



Northumberland National Park Authority

# Statement of Accounts

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**For the year ended  
31<sup>st</sup> March 2021**

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## **Summary of the 2020/21 Financial Year**

### **Overview**

The key focus for 2020/21 was to respond to and operate safely and effectively during the Coronavirus pandemic. A number of workstreams were impacted due to restrictions but we had a key role to play in the overall messaging to the public on how and when they could visit the Park safely. We worked closely with Defra and regional partners to ensure the consistency of messaging and a safe re-opening of the countryside following the first easing of lockdown in Summer 2020. Closing and then re-opening sites and facilities safely for the public to enjoy took a lot of staff resource, as did assessing and monitoring the potential and actual financial impact of the restrictions on our self-generated income streams and overall budget.

Where facilities or programmes were closed or delivery was heavily impacted, for example, public and education events, staff were furloughed for periods of time. All work programmes were assessed so that where delivery was impacted resources could be diverted to achieving programmes which could be delivered safely. Business support functions and governance were able to function effectively when staff were required to work from home, but new processes and procedures had to be designed and implemented to enable this. New and ways of engaging the public were key. Our #outdoorsindoors social media campaign proved very popular and we developed online educational resources and organised online events.

As restrictions eased we saw an increase in visitors to our open countryside, which in turn saw an increase in visitor related issues which we needed addressed through visitor management responses. Our visitor facing staff and volunteers were instrumental in engaging with new visitors and passing on our key messages around visiting safely and respecting the countryside. During the year we were fully engaged in local safety and resilience partnerships and much of our visitor facing work was achieved in close partnership with organisations such as Northumberland County Council, Northumbria Police and the Mountain Rescue and Fire and Rescue services.

We continued to liaise with Defra regarding the Designated Landscapes (National Parks and AONBs) Review and we have worked closely through National Parks England to develop responses to key proposals such as that for a National Landscape Service and in developing and initiating delivery on four shared (National Parks England) delivery plans.

Against a backdrop of real terms cuts in Defra grant in aid, and the need to continually ensure we are efficiently and effectively delivering against the National Park Management Plan and Business Plan, we implemented a service review in January 2021 with the aim of ensuring we remain fit for the future, with our resources aligned with our key priorities.

A further flat cash settlement in our core National Park Grant funding for the 2021/22 financial year

has resulted in further real terms cut. It is therefore imperative that the Authority continues to be ambitious in terms of raising self-generated income and securing external non-government fundraising as we strive to deliver our ambitious plans. During a year of restrictions where traditional means of generating income including visitor centres and car parking suffered reductions, restrictions on our ability to trade at key times of the year, together with very high visitor levels requiring additional visitor management resources, meant that support from government Covid support schemes was needed to negate this impact. The first priority in generating our own income is to close the gap flat cash settlements create due to other costs, predominantly staffing, rising with inflation. This is essential to the Authority ensuring we have a balanced budget.

## **Key Achievements, Investments and Income**

### **The Sill**

The Sill National Landscape Discovery Centre and Walltown Country Park were able to open in a limited way during the year and with strict social distancing measures in place. We received 48,600 visitors at The Sill during the year with 46,600 of those visiting between June and October. The National Lottery Heritage Fund continue to extend the project phase of The Sill which was due to wrap up at the end of March 2020 and we are grateful for their flexibility and support.

### **Climate Action – Peatland Restoration**

The Cheviot Peat project to restore 150ha of damaged peat at the top of Cheviot has been progressed during the year, including during national lockdowns. The whole project will now conclude in the Autumn of 2021-22.

### **New Local Plan Approved**

The Local Plan was undergoing examination phase in late 2019-20 and was fully adopted by the Authority on the 15th of July 2020. Through the Plan, we have set out our policy approach for sustainable development, setting out the overall spatial strategy for Northumberland National Park to 2037, guiding where new homes, workplaces, services and facilities are needed.

### **Development Management**

The Authority's Development Management Service continues to provide excellent service with 100% of applications being determined within statutory or agreed timescales. Our pre-application service continues to be widely used leading to an approval rating of submitted applications of 100%, well above the national average.

### **An Authority Fit for the Future**

Despite delays due to the Covid –19 pandemic the Authority completed a review of all service areas toward the end of the year. This is helping maximise the contribution of the Authority's workforce to its vision, core values and objectives.

### **Future Land management**

The development of the next Environmental Land Management scheme continues as the UK transitions from former EU farm support programmes. The National Park Authority has this year led one of the of national 'Test and Trials'. This completed during the year with only a short delay to the final report due to a need to move from face to face to virtual meetings with farmers and landowners.

### **Financial Performance**

The financial performance in 2020/21 delivered a surplus outturn of £54,200. The National Park Grant received in the year was £2,672,900. Net operating expenditure of £2,563,400 resulted in an operating surplus of £109,500. This surplus, together with net project income of £13,300 and net expenditure of £68,600 on The Sill Business Plan increases the Useable Reserves by £54,200.

The Authority's long term pension liability increased by £1,860,000 to £7,900,000 following the Scheme's actuary's latest review. This is a long-term funding liability and arises largely due to the assumptions on CPI inflation and salary increases increasing by 0.80%.

The surplus in the financial year, results in the overall Useable Reserves increasing by £54,200 to £1,099,600. After net transfers to the Earmarked Reserves of £67,900, the General Fund has a balance of £361,100 and the Earmarked General Reserve a balance of £738,500 at the year end.

The balance of £361,100 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**

2020/21 has been a challenging year, adapting our modes of working and processes, as well as reacting to national restrictions, Covid regulations and a significant increase in visitors to the Park. As an organisation we were able to react quickly and flexibly to deliver our priorities and ensure support to our staff, volunteers and partners, as well as a sound framework of Governance to the Authority.

Despite all the additional workload the pandemic brought, we still delivered many of our aims and objectives for the year, effectively managed our financial position, and developed new programmes to deliver on priorities such as climate change and nature recovery.

**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

### 2020/21 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 68% of its total income in 2020/21.

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 streams and philanthropic fundraising as a way of offsetting the impact of continuing real term cuts in National Park Grant and the impact of the Coronavirus pandemic on traditional visitor income streams, 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 within the National Park. The Authority has provided support to set up the Charitable Foundation and provides ongoing administrative support 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. £25,469 of funds raised by the Foundation were paid to the Authority in the Financial Year to support The Sill and £1,000 was paid to contribute to the Hadrian's Wall Path National Trail. A further £7,460 was paid to the Authority by the Foundation for contracted works on Peatland Restoration.

Gross income to support the net Cost of Services in the Comprehensive Income and Expenditure Statement during the year was £1,227,236. This was £464,587 lower than the previous year due to a £410,480 decrease in External Grants, and a £54,107 decrease 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 £355,014 in The Sill funding from the National Lottery Heritage Fund. This is due to this project nearing completion, with it being scheduled to complete in the financial year. NLHF have agreed to further extend the project into 2021/22 as a result of the Coronavirus pandemic.
- A decrease of £17,271 grant income from Natural England in relation to the Hadrian's Wall National Trail as some works scheduled for the year have been delayed.
- 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 previous year.
- A decrease of £20,837 in grant income from Natural England in relation to the Facilitation Fund. An extension to this project using the balance of funds remaining has only recently been agreed, the majority of this work and therefore the income will be delivered in the the 2021/22 Financial Year.

- £85,045 has been received in the year from Natural England in relation to the Revitalising Redesdale Project compared to £54,386 in 2019/20. The Authority is a core partner in this NLHF funded project which is profiled to run over 5 years.
- £47,406 has been received in the year from Yorkshire Wildlife Trust in relation to the North of England Peat Partnership project compared to £201,814 in 2019/20. The main element of this project was carried out in the previous Financial Year.
- £30,000 was received in the previous Financial Year from the Northumberland National Park Foundation for The Cheviot Hills Heritage Project.
- £41,250 in Covid Support Grants from Northumberland County Council and £95,492 in Coronavirus Job Retention Scheme payments were received in the year.

