hall	b.	32	-	-	-
Kielder Water & Forest Park Development Trust	b.	12,293	-	-	10,612

Receipts from related parties		Receipts from related party 2018/19	Due from related party at 31.3.19	Receipts from related party 2019/20	Due from related party at 31.0.20
	Nature of relationship	£	£	£	£
Northumberland County Council (includes grants administered by Northumberland as the accountable body)	a.	29,488	106	30,973	2,160

Nature of relationship:

- a. Council with member representation on National Park Authority
- b. Authority member or linked to an Authority member

23. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where 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 in the second part of this note.

2018/19		2019/20
£		£
1,247,691	Opening Capital Financing Requirement	1,209,423
	<u>Capital Investment</u>	
40,165	Land and Buildings	466,517
16,064	Plant, Furniture and Equipment	6,001
56,229		472,518
	<u>Sources of Finance</u>	
(56,229)	Government Grants and other contributions	(427,847)
	Use of Capital Receipts Reserve to finance new capital expenditure	(4,500)
-	Direct Revenue Contributions	(40,171)
(38,268)	Repayment of loan principal	(39,141)
1,209,423	Closing Capital Financing Requirement	1,170,282
	Explanation of movements in year	
1,209,423	Expenditure financed from new external borrowing (not supported by government financial assistance)	1,170,282
(38,268)	(Decrease) in Capital Financing Requirement	(39,141)

24. Property, Plant and Equipment

Movements in Property, Plant and Equipment during 2018/19:

	Land and Buildings £	Surplus Land and Buildings £	Plant, Furniture and Equipment £	Assets Under Construction £	Total £
Cost / Valuation as at 31st March 2018	10,869,820	1,498	1,404,089	-	12,275,407
Additions	40,165	-	2,847	13,217	56,229
De-recognition & Disposals	(20,833)	-	(59,230)	-	(80,063)
Revaluation increases recognised in the Revaluation Reserve	54,682	-	-	-	54,682
Revaluation increases recognised in the Surplus / Deficit on the Provision of Services	187,463	-	-	-	187,463
Cost / Valuation as at 31st March 2019	11,131,297	1,498	1,347,706	13,217	12,493,718
Accumulated depreciation as at 31 March 2018	440,808	15	314,520	-	755,343
Depreciation Charge	427,460	15	222,018	-	649,493
De-recognitions and disposals	-	-	(59,230)	-	(59,230)
Impairment losses / (reversals) recognised in the Revaluation Reserve	(58,320)	-	-	-	(58,320)
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	(599,430)	-	-	-	(599,430)
Accumulated depreciation as at 31 March 2019	210,518	30	477,308	-	687,856
Net Book Value as at 31st March 2018	10,429,012	1,483	1,089,569	-	11,520,064
Net Book Value as at 31st March 2019	10,920,779	1,468	870,398	13,217	11,805,862

Movements in Property, Plant and Equipment during 2019/20:

	Land and Buildings	Surplus Land and Buildings	Plant, Furniture and Equipment	Assets Under Construction	Total
	£	£	£	£	£
Cost / Valuation as at 31st March 2019	11,131,297	1,498	1,347,706	13,217	12,493,718
Additions	466,517	-	6,001	-	472,518
Movement in Assets Under Construction	-	-	13,217	(13,217)	-
Revaluation increases recognised in the Revaluation Reserve	(100,023)	-	-	-	(100,023)
Revaluation increases recognised in the Surplus / Deficit on the Provision of Services	(545,881)	-	-	-	(545,881)
Cost / Valuation as at 31st March 2020	10,951,910	1,498	1,366,924	-	12,320,332
Accumulated depreciation as at 31 March 2019	210,518	30	477,308	-	687,856
Depreciation Charge	436,471	15	226,830	-	663,316
Impairment losses / (reversals) recognised in the Revaluation Reserve	(537,320)	-	-	-	(537,320)
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	(85,350)	-	-	-	(85,350)
Accumulated depreciation as at 31 March 2020	24,319	45	704,138	-	728,502
Net Book Value as at 31st March 2019	10,920,779	1,468	870,398	13,217	11,805,862
Net Book Value as at 31st March 2020	10,927,591	1,453	662,786	-	11,591,830