### **Other income**

The most significant movements are as follows:

- Income from the retail operation at The Sill and Walltown decreased by £89,600 as both sites were closed or partially closed during lockdown.
- No income was received from the Café Franchisee during the year (£12,300 in 2019/20) as the Café operation was taken in house. Income of £80,100 was taken from Café Sales during the year.
- Shared Building Cost income has decreased by £25,200. This relates to utilities and maintenance costs recharged to tenants and has reduced as a result of lower costs being incurred as buildings were closed for part of the year.
- Room Hire income has reduced by £13,000 as no rooms were hired out as a result of the Coronavirus Pandemic.
- Car parking income has decreased by £46,100 as a result of car park closures and lock downs throughout the Financial Year.
- £10,750 was received from Northumberland County Council during the year to fund works to bridges.
- Sponsorship income has increased by £13,600. During the year £25,000 was received from Northumberland National Park Foundation in respect of this.
- Income from external services provided by Authority staff has increased by £84,500. The Authority has recovered staff costs in a number of areas, including the ELMS Test and Trials contract, the Hepple Whitefield and the LNRS mapping secondments and the hosting of the Hinterlands placement.
- Income from The Sill activity programme decreased by £45,400 as the activity plan was put on hold during the Coronavirus Pandemic.

## **Expenditure in the Comprehensive Income and Expenditure Statement**

The gross Cost of Services in the Comprehensive Income and Expenditure Statement decreased by £1,085,301 to £4,600,850; this decrease was after a positive year-on-year asset revaluation movement of £543,995 and a positive year-on-year IAS19 pension cost movement of £30,000; excluding both of those adjustments the underlying gross Cost of Services decreased by £511,306.

The notable reasons for this decrease in expenditure are largely due to the timing and nature of projects undertaken and a reduction in costs throughout the Coronavirus Pandemic.

### **Staff Costs**

- Employee expenses have decreased by £94,097 to £2,814,371. This decrease includes a £30,000 decrease relating to an IAS19 pension cost movement and includes £22,900 relating to a decrease in the accumulated absence accrual. If these movements are disregarded, there is a year on year decrease of £41,197. Whilst salary, NI and pension payments are broadly comparable year on year, savings have been realised on other staff costs, in particular vehicle and travel costs, as most staff have been working at home and travelling less during the year.

### **Other costs**

Non staff costs have decreased year on year by £991,204. This is partly due to the impairment losses of £481,365 realised in the prior Financial Year, compared to a gain of £62,630 in the current year, giving a year on year decrease of £543,995 in impairment charges. Other notable movements are as follows;

- A decrease in depreciation of £57,156 as a number of fixtures became fully depreciated in the year.
- A decrease in rates and utility costs of £56,740. Included in this, is a decrease in rates of £33,846 which arose as the rateable value of our car parks was reassessed. Utility costs have decreased as buildings have been closed or utilised less as a result of the Coronavirus Pandemic.
- £22,300 was spent during the year on direct costs incurred as a result of the Coronavirus Pandemic.
- A decrease in costs in the year of £154,407 in respect of the North of England Peat Partnership which commenced, and the majority of works were carried out in the prior financial year.
- An increase in costs of £40,692 in respect of the ELMS Test and Trials contract which commenced in the previous financial year.
- A decrease in costs relating to The Sill Activity programme of £60,239, as it was put on hold as a result of the Coronavirus Pandemic.
- A decrease in costs relating to volunteers of £38,106 as the volunteering programme was impacted by the Coronavirus Pandemic.
- A decrease in costs relating to purchases for The Sill retail operation of £54,333 as sales were impacted by closures and restrictions arising as a result of the Coronavirus Pandemic.

- An increase in costs relating to purchases for The Sill Café offer of £16,951 as this operation was brought in house during the year. There were no direct costs when the Café was franchised to a third party provider.
- A decrease of £31,264 in spend on the Local Plan Review in line with the planned scheduling of this work.
- A decrease of £25,709 on Direct Grant expenditure as the Small Grants Fund was discontinued in the year. A new grant scheme, the Northumberland National Park Communities Fund was launched but the first grant allocation occurs in June 2021.
- Costs of £22,893 were incurred during the year on the public examination / enquiry.

Total net operating expenditure for the year was £3,373,614; this was a decrease of £620,714 on the previous year reflecting the movement on impairment charges and the decrease in project costs.

Finance and investment net expenditure at £155,743, increased by £42,054. This was made up of a IAS19 pension cost movement of £40,000, and a decrease in the loan interest charge of £865. Interest received during the year decreased by £2,919.

Non specific grant income at £2,672,927 was £427,847 lower than the previous year, as no capital grants were received in the year. The National Park Grant remained at £2,672,927 as no inflationary rise was granted.

### **Capital Expenditure**

There was no capital expenditure during the year.

### **Pension Reserve**

The deficit on the Authority's Pension Reserve was increased by £1,860,000 to £7,900,000 reflecting the latest actuarial statement as detailed in note 11 (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 £54,200 to £1,099,600. This increase is temporary with £470,300 of budget carry forwards or transfers to earmarked reserves proposed for agreement by the Authority in July 2021, the majority of which relates to multi-year projects.

The Usable reserves of £1,099,600 would reduce to £361,100 if all the Earmarked Reserves totalling £738,500 detailed in note 9 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:

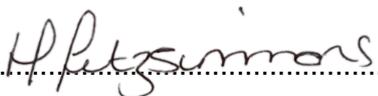
- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent; and
- complied with the Local Authority Code.

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 31<sup>st</sup> March 2021.

..........

Chief Financial Officer

.....13/10/2021.....

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 2021. 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, and to do so 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 2021 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 Business Plan**

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.

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 began on the revision of the National Park Management Plan during the financial year 2020/21. The revised plan will be presented to the Authority for approval during 2022.

### **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. Key focus was then put on three aims: Integrating The Sill National Landscape Discovery Centre into the core work of the Authority, Climate Change, and Nature Recovery.

Due to the impact of the Coronavirus pandemic the Authority was required to focus on revising its operations and delivery in line with emerging Covid restrictions and in line with Covid secure measures. The Authority began planning early and launched its Business Continuity Plan immediately upon the announcement of the first national lockdown. All staff were enabled to work from home and work programmes were adjusted to allow for new ways of working. Some areas of the Authority's work needed to be suspended such as activity programmes, and the operation of visitor facilities, retail and café offers. New programmes of delivery were developed to support local communities, the environment and safe access of people to the countryside. Programmes included National Park Neighbours community support scheme and our #OutdoorsIndoors online engagement programme. Whilst many aspects of the Business Plan and work programme were delivered, the current Business Plan has been proposed to rollover for another year and will be reviewed after the completion of the National Park Management Plan.

### **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.

### ***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.

When the Board of the Authority met in March 2020, it amended the scheme of delegation in anticipation of the potential impact of the Covid-19 pandemic. This put in place the ability of the Chief Executive to make urgent decisions in conjunction with the Authority Chair or Chair of the relevant committee, especially in regard to planning. This was a necessary safeguard because the Coronavirus Bill 2020 which enabled virtual meetings, streamed to the public, was not yet in place. The Bill was subsequently passed and the revision to the Scheme of Delegation was reversed in September 2020. The temporary legislation ceased on the 7<sup>th</sup> May 2021 and there is a requirement to return to face to face meetings.

### ***Identifying, assessing and monitoring risks***

The Authority manages risk through its **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 Leadership Team, Finance and Audit group and Board of the Authority on a quarterly basis.

Internal audit is focussed on corporate risk and systems of control. This is high level audit and 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 subject to a Project Initiation process which is reviewed 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.

More significant initiatives beyond the financial delegation of the executive are formally approved by the full Authority board.

### **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 led by a Director and supported by an employee Health and Safety Working Group with external expert advice.

### **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, members, volunteers, tenants or the public.

The Authority was well prepared and launched its BCP in March 2020. The BCP remains in place throughout the current pandemic. In October the Authority's response to Covid was the subject of an internal audit. This provided full assurance as to the preparation and implementation of the BCP and the Authority's overall response to the Covid-19 pandemic.

***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 as 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 review of all the Authority's services was concluded. The emerging recommended changes to staffing and services were 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 delayed service review was implemented in January 2021, having been reconsidered in light of the pandemic. No significant changes were required which would have required further approval from the Board of The Authority.

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. The target of £90,000 of ongoing efficiency savings were fully embedded into the budget during the 2020/21 financial year. 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, equivalent to 88% 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 2020/21, the Authority had excellent levels of staff engagement with sickness at 2.4 days (0.8 days short term sickness) per member of staff, well below the public sector average at 7.0 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 Medium-Term Financial Plan, treasury management, financial performance and audit work. Being a small team, 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.

The Board of the Authority receives regular updates on performance an annual review of performance which provides an assessment of how the annual work programme has been delivered and how this 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.

Over the past year the Authority's performance management system has been better aligned with the **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 how the work of the Authority and it's partners is impacting on 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 2020/21 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:

- Covid-19 Response and Recovery
- IT/Digital
- Organisational Development/HR

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:

- 1 recommendations were categorised as low priority;
- 6 recommendations were categorised as medium priority; and
- 0 recommendation was categorised as high priority.

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

  
..... Chief Executive

  
..... Chairman

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

### **Opinion**

We have audited the financial statements Northumberland National Park Authority for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority Movement in Reserves Statement,
- Authority Comprehensive Income and Expenditure Statement,
- Authority Balance Sheet,
- Authority Cash Flow Statement
- the related notes 1 to 34.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial position of Northumberland National Park Authority as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period up to 31 October 2022 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the Statement of Accounts set out on pages 1-18, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the Statement of Accounts.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014;
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014;

We have nothing to report in these respects

## **Responsibility of the Chief Financial Officer**

As explained more fully in the Statement of the Chief Financial Officer Responsibilities set out on page 11, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the authority and determined that the most significant are:
  - Local Government Act 1972,
  - Local Government Act 2003,
  - The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
  - The Local Audit and Accountability Act 2014, and
  - The Accounts and Audit Regulations 2015.

In addition, the authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

- We understood how Northumberland National Park Authority is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management and those charged with governance, obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations,

and whether they are aware of instances of non-compliance. We corroborated this through our reading of the authority's committee minutes, through enquiry of employees to confirm Authority policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

- We assessed the susceptibility of the authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance (through improper recognition of revenue), inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.
- To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue, we obtained the authority's manual year end income accruals, challenging assumptions and corroborating the income to appropriate evidence.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

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

***Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources***

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General (C&AG) in April 2021, as to whether the Northumberland National Park Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Northumberland National Park Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Northumberland National Park Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our work on value for money arrangements.

Until we have completed these procedures we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

### **Use of our report**

This report is made solely to the members of Northumberland National Park Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



*Hassan Rohimun (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Manchester City  
13<sup>th</sup> October 2021*

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

2019/20				2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure £	Gross Income £	Net Expenditure £
628,854	(333,367)	295,487	Conservation of Natural Environment	476,173	(259,691)	216,482
177,185	(79,667)	97,518	Conservation of Cultural Heritage	179,083	(58,712)	120,371
368,682	(333,730)	34,952	Recreation Management and Transport	248,830	(289,478)	(40,648)
2,266,345	(813,229)	1,453,116	Promoting Understanding	1,625,387	(501,937)	1,123,450
415,840	(9,520)	406,320	Rangers, Estates and Volunteers	420,275	(10,658)	409,617
187,105	(23,927)	163,178	Development Control	196,059	(33,154)	162,905
213,317	(17,446)	195,871	Forward Planning and Communities	144,229	(446)	143,783
1,428,823	(80,937)	1,347,886	Corporate Management and Administration	1,310,814	(73,160)	1,237,654
<b>5,686,151</b>	<b>(1,691,823)</b>	<b>3,994,328</b>	<b>Cost of Services</b>	<b>4,600,850</b>	<b>(1,227,236)</b>	<b>3,373,614</b>
118,686	(4,997)	113,689	Financing and investment income and expenditure (Note 3)	157,821	(2,078)	155,743
-	(3,100,774)	(3,100,774)	Non specific grant income (Note 4)	-	(2,672,927)	(2,672,927)
		<b>1,007,243</b>	<b>Deficit on the Provision of services</b>			<b>856,430</b>
		(437,297)	Revaluation loss/ (gain) on Land and Buildings revalued on the 31 <sup>st</sup> March 2021 (Note 23)			(966,857)
		1,270,000	Actuarial (gains) / losses on Pension Fund assets and liabilities (Note 18)			1,450,000
		<b>832,703</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>483,143</b>
		<b>1,839,946</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>1,339,573</b>

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 2021.

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

.....  
 ..... Chief Financial Officer 13/10/2021..... Date

**Movement in Reserves Statement for the Year Ended 31st March 2021**

	<b>General Fund Balance £</b>	<b>Earmarked General Fund Reserves £</b>	<b>Capital Receipts Reserve £</b>	<b>Total Usable Reserves £</b>	<b>Unusable Reserves £</b>	<b>Total Authority Reserves £</b>
<b>Balance as at 31 March 2019</b>	<b>359,715</b>	<b>635,459</b>	<b>4,500</b>	<b>999,674</b>	<b>6,214,972</b>	<b>7,214,646</b>
<b>Movement in Reserves during 2019/20</b>						
Deficit on the provision of services	(1,007,243)	-	-	(1,007,243)	-	(1,007,243)
Other comprehensive income and expenditure	-	-	-	-	(832,703)	(832,703)
<b>Total comprehensive income and expenditure</b>	<b>(1,007,243)</b>	<b>-</b>	<b>-</b>	<b>(1,007,243)</b>	<b>(832,703)</b>	<b>(1,839,946)</b>
Adjustments between accounting basis and funding basis under regulations (Note 8)	1,057,522	-	(4,500)	1,053,022	(1,053,022)	-
<b>Net (Decrease)/ Increase before Transfers to Earmarked Reserves</b>	<b>50,279</b>	<b>-</b>	<b>(4,500)</b>	<b>45,779</b>	<b>(1,885,725)</b>	<b>(1,839,946)</b>
Transfers from Earmarked Reserves (Note 9)	(35,141)	35,141	-	-	-	-
<b>(Decrease)/ Increase in 2019/20</b>	<b>15,138</b>	<b>35,141</b>	<b>(4,500)</b>	<b>45,779</b>	<b>(1,885,725)</b>	<b>(1,839,946)</b>
<b>Balance as at 31 March 2020</b>	<b>374,853</b>	<b>670,600</b>	<b>-</b>	<b>1,045,453</b>	<b>4,329,247</b>	<b>5,374,700</b>
<b>Movement in Reserves during 2020/21</b>						
Deficit on the provision of services	(856,430)	-	-	(856,430)	-	(856,430)
Other comprehensive income and expenditure	-	-	-	-	(483,143)	(483,143)
<b>Total comprehensive income and expenditure</b>	<b>(856,430)</b>	<b>-</b>	<b>-</b>	<b>(856,430)</b>	<b>(483,143)</b>	<b>(1,339,573)</b>
Adjustments between accounting basis and funding basis under regulations (Note 8)	910,595	-	-	910,595	(910,595)	-
<b>Net Increase before Transfers to Earmarked Reserves</b>	<b>54,165</b>	<b>-</b>	<b>-</b>	<b>54,165</b>	<b>(1,393,738)</b>	<b>(1,339,573)</b>
Transfers to Earmarked Reserves (Note 9)	(67,900)	67,900	-	-	-	-
<b>(Decrease)/ Increase in 2020/21</b>	<b>(13,735)</b>	<b>67,900</b>	<b>-</b>	<b>54,165</b>	<b>(1,393,738)</b>	<b>(1,339,573)</b>
<b>Balance as at 31 March 2021</b>	<b>361,118</b>	<b>738,500</b>	<b>-</b>	<b>1,099,618</b>	<b>2,935,509</b>	<b>4,035,127</b>

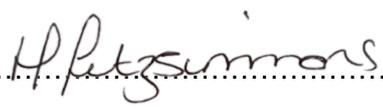
The accounting policies and notes on pages 28 to 67 form an integral part of these financial statements.