Additions to Property, Plant and Equipment have been financed through a combination of capital grants, revenue funding and a release of funds from the Capital Receipts reserve in 2020. Revaluations were carried out on our offices in line with our rolling programme of asset valuations, and a desk top valuation of The Sill was undertaken at 31 March 2020. Revaluations of our sites at Walltown and Cawfields were also carried out, following capital investment at both sites. Following a board decision on 20 March 2019 to pursue the sale of Falstone visitor centre, this asset was reclassified as an asset held for sale in 2018/19. The transfer had not occurred at 31 March but it is likely to take place later in 2020. No consideration will be received for the transfer and the property has subsequently been assigned a nil value. The re-valuation of The Sill was carried out by Lambert Smith Hampton, and the others were carried out by James Ramsey, MRICS BSc (Hons) a Senior Surveyor of Newcastle City Council. The valuations were performed in accordance with the regulations set out by the International Financial Reporting Standards (IFRS) using the valuation methodology applicable to the asset classification. The Authority is not aware of any material change in the value of any other Property, Plant and Equipment as at 31 March 2020.

Property owned or partially owned by the National Park Authority includes the following:

	31/03/2019	31/03/2020
Administrative offices	2	2
Rural Business Enterprise Hub	1	1
Visitor centres / tea rooms	4	4
Historic sites / buildings	3	3
Farms	1	1
Woods, parks, picnic sites	4	4
Car parks / toilets	6	6

Acquisitions

The Sill National Landscape Discovery Centre Building

Practical completion of the building took place in 2017/18. Given the materiality of this asset and the potential impact on the accounts relating to any changes to the indices used in valuing the property, an updated valuation of The Sill was commissioned and carried out at 31 March 2020. A revised value of £8,550,000 was given; an upward revaluation of £251,667.

The Sill National Landscape Discovery Fixture and Fittings

£6,001 of fixtures and fittings relating to lighting at the Centre have been brought into additions of plant, furniture and equipment.

Outstanding Capital Commitments

As at the 31st March 2020 the Authority had outstanding capital commitments on the following projects as shown below:

Committed but not yet spent:

West of The Wall project £ 37,054

Approved but not yet committed

The Sill National Landscape Discovery Centre £ 49,960

Uncertainties and Effect if Actual Results Differ from Assumptions

Buildings are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of the asset is reduced, depreciation charges will increase and the carrying amount of the asset will fall.

It is estimated that the annual depreciation charge for buildings will increase by £27.9k for every year that useful lives had to be reduced.

25. Assets Held for Sale

	2018/19	2019/20
	£	£
Balance outstanding at start of the year	4,275	20,833
Assets newly classified as held for sale		
Property, Plant and Equipment	20,833	-
Impairment losses	-	(20,833)
Assets sold	(4,275)	-
Balance outstanding at 31 March	20,833	-

26. Intangible Assets

The Authority accounts for software as an intangible asset to the extent that the software is not an integral part of a particular IT hardware system and accounted for as part of the Property, Plant and Equipment.

Movements in Intangible Assets during 2018/19 and 2019/20 were as follows:

	2018/19	2019/20
	£	£
Cost / valuation balance as at 1 st April	35,381	13,400
Assets under construction	-	-
Acquisitions	-	-
Disposals	(21,981)	-
Cost / valuation balance at as 31 st March	13,400	13,400
Cumulative Amortisation balance as at 1st April	35,381	13,400
Amortisation for the year	-	-
Written off on disposal	(21,981)	-
Cumulative Amortisation Balance as at 31 March	13,400	13,400
Net Book Value as at 31st March	-	-

There was no further expenditure on intangible assets approved or committed at year end.