**Balance Sheet as at 31st March 2021**

31 March 2020 £		Note	31 March 2021 £
11,591,830	Property, Plant and Equipment	23	12,015,156
-	- Assets Held for Sale	24	-
-	- Intangible Assets	25	-
<b>11,591,830</b>	<b>Long Term Assets</b>		<b>12,015,156</b>
37,165	Inventories	27	37,073
775,479	Short Term Debtors	28	296,794
505,032	Cash and Cash Equivalents	29	1,193,177
<b>1,317,676</b>	<b>Current Assets</b>		<b>1,527,044</b>
(324,523)	Short Term Creditors	30	(476,826)
(40,035)	Short Term Borrowing	32	(40,950)
<b>(364,558)</b>	<b>Current Liabilities</b>		<b>(517,776)</b>
(1,130,248)	Long Term Loan	32	(1,089,297)
(6,040,000)	Pensions Liability	18	(7,900,000)
<b>(7,170,248)</b>	<b>Long Term Liabilities</b>		<b>(8,989,297)</b>
<b>5,374,700</b>	<b>Net Assets</b>		<b>4,035,127</b>
1,045,453	Usable reserves	10	1,099,618
4,329,247	Unusable reserves	11	2,935,509
<b>5,374,700</b>	<b>Total Reserves</b>		<b>4,035,127</b>

The above Balance Sheet presents a true and fair financial position of the Authority as at 31st March 2021.

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

.....  ..... Chief Financial Officer  
 ..... 13/10/2021 ..... Date

**Cash Flow Statement for the Year Ended 31st March 2021**

<b>2019/20</b>		<b>2020/21</b>
<b>£</b>		<b>£</b>
1,007,243	Net deficit on the provision of services	856,430
(1,458,272)	Adjustments to net surplus on the provision of services for non-cash movements (Note 12)	(1,621,664)
349,040	Adjustments for items included in the net surplus or deficit on the provision of services that are investing activities	78,807
<u>(101,989)</u>	Net cash flows from Operating Activities (Note 13)	<u>(686,427)</u>
231,742	Investing Activities (Note 14)	(41,753)
39,141	Financing Activities (Note 15)	40,035
<b>168,894</b>	<b>Net (Increase)/Decrease in cash and cash equivalents</b>	<b>(688,145)</b>
<u>673,926</u>	Cash and cash equivalents at the beginning of the reporting period	<u>505,032</u>
<b>505,032</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 29)</b>	<b>1,193,177</b>

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 2020/21 financial year and its position at the year-end of 31 March 2021. 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 2020/21, 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 2020/21 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 2021.

## **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 Tyne and Wear Pension Fund, administered by South Tyneside 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.

## Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

The Authority accounts are produced under the Code and assume that services will continue to operate for the foreseeable future.

The main source of funding for the Authority, continues to be the Defra Grant, which at £2,672,900, represents 60% of total budgeted income in 2021/22. Other funding sources include external funding for projects and income generation; including from rental income, carparking income, staff service income and income generated from our visitor centres and activity programmes.

In preparing its medium-term budget, the Authority has carefully considered the potential ongoing financial impact of COVID-19 on self-generated income, particularly in 2021/22. The majority of material operating income streams are not considered to be adversely affected. In the financial year ended 31<sup>st</sup> March 2021, once restrictions were eased during the summer months, car parking income increased from the previous

years levels as there has been a clear pattern of an increase in visitor numbers accessing the car parks and the open countryside. A turnover allowance has been included in our rental income budget and no budget for room hire has been included in this year. The Sill Business Plan budget is largely driven by visitor numbers and a reduction of 20% in visitor numbers has been included to allow for potential closures or restrictions arising in 2021/22. The cost of making facilities and events Covid safe has been allowed for and this is offset by anticipated savings in travel and office costs.

To gain assurance over going concern we considered the cash reserves of the Authority for 12 months after the publishing of this Statement of Accounts. Our forecast cash balance in December 2022, based on our agreed budgets, is £681,000. We considered the biggest risk to the Authority's finance which is a reduction in the biggest source of income, the National Park Grant and modelled the impact of a very significant cut of 20% coming into immediate effect from 1st April 2022. Without taking any mitigating actions the cash balance in December 2021 would be £244,800. This scenario is based on an extreme situation but demonstrates we meet the going concern requirements. In terms of the next round of budget planning for the period 2022/23 to 2024/25 there are likely to be some residual impacts from Covid 19. Our core National Park Grant assumptions for 2022/23 budget process are for an inflationary increase of 2%.

Our reserves policy aims to deliver a minimum general reserve of £350,000. Given there is little scope in the current balance of general reserves the financial strategy will be to balance the Medium Term Budget Plan over the term of the Plan. Any challenges faced in the setting Budget Plan will require mitigation by taking measures to either increase income generation across a number of sources, including fundraising, or reducing costs during the period.

Management are not aware of any significant information beyond the period considered in our review, that would impact the assessment, or that it considers that the Auditor needs to be aware of in respect of the going concern basis.

## Notes to the Accounts

### 1. Expenditure and Funding Analysis for the Year Ended 31st March 2021

2019/20				2020/21		
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
224,387	71,100	295,487	Conservation of Natural Environment	162,481	54,000	216,481
77,117	20,400	97,517	Conservation of Cultural Heritage	91,971	28,400	120,371
(38,387)	73,340	34,953	Recreation Management and Transport	(29,315)	(11,333)	(40,648)
794,742	658,374	1,453,116	Promoting Understanding	464,078	659,372	1,123,450
336,220	70,100	406,320	Rangers, Estates and Volunteers	340,217	69,401	409,618
128,178	35,000	163,178	Development Control	129,304	33,600	162,904
164,471	31,400	195,871	Forward Planning and Communities	126,283	17,500	143,783
1,250,078	97,808	1,347,886	Corporate Management and Administration	1,178,000	59,655	1,237,655
<b>2,936,806</b>	<b>1,057,522</b>	<b>3,994,328</b>	<b>Cost of Services</b>	<b>2,463,019</b>	<b>910,595</b>	<b>3,373,614</b>
113,689	-	113,689	Financing and investment income and expenditure (Note 3)	155,743	-	155,743
(3,100,774)	-	(3,100,774)	Non specific grant income (Note 4)	(2,672,927)	-	(2,672,927)
<b>(50,279)</b>	<b>1,057,522</b>	<b>1,007,243</b>	<b>Deficit on the Provision of services</b>	<b>(54,165)</b>	<b>910,595</b>	<b>856,430</b>
995,174			Opening balance on the General Fund	1,045,453		
50,279			Add Surplus (less Deficit) on the Provision of services	54,165		
<b>1,045,453</b>			<b>Closing Balance on the General Fund</b>	<b>1,099,618</b>		

## Note to the Expenditure and Funding Analysis for the Year Ended 31st March 2021 - Adjustments to the General Fund to arrive at the Comprehensive Income and Expenditure Balance

2020/21	Adjustments for Capital Purposes	Net change for Pension adjustments	Movement in accrual for accumulated absence	Total Adjustments
	£	£	£	£
Conservation of the Natural Environment	-	57,400	(3,400)	54,000
Conservation of the Cultural Heritage	-	28,700	(300)	28,400
Recreation Management and Transport	(36,533)	24,600	600	(11,333)
Promoting Understanding	513,873	139,400	6,100	659,373
Rangers, Estates and Volunteers	-	69,700	(300)	69,400
Development Control	-	32,800	800	33,600
Forward Planning and Communities Management and Administration	-	20,500	(3,000)	17,500
	26,155	36,900	(3,400)	59,655
<b>Total (Deficit)/Surplus</b>	<b>503,495</b>	<b>410,000</b>	<b>(2,900)</b>	<b>910,595</b>
<b>2019/20</b>	<b>Adjustments for Capital Purposes</b>	<b>Net change for Pension adjustments</b>	<b>Movement in accrual for accumulated absence</b>	<b>Total Adjustments</b>
	£	£	£	£
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 Management and Administration	-	28,000	3,400	31,400
	55,008	36,000	6,800	97,808
<b>Total (Deficit)/Surplus</b>	<b>637,522</b>	<b>400,000</b>	<b>20,000</b>	<b>1,057,522</b>

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

The 2020/21 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 2020/21 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 2022 and work will be undertaken to quantify the impact for disclosure in the 2022 Accounts.

## 3. Financing and Investment Income and Expenditure

2019/20		2020/21
£		£
90,000	Net interest on the net defined pension liability	130,000
28,686	Interest payable	27,821
(4,997)	Interest receivable	(2,078)
<b>113,689</b>	<b>Total</b>	<b>155,743</b>

## 4. Non Specific Grant Income

2019/20		2020/21
£		£
(2,672,927)	National Park Grant *	(2,672,927)
(427,847)	Capital Grants and Contributions	-
<b>(3,100,774)</b>	<b>Total</b>	<b>(2,672,927)</b>

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

## 5. Cost of Services Income

2019/20		2020/21
£		£
(844,954)	External grants	(434,474)
(846,869)	Sales, fees and charges	(792,762)
<b>(1,691,823)</b>	<b>Total</b>	<b>(1,227,236)</b>

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.

## 6. Grant Income

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

### Credited to Taxation and Non Specific Grant Income

2019/20		2020/21
£		£
3,866	Northumberland National Park Foundation – The Sill: National Landscape Discovery Centre	-
423,981	Rural Payments Agency – West on the Wall	-
<b>427,847</b>	<b>Total</b>	<b>-</b>

### Credited to Services

2019/20		2020/21
£		£
377,627	National Lottery Heritage Fund – The Sill: National Landscape Discovery Centre	22,613
105,635	Natural England – Hadrian’s Wall National Trail	88,364
15,000	Northumberland County Council – Hadrian’s Wall National Trail	15,000
15,000	MHCLG Self and Custom Build	-
2,446	MHCLG Brownfields	-
20,770	Natural England – Facilitation Fund	(67)
54,386	Natural England – Revitalising Redesdale	85,045
201,814	Yorkshire Wildlife Trust – North of England Peat Partnership	47,406
5,393	Northumberland National Park Foundation – The Sill	-
30,000	Northumberland National Park Foundation – Cheviot Hills Heritage	-
-	Northumberland County Council Covid Support Grants	41,250
-	Coronavirus Job Retention Scheme	95,492
16,883	Other Revenue Grants each under £10,000	39,371
<b>844,954</b>	<b>Total</b>	<b>434,474</b>

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:-

<b>2019/20</b>	<b>2020/21</b>
<b>£</b>	<b>£</b>
1,855 Natural England – Cheviot Hill Tracks	1,855
786 Environment Agency – Roman Wall Loughs	-
- The National Lottery Heritage Fund – The Sill	34,717
- Northumbrian Water – Cheviot Peat Works	626
- DEFRA – Additional Covid Grant	146,000
<b>2,641 Total</b>	<b>183,198</b>

## 7. 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.

<b>2020/21</b>	Sales, Fees and Charges	Grants	<b>Total Income</b>	Employee Expenses	Depreciation and Impairment costs	Service Expenses	<b>Total Expenditure</b>	<b>Net Expenditure</b>
	£	£	£	£	£	£	£	£
Conservation of the Natural Environment	(182,087)	(77,604)	(259,691)	291,476	-	184,697	476,173	216,482
Conservation of the Cultural Heritage	(13,087)	(45,625)	(58,712)	147,775	-	31,308	179,083	120,371
Recreation Management and Transport	(177,283)	(112,195)	(289,478)	143,246	(26,630)	132,214	248,830	(40,648)
Promoting Understanding	(311,741)	(190,196)	(501,937)	679,594	544,005	401,788	1,625,387	1,123,450
Rangers, Estates and Volunteers	(8,702)	(1,956)	(10,658)	389,111	-	31,164	420,275	409,617
Development Control	(30,034)	(3,120)	(33,154)	179,708	-	16,351	196,059	162,905
Forward Planning and Communities Management and Administration	(446)	-	(446)	109,178	-	35,051	144,229	143,783
	(69,382)	(3,778)	(73,160)	874,283	26,155	410,376	1,310,814	1,237,654
<b>Total Surplus</b>	<b>(792,762)</b>	<b>(434,474)</b>	<b>(1,227,236)</b>	<b>2,814,371</b>	<b>543,530</b>	<b>1,242,949</b>	<b>4,600,850</b>	<b>3,373,614</b>
<b>2019/20</b>	Sales, Fees and Charges	Grants	<b>Total Income</b>	Employee Expenses	Depreciation and Impairment costs	Service Expenses	<b>Total Expenditure</b>	<b>Net Expenditure</b>
	£	£	£	£	£	£	£	£
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 Management and Administration	-	(17,446)	(17,446)	142,045	-	71,272	213,317	195,871
	(77,937)	(3,000)	(80,937)	934,397	55,008	439,418	1,428,823	1,347,886
<b>Total Surplus</b>	<b>(846,869)</b>	<b>(844,954)</b>	<b>(1,691,823)</b>	<b>2,908,468</b>	<b>1,144,682</b>	<b>1,633,001</b>	<b>5,686,151</b>	<b>3,994,328</b>

## 8. 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.

2020/21	Usable Reserves		
	General Fund Balance (£)	Capital Receipts Reserve (£)	Movement in Unusable Reserves (£)
<b>Adjustments primarily involving the Capital Adjustment Account:</b>			
<b>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
Charges for depreciation of non-current assets	606,160	-	(606,160)
Revaluation gains on non-current assets	(62,630)	-	62,630
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
Minimum Revenue Provision for the financing of capital investment	(40,035)	-	40,035
<b>Adjustment primarily involving the Pensions Reserve:</b>			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	770,000	-	(770,000)
Employer's pension contributions and direct payments to pensioners payable in the year	(360,000)	-	360,000
<b>Adjustment primarily involving the Accumulated Absences Account:</b>			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,900)	-	2,900
<b>Adjustment primarily involving the Capital Receipts Reserves</b>			
Use of Capital Receipts Reserve to finance new Capital expenditure	-	-	-
<b>Total Adjustments</b>	<b>910,595</b>		<b>(910,595)</b>

2019/20	Usable Reserves		
	General Fund Balance (£)	Capital Receipts Reserve (£)	Movement in Unusable Reserves (£)
<b>Adjustments primarily involving the Capital Adjustment Account:</b>			
<b>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
Charges for depreciation of non-current assets	663,316	-	(663,316)
Charges for impairment of non-current assets	481,365	-	(481,365)
Capital grants and contributions applied	(427,847)	-	427,847
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
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
<b>Adjustment primarily involving the Pensions Reserve:</b>			
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
<b>Adjustment primarily involving the Accumulated Absences Account:</b>			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	20,000	-	(20,000)
<b>Adjustment primarily involving the Capital Receipts Reserves</b>			
Transfer of non-current asset sale proceeds from Revenue to the Capital Receipts Reserve	-	(4,500)	4,500
<b>Total Adjustments</b>	<b>1,057,522</b>	<b>(4,500)</b>	<b>(1,053,022)</b>

**9. Transfers to/ (from) Earmarked Reserves**

<b><u>2020/21</u></b>	<b>Balance at 1<sup>st</sup> April 2020</b>	<b>Transfers out 2020/21</b>	<b>Transfers in 2020/21</b>	<b>Balance at 31<sup>st</sup> March 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Medium Term Budget Requirement and 2020/21 Budget carry forward.	523,500	(523,500)	414,800	414,800
IT Capital Replacements	55,000	-	10,000	65,000
Planning Contingency	55,000	-	10,000	65,000
Legacy Donation Fund	5,100	-	-	5,100
Major Repairs Reserve	32,000	-	-	32,000
Cyclical Maintenance Reserve	-	-	14,600	14,600
Interpretative Maintenance Reserve	-	-	14,600	14,600
Climate Change Reserve	-	-	26,000	26,000
Hadrian's Wall National Trail Project Reserve	-	-	101,400	101,400
<b>Total Earmarked Reserves</b>	<b>670,600</b>	<b>(523,500)</b>	<b>591,400</b>	<b>738,500</b>

Transfer as per Movement in Reserves Statement £67,900

<b><u>2019/20</u></b>	<b>Balance at 1<sup>st</sup> April 2019</b>	<b>Transfers out 2019/20</b>	<b>Transfers in 2019/20</b>	<b>Balance at 31<sup>st</sup> March 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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	32,000	(32,000)	-	-
Major Repairs Reserve	-	-	32,000	32,000
Development Management Fees Reserve	7,759	(7,759)	-	-
<b>Total Earmarked Reserves</b>	<b>635,459</b>	<b>(530,359)</b>	<b>565,500</b>	<b>670,600</b>

Transfer as per Movement in Reserves Statement £35,141

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

**Medium Term Budget Requirement and 2020/21 Budget carry forward**

This reflects the impact of the Medium Term Budget Plan 2021/22 – 2023/24 agreed in March 2021, as well as budget carry forwards proposed for agreement by the Authority in July 2021, 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 was transferred to the Major Repairs reserve in 2019/20.