27. Heritage Assets

The Authority does not currently have any heritage assets held within the Balance Sheet.

There are assets owned or leased on a long term basis by the Authority which are considered to fall within the category of Heritage Assets. These have not been valued due to the nature of the assets they are difficult to place a reliable value on and obtaining full valuations would involve a disproportionate cost in comparison to the benefits to the users of the financial statements.

The assets below are scheduled ancient monuments with the exception of the lime kiln which is a non designated heritage asset.

- Harbottle Castle, where the Authority has entered into a 40 year lease expiring in the year 2035;
- Woodhouses Bastle, where the Authority has entered into a 99 year lease expiring in the year 2092;
- Thirlwall Castle, where the Authority has entered into a 99 year lease expiring in the year 2098; and
- Tosson Lime Kiln, where the Authority has entered into a 40 year lease expiring in the year 2036.

Payments due under these leases are at peppercorn rates as per the lease agreements and there are no restrictions on public access to the sites above.

In addition, within the Hareshaw Linn site owned by the Authority is part of a scheduled ancient monument. It is the remains of a 19th century dam used at Bellingham iron works which historically formed part of the site. This is not part of the valuation placed on the site.

28. Inventories

The total Northumberland National Park Authority Goods for Resale value at year end was £37,165 (2018/19 £36,237). Stock is now held at our Walltown site as well as the Sill National Landscape Discovery Centre retail space.

There was a write off of obsolete stock during the financial year totalling £870 (during 2018/19 £1,017 written off).

29. Debtors

Analysis of debtors total at year end by organisation type

31.03.19		31.03.20
£		£
13,551	Central Government Bodies	129,967
31,826	Local Authorities	2,526
561,339	Other entities and individuals	642,986
606,716		775,479

30. Cash and Cash Equivalents

31.03.19		31.03.20
£		£
361,379	Bank Deposits	213,638
303,654	Bank Accounts	290,107
7,493	Cash in transit	836
1,400	Petty cash	451
673,926		505,032

31. Creditors

Analysis of creditors at year end by organisation type

31.03.19		31.03.20
£		£
51,654	Central government bodies	40,346
15,815	Other local authorities	40,744
282,035	Other entities and individuals	243,433
349,504		324,523

32. Financial Instruments

32.1 Financial Assets

Financial assets are assets which have fixed or determinable payments but are not quoted in an active market. At the year end the only financial instruments held by the Authority are Short-Term Receivables totalling £775,479 (2018/19 £606,716) and cash totalling £505,032 (2018/19 £673,926).

Financial assets represented by short-term receivables have no stated interest rate and are therefore measured at cost.

The only financial assets held by the Authority are classified as loans and receivables.

32.2 Financial Liabilities

Long Term Financial liabilities are represented by long term loans included in the balance sheet as the outstanding principal repayable. In 2016/17, the Authority drew down its second long term loan from the Public Works Loan Board (PWLB). This was a fixed term/ fixed interest loan for £1,208,000, repayable over 30 years. The fair value of the loans held by the Authority can be assessed by calculating the present value of the cash flows that will take place over the remaining term of loan. The fair values of the loan, provided by PWLB, are reported in Note 33.

Short-Term Financial liabilities represented by accruals and other payables are short-duration payables with no stated interest rate and are therefore measured at cost. All accruals and other payables totalling £324,523 (2018/19 £349,504) are due to be paid in less than one year.

There have been no revaluations of financial instruments in the period so there are no gains or losses recognised in the accounts; hence there is no variation between the carrying value and fair value.

32.3 Liquidity Risk

The Authority will ensure it has adequate though not excessive cash resources to enable it at all times to have the level of funds available which is necessary for achievement of its activities. Following the onset of the Coronavirus pandemic, we have reviewed our position, and the immediate impact on cashflow arising from the loss of some earned income. We have worked with Defra to draw down our National Park Grant ahead of schedule to mitigate this impact.