### **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 2022/23.

### **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. £7,759 which was transferred into the reserve in respect of 2018/19 Development Management Fees has been utilised in 2019/20 to cover costs relating to the archiving of planning documents.

### **Cyclical Maintenance Reserve**

This reserve has been created to cover cyclical maintenance at The Sill. An annual amount is provided in the budget whereas the spend requirement will not accrue evenly. Any balance on the budget to transfer to this reserve at the year end to build up funds to cover future cyclical maintenance requirements.

### **Interpretative Maintenance Reserve**

This reserve has been created to cover cyclical maintenance of the main exhibition and interpretation at The Sill. An annual amount is provided in the budget whereas the spend requirement will not accrue evenly. Any balance on the budget to transfer to this reserve at the year end to build up funds to cover future cyclical interpretive maintenance requirements.

### **Climate Change projects Reserve**

This reserve was created in year to fund individual actions within the Authority's Climate Change Action Plan.

**Hadrian's Wall National Trail Project Reserve**

This reserve is the accumulated surplus on the project which will be used for capital projects or match funding other funding sources.

**10. Usable Reserves**

Movements in the Authority's Usable Reserves are detailed in the Movement in Reserves Statement, Note 8 and the table below.

<b>2019/20</b>		<b>2020/21</b>
£		£
999,674	Opening Balance	1,045,453
(1,007,243)	(Deficit) on the Provision of Services	(856,430)
1,053,022	Adjustments between accounting and funding basis (Note 8)	910,595
<b>1,045,453</b>	<b>Total Usable Reserves</b>	<b>1,099,618</b>

**11. Unusable Reserves**

<b>2019/20</b>		<b>2020/21</b>
£		£
1,298,559	Revaluation Reserve	2,229,423
9,122,988	Capital Adjustment Account	8,655,486
(6,040,000)	Pensions Reserve	(7,900,000)
(52,300)	Accumulated Absences Account	(49,400)
<b>4,329,247</b>	<b>Total Unusable Reserves</b>	<b>2,935,509</b>

**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 £930,864 to reflect the net valuation gain on assets following the revaluation of farmland, Church House and The Sill at 31 March 2021. £1,033,000 of this movement relates to an upward valuation land at Greenlee and Stonefold farms, £74,449 relates to the upward valuation of Church House at Rothbury and £140,592 relates to a downward valuation of The Sill building. The reserve was decreased by £35,993 in respect of the difference between fair value depreciation and historical cost depreciation.

<b>2019/20</b>		<b>2020/21</b>
<b>£</b>		<b>£</b>
878,948	<b>Balance at 1 April</b>	1,298,559
(17,686)	Difference between fair value depreciation and historical cost depreciation	(35,993)
442,281	Upward revaluation of assets	1,107,449
(4,984)	Downward revaluation of assets	(140,592)
<u>437,297</u>	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus / Deficit on the Provision of Services	966,857
<u><b>1,298,559</b></u>	<b>Balance at 31 March</b>	<u><b>2,229,423</b></u>

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

2019/20		2020/21
£		£
<b>9,738,324</b>	<b>Balance at 1 April</b>	
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	9,122,988
(663,316)	• Charges for depreciation of non-current assets	(606,160)
(481,365)	• Net revaluation gains and (charges for impairment) of non-current assets	62,630
-	• Amortisation of intangible assets	-
-	• Net book value of Fixed Assets derecognised	-
(1,144,681)		(543,530)
17,686	Adjusting amounts written out of the Revaluation Reserve	35,993
(1,126,995)	Net written out amount of the cost of non-current assets consumed in the year	(507,537)
	Capital financing applied in the year:	
40,171	• Capital Expenditure charged against the General Fund Balance	-
427,847	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-
4,500	• Use of Capital Receipts Reserve to finance new capital expenditure	-
39,141	• Statutory provision for the financing of capital investment charged against the General Fund	40,035
511,659		40,035
<b>9,122,988</b>	<b>Balance at 31 March</b>	<b>8,655,486</b>

### 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.

2019/20		2020/21
£		£
(4,370,000)	<b>Balance at 1 April</b>	(6,040,000)
(1,270,000)	Actuarial gains, (losses) on pensions assets and liabilities	(1,450,000)
(800,000)	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	(770,000)
400,000	Employer's pensions contributions and direct payments to pensioners payable in the year	360,000
<b>(6,040,000)</b>	<b>Balance at 31 March</b>	<b>(7,900,000)</b>

### 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.

2019/20		2020/21
£		£
(32,300)	<b>Balance at 1 April</b>	(52,300)
32,300	Cancellation of accrual made at the end of the preceding year	52,300
(52,300)	Amounts accrued at the end of the current year	(49,400)
(20,000)	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	2,900
<b>(52,300)</b>	<b>Balance at 31 March</b>	<b>(49,400)</b>

## 12. Cash Flow Statement – Non Cash Movements

2019/20		2020/21
£		£
(663,316)	Depreciation Property Plant and Equipment	(606,160)
(481,365)	(Impairment charge)/ Revaluation Gain - Property Plant and Equipment	62,630
(400,000)	IAS19 charges for Retirement Benefits	(410,000)
	<u>Items on an accruals basis:</u>	
928	• Increase (decrease) in stock	(95)
168,763	• Increase (decrease) in Debtors	(478,684)
24,981	• Decrease (increase) in Creditors	(152,302)
(108,263)	• Decrease in Capital Accruals	(37,053)
<b>(1,458,272)</b>	<b>Total Non Cash Movements</b>	<b>(1,621,664)</b>

## 13. Cash Flow Statement – Operating Activities

2019/20		2020/21
£		£
2,454,979	Cash paid to and on behalf of employees	2,449,593
1,707,044	Operating cash payments	1,302,675
(2,672,927)	National Park Grant *	(2,818,927)
(828,171)	Other external revenue grants	(848,759)
(786,810)	Other operating cash receipts	(796,930)
(4,997)	Bank interest received	(2,078)
28,893	Loan interest paid	27,999
<b>(101,989)</b>	<b>Total Cash Flow from Operating Activities</b>	<b>(686,427)</b>

\* The 2021/21 figure includes £146,000 of additional National Park Grant funding as a result of the forecast financial impact of Covid-19. This was not required and will be returned to Defra in July 2021.

## 14. Cash Flow Statement – Investing Activities

2019/20		2020/21
£		£
580,782	Cash paid to purchase property, plant and equipment	37,054
(349,040)	Cash inflow Capital Grants	(78,807)
<b>231,742</b>	<b>Total Cash Flow from Investing Activities</b>	<b>(41,753)</b>

## 15. Cash Flow Statement – Financing Activities

2019/20		2020/21
£		£
39,141	Repayments of long-term borrowing	40,035
<b>39,141</b>	<b>Net Cash Flows from Financing Activities</b>	<b>40,035</b>

## 16. Officers' Remuneration

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

		Salary/ Fees, and Allowances £	Pension Contribution £	Total £
Chief Executive (National Park Officer)	2020/21	92,726	17,340	110,066
	2019/20	91,000	16,289	107,289
Director of Business Development	2020/21	68,084	12,732	80,816
	2019/20	64,331	11,515	75,846
Director of Park Management	2020/21	60,495	11,313	71,808
	2019/20	57,159	10,231	67,390

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	
	2019/20	2020/21	2019/20	2020/21
£0-£20,000	-	5	-	£45,956

## 17. Audit Costs

In 2020/21 Northumberland National Park Authority incurred the following fees relating to external audit:

2019/20		2020/21
£		£
9,356	Fees payable to Ernst & Young LLP with regard to external audit services carried out by the appointed auditor	9,658
<b>9,356</b>		<b>9,658</b>

## 18. Pensions

### Introduction

The disclosures below relate to the funded liabilities within the Tyne and Wear 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, South Tyneside Council, is responsible for the governance of the Fund.

### Key assumptions

	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	% p.a.	% p.a.	% p.a.
Discount rate	2.1%	2.3%	2.4%
RPI Inflation	-%	-%	3.3%
CPI Inflation	2.7%	1.9%	2.2%
Pension Increases	2.7%	1.9%	2.2%
Pension accounts revaluation rate	2.7%	1.9%	2.2%
Salary increases	4.2%	3.4%	3.7%

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 <sup>st</sup> March 2021	31 <sup>st</sup> March 2020
<u>Males</u>		
Member aged 65 at accounting date	21.9	22.2
Member aged 45 at accounting date	23.6	23.2
<u>Females</u>		
Member aged 65 at accounting date	25.1	24.6
Member aged 45 at accounting date	26.9	26.0

**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 2021			Value at 31st March 2020	Value at 31st March 2019
	Quoted £m	Unquoted £m	Total £m	Total £m	Total £m
Equities	8.76	1.29	10.05	9.41	10.24
Property	-	1.43	1.43	0.57	0.65
Govt. bonds	0.40	-	0.40	2.35	2.67
Corporate bonds	3.59	-	3.59	1.10	1.23
Cash	0.72	-	0.72	0.12	-
Other	0.85	1.07	1.92	0.76	0.80
<b>Total</b>	<b>14.32</b>	<b>3.79</b>	<b>18.11</b>	<b>14.31</b>	<b>15.59</b>

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 2021 £m	31st March 2020 £m	31st March 2019 £m
Fair value of assets	18.11	14.31	15.59
Present value of funded defined benefit obligation	(25.88)	(20.23)	(19.83)
Present value of unfunded defined benefit obligation	(0.13)	(0.12)	(0.13)
<b>Liability recognised on the Balance Sheet</b>	<b>(7.90)</b>	<b>(6.04)</b>	<b>(4.37)</b>

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 2021 £m	For the year ended 31st March 2020 £m
<b>Operating cost</b>		
Current service cost*	0.64	0.71
<b>Financing Cost</b>		
Interest on net defined liability / (asset) – funded pension scheme	0.13	0.09
<b>Pension expense recognised in the Surplus or Deficit on the Provision of Services</b>	<b>0.77</b>	<b>0.80</b>
<b>Remeasurements in Other Comprehensive Income</b>		
Return on plan assets below that/ (in excess of) recognised in net interest	(3.47)	1.95
Actuarial losses due to changes in financial assumptions – funded pension scheme	4.96	(0.82)
Actuarial (gains) / losses due to changes in financial assumptions - unfunded pension scheme	0.02	-
Actuarial (gains) / losses due to changes in demographic assumptions – funded pension scheme	0.16	(0.38)
Actuarial losses / (gains) due to liability experience	(0.22)	0.52
<b>Total Amount recognised in Other Comprehensive Income</b>	<b>1.45</b>	<b>1.27</b>
<b>Total Amount recognised</b>	<b>2.22</b>	<b>2.07</b>
* 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 2021 £m	For the year ended 31st March 2020 £m
Opening defined benefit obligation	20.23	19.83
Current service cost	0.64	0.71
Interest expense on defined benefit obligation	0.46	0.47
Contributions by participants	0.12	0.12
Actuarial (gains) losses due to changes in financial assumptions	4.96	(0.82)
Actuarial (gains) due to changes in demographic assumptions	0.16	(0.38)
Actuarial losses / (gains) due to liability experience	(0.22)	0.52
Net benefits paid out #	(0.47)	(0.22)
Closing present value of liabilities	25.88	20.23

# 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 2021 £m	For the year ended 31st March 2020 £m
Opening defined benefit obligation	0.12	0.13
Actuarial losses due to changes in financial assumptions	0.02	-
Net benefits paid out	(0.01)	(0.01)
Closing present value of liabilities	0.13	0.12

**Changes to the fair value of assets during the accounting period**

	For the year ended 31st March 2021 £m	For the year ended 31st March 2020 £m
Opening fair value of assets	14.31	15.59
Interest income on assets	0.33	0.38
Remeasurement gains / (losses) on assets	3.47	(1.95)
Contributions by the employer	0.36	0.40
Contributions by participants	0.12	0.12
Net benefits paid out	(0.48)	(0.23)
Closing fair value of assets	18.11	14.31

**Actual return on assets**

	For the year ended 31st March 2021 £m	For the year ended 31st March 2020 £m
Interest income on assets	0.33	0.38
Remeasurement gains / (losses) on assets	3.47	(1.95)
Actual return on assets	3.80	(1.57)

The Authority's contributions to the fund for the accounting period ending 31 March 2021 are estimated to be £0.35m. In addition, unfunded benefits paid by the Authority directly to beneficiaries were £0.1m in 2020/21 and is expected to be £0.01m for the accounting period ending 31 March 2022.

**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 31<sup>st</sup> March 2021 and the projected service cost for the year ending 31<sup>st</sup> March 2022 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

	<b>+0.1% pa</b>	<b>Base Figure</b>	<b>-0.1% pa</b>
Adjustment to discount rate			
Present value of total obligation (£Ms)	25.34	25.88	26.45
% change in present value of total obligation	-2.1%		2.2%
Projected service cost (£Ms)	0.94	0.97	1.00
Approximate % change in projected service cost	-3.4%		3.5%

#### Rate of general increases in salaries

	<b>+0.1% pa</b>	<b>Base Figure</b>	<b>-0.1% pa</b>
Adjustment to salary increase rate			
Present value of total obligation (£Ms)	25.93	25.88	25.83
% change in present value of total obligation	0.2%		-0.2%
Projected service cost (£Ms)	0.97	0.97	0.97
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

	<b>+0.1% pa</b>	<b>Base Figure</b>	<b>-0.1% pa</b>
Adjustment to pension increase rate			
Present value of total obligation (£Ms)	26.37	25.88	25.39
% change in present value of total obligation	1.9%		-1.9%
Projected service cost (£Ms)	1.00	0.97	0.94
Approximate % change in projected service cost	3.5%		-3.4%

**Post retirement mortality assumption**

	<b>- 1 year</b>	<b>Base Figure</b>	<b>+ 1 year</b>
Adjustment to mortality age rating assumption*			
Present value of total obligation (£Ms)	26.81	25.88	24.97
% change in present value of total obligation	3.6%		-3.5%
Projected service cost (£Ms)	1.01	0.97	0.93
Approximate % change in projected service cost	4.1%		-4.0%

\* 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.

**19. Members Allowances**

The total Northumberland National Park Authority Members allowances paid in the year was £42,884 (2019/20 £41,809).

The total Northumberland National Park Authority Members travel and subsistence paid in the year was £671 (2019/20 £5,243).

**20. Financial commitments**

**Operating Leases**

The amount paid to lessors under the National Park Authority’s operating leases in 2020/21 was £36,536 (2019/20 £44,154).

As at the balance sheet date, 31st March 2021, the National Park Authority had total future minimum lease payments under non-cancellable leases of £35,576 (31st March 2020 £60,460):

	31st March 2021		31st March 2020	
	Land and Buildings	Vehicles	Land and Buildings	Vehicles
Operating leases:	£	£	£	£
Payments due within one year	-	22,381	-	31,090
Payments due within two and five years	-	13,194	-	29,370
		<u>35,576</u>		<u>60,460</u>

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.

**21. 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 2020/21.

**Members**

Members of the Authority have direct control over the Authority’s financial and operating policies. The total of members’ allowances paid in 2020/21 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) to Northumberland County Council during 2020/21. Details are set out in the following table.

**Northumberland National Park Foundation**

Northumberland National Park Foundation is a charitable company limited by guarantee, which raises charitable funds to support projects which help to achieve objectives within the National Park. The Trustees and governance are fully independent of Northumberland National Park Authority; however, the Authority has provided ongoing administrative support.