32.4 Interest Risk

The Authority is not exposed to any significant risks in terms of interest rate risk. Both PWLB loans were taken on a fixed rate of interest basis, whilst interest rates remained historically low. The Authority is exposed to risk in changes in interest receivable on short term deposits, as interest is posted to the Comprehensive Income and Expenditure Statement and affects the General Fund balance pound for pound.

32.5 Exchange Risk

The Authority as far as possible limits its exposure to exchange rate fluctuations by ensuring transactions are carried out in sterling. The Authority has no financial assets, or liabilities, denominated in foreign currencies and therefore has no exposure to losses arising from movements in foreign exchange.

32.6 Credit Risk

This arises from deposit with banks and financial institutions, as well as credit exposures to the Authority's customers. The Authority has little exposure in this area as deposits are only placed on a short term to medium term basis therefore the risk is minimal.

No credit limits were exceeded during the period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to short term deposits.

The Authority has not noted any problems with collection of debts and receives debts on a timely basis.

In relation to trade debtors at 31st March past due but not impaired, a total of £11,200 was outstanding between 30 and 60 days and £2,481 was outstanding for over 60 days. All balances past due but not impaired with the exception of £6,129 had been collected prior to the accounts being approved for audit in June 2020.

33. Long Term Loans

The Authority's Short-term borrowing is as follows:-

31.03.19	Analysis by Type of Loan	31.03.20
£		£
39,141	Public Works Loan Board	40,035

The Authority's Long-term borrowing is as follows:-

31.03.19	Analysis by Type of Loan	31.03.20	Interest Rate
£		£	
62,054	Public Works Loan Board (10 year loan)	52,152	1.73%
1,108,229	Public Works Loan Board (30 year loan)	1,078,096	2.45%
1,170,283	Total	1,130,248	

31.03.19	Analysis by maturity	31.03.20	Ave. Interest Rate
£		£	%
40,035	Between 1 and 2 years	40,950	2.09
125,681	Between 2 and 5 years	128,555	2.09
195,874	Between 5 and 10 years	189,567	2.09
197,064	Between 10 and 15 years	201,921	2.09
222,578	Between 15 and 20 years	228,065	2.09
251,397	Between 20 and 25 years	257,594	2.09
137,654	Between 25 and 30 years	83,596	2.09
1,170,283	Total	1,130,248	2.09

The Code requires disclosure of the fair value of the loan, which is calculated by the PWLB based on the repayment rates prevailing on the dates below. This value is compared against the carrying value in the Balance Sheet, including debt repayments due within one year.

31.03.18	PWLB Fair Value	31.03.20
£		£
1,410,126	Total	1,494,200

The Fair Value is more than the carrying amount at 31st March each year because the fixed rate loan interest payable on existing loans is higher than the rates available for similar loans at that date. This Fair Value is derived by discounting the current fixed repayments remaining on the loan using the interest rates available at Balance Sheet date, with the result that if the Authority requested an early repayment of the loan, the lower interest rates prevailing at Balance Sheet date would result in the PWLB requesting a higher current value for the repayment than the amount outstanding shown in the Balance Sheet.

34. Provisions

31.03.2019		31.03.2020
9,000	Opening Balance	-
-	Provision made in the Period	-
(9,000)	Used in the year	-
-	Closing Balance	-

The Authority had made a provision in 2017/18 in respect of taxation due on members' travel expenses. The provision was fully released during 2018/19 against a charge from HMRC in respect of this.

35. Events after the Balance Sheet Date

Under IAS 10 – Events after the Balance Sheet Date, 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.

No events after the Balance Sheet date up to the authorisation date have been considered in the preparation of these accounts.

The Chief Finance Officer authorised the draft Statement of Accounts 2019/20 for issue on the 30 June 2020, the statements being subject to the external audit process.