<b>Payments to related parties</b>	<b>Nature of relationship</b>	<b>Payments to related party 2019/20</b>	<b>Due to related party at 31.3.20</b>	<b>Payments to related party 2020/21</b>	<b>Due to related party at 31.3.21</b>
		£	£	£	£
Northumberland County Council	a.	41,485	6,807	41,405	17,443
Glendale Agricultural Society	b.	4,600	-	-	-
Glendale Gateway Trust	b.	2,084	-	-	-
Harbottle Show	b.	100	-	-	-
Kielder Water & Forest Park Development Trust	b.	-	10,612	10,824	-
Northumberland National Park Foundation	c.	-	-	1,157	-

<b>Receipts from related parties</b>	<b>Nature of relationship</b>	<b>Receipts from related party 2019/20</b>	<b>Due from related party at 31.3.20</b>	<b>Receipts from related party 2020/21</b>	<b>Due from related party at 31.03.21</b>
		£	£	£	£
Northumberland County Council (includes grants administered by Northumberland as the accountable body)	a.	30,973	2,160	32,003	-
Northumberland National Park Foundation	c.	39,529	-	33,929	-

Nature of relationship:

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

## 22. 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.

<b>2019/20</b>		<b>2020/21</b>
£		£
<b>1,209,423</b>	<b>Opening Capital Financing Requirement</b>	<b>1,170,282</b>
	<u>Capital Investment</u>	
466,517	Land and Buildings	-
6,001	Plant, Furniture and Equipment	-
<b>472,518</b>		<b>-</b>
	<u>Sources of Finance</u>	
(427,847)	Government Grants and other contributions	-
(4,500)	Use of Capital Receipts Reserve to finance new capital expenditure	-
(40,171)	Direct Revenue Contributions	-
(39,141)	Repayment of loan principal	(40,035)
<b>1,170,282</b>	<b>Closing Capital Financing Requirement</b>	<b>1,130,247</b>
	<b>Explanation of movements in year</b>	
1,170,282	Expenditure financed from new external borrowing (not supported by government financial assistance)	1,130,247
<b>(39,141)</b>	<b>(Decrease) in Capital Financing Requirement</b>	<b>(40,035)</b>

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

	Land and Buildings £	Surplus Land and Buildings £	Plant, Furniture and Equipment £	Assets Under Construction £	Total £
<b>Cost / Valuation as at 31st March 2019</b>	<b>11,131,297</b>	<b>1,498</b>	<b>1,347,706</b>	<b>13,217</b>	<b>12,493,718</b>
Additions	466,517	-	6,001	-	472,518
Movements 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)
<b>Cost / Valuation as at 31st March 2020</b>	<b>10,951,910</b>	<b>1,498</b>	<b>1,366,924</b>	<b>-</b>	<b>12,320,332</b>
<b>Accumulated depreciation as at 31 March 2019</b>	<b>210,518</b>	<b>30</b>	<b>477,308</b>	<b>-</b>	<b>687,856</b>
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)
<b>Accumulated depreciation as at 31 March 2020</b>	<b>24,319</b>	<b>45</b>	<b>704,138</b>	<b>-</b>	<b>728,502</b>
<b>Net Book Value as at 31st March 2019</b>	<b>10,920,779</b>	<b>1,468</b>	<b>870,398</b>	<b>13,217</b>	<b>11,805,862</b>
<b>Net Book Value as at 31st March 2020</b>	<b>10,927,591</b>	<b>1,453</b>	<b>662,786</b>	<b>-</b>	<b>11,591,830</b>

**Movements in Property, Plant and Equipment during 2020/21:**

	Land and Buildings	Surplus Land and Buildings	Plant, Furniture and Equipment	Assets Under Construction	Total
	£	£	£	£	£
<b>Cost / Valuation as at 31st March 2020</b>	<b>10,951,910</b>	<b>1,498</b>	<b>1,366,924</b>	-	<b>12,320,332</b>
Revaluation increases recognised in the Revaluation Reserve	607,449	-	-	-	607,449
Revaluation increases recognised in the Surplus / Deficit on the Provision of Services	55,589	-	-	-	55,589
<b>Cost / Valuation as at 31st March 2021</b>	<b>11,614,948</b>	<b>1,498</b>	<b>1,366,924</b>	-	<b>12,983,370</b>
<b>Accumulated depreciation as at 31 March 2020</b>	<b>24,319</b>	<b>45</b>	<b>704,138</b>	-	<b>728,502</b>
Depreciation Charge	427,987	15	178,158	-	606,160
Impairment losses / (reversals) recognised in the Revaluation Reserve	(359,408)	-	-	-	(359,408)
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	(7,040)	-	-	-	(7,040)
<b>Accumulated depreciation as at 31 March 2021</b>	<b>85,858</b>	<b>60</b>	<b>882,296</b>	-	<b>968,214</b>
Net Book Value as at 31st March 2020	<b>10,927,591</b>	<b>1,453</b>	<b>662,786</b>	-	<b>11,591,830</b>
<b>Net Book Value as at 31st March 2021</b>	<b>11,529,090</b>	<b>1,438</b>	<b>484,628</b>	-	<b>12,015,156</b>

Additions to Property, Plant and Equipment in the prior year, were financed through a combination of capital grants, revenue funding and a release of funds from the Capital Receipts reserve. A desk top valuation of The Sill was undertaken at 31 March 2021, and a revaluation of our property at Church House, Rothbury, was carried out following a change of use of part of the building. A revaluation of our land at Greenlee and Stonefold farms was carried out as existing tenancies were ended for the land to be brought into Countryside Stewardship agreements. 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 was delayed as a result of the Coronavirus Pandemic and had not occurred at 31 March but it is likely to take place later in 2021. 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 that of Church House, Rothbury was carried out by James Ramsey, MRICS BSc (Hons) a Senior Surveyor of Newcastle City Council. Given the specialist nature of the use of land at Greenlee and Stonefolds Farm, this valuation was carried out by Galbraith. 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 valuation reports received by the Authority from its valuers included a statement on material uncertainties in relation to their valuation. The Authority is not aware of any material change in the value of any other Property, Plant and Equipment as at 31 March 2021.

Lambert Smith Hampton included the following statement in their valuation of The Sill:

The impact of the coronavirus pandemic on global financial and property markets, and the UK government's response, have created an unprecedented set of circumstances for the valuation of property in those sectors that have been most severely affected. As at the valuation date, we consider that less weight can be attached to previous market evidence for comparison purposes, to inform opinions of value.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the continuing impact that COVID-19 is having on the real estate market, we recommend that you continue to keep the valuations under frequent review.

Having regard to this uncertainty we have for a second year reflected this in the investment yield that we have applied to the rental income from the Youth Hostel. Once markets return to more normal conditions, and all else being equal, this element of value would be restored.

Galbraith included the following statement in their valuation of the agricultural land and Greenlee and Stonefolds.

The pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS3 and VPGA 10 of the RICS valuation – Global standards.

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

	31/03/2020	31/03/2021
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 2021. A revised value of £8,100,000 was given; a downward revaluation of £140,592.

## **Outstanding Capital Commitments**

As at the 31<sup>st</sup> March 2021 the Authority had no outstanding capital commitments.

**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 £27.3k for every year that useful lives had to be reduced.

**24. Assets Held for Sale**

	<b>2019/20</b>	<b>2020/21</b>
	<b>£</b>	<b>£</b>
Balance outstanding at start of the year	20,833	-
<b>Assets newly classified as held for sale</b>		
Property, Plant and Equipment	-	-
Impairment losses	(20,833)	-
Assets sold	-	-
<b>Balance outstanding at 31 March</b>	<b>-</b>	<b>-</b>

**25. 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 2019/20 and 2020/21 were as follows:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£</b>	<b>£</b>
Cost / valuation balance as at 1 <sup>st</sup> April	13,400	13,400
Assets under construction	-	-
Acquisitions	-	-
Disposals	-	-
Cost / valuation balance at as 31 <sup>st</sup> March	13,400	13,400
Cumulative Amortisation balance as at 1st April	13,400	13,400
Amortisation for the year	-	-
Written off on disposal	-	-
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.

## 26. 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 19<sup>th</sup> 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.

## 27. Inventories

The total Northumberland National Park Authority Goods for Resale value at year end was £37,073 (2019/20 £37,165). 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 £1,844 (during 2019/20 £870 written off).

## 28. Short Term Debtors

Analysis of debtors total at year end by organisation type

<b>31.03.20</b>		<b>31.03.21</b>
£		£
129,967	Central Government Bodies	70,747
2,526	Local Authorities	6,224
642,986	Other entities and individuals	219,823
<b>775,479</b>		<b>296,794</b>

## 29. Cash and Cash Equivalents

<b>31.03.20</b>		<b>31.03.21</b>
£		£
213,638	Bank Deposits	714,355
290,107	Bank Accounts	475,177
836	Cash in transit	2,809
451	Petty cash	836
<b>505,032</b>		<b>1,193,177</b>

## 30. Short Term Creditors

Analysis of creditors at year end by organisation type

<b>31.03.20</b>		<b>31.03.21</b>
£		£
40,346	Central government bodies	187,565
40,744	Other local authorities	8,001
243,433	Other entities and individuals	281,260
<b>324,523</b>		<b>476,826</b>

## 31. Financial Instruments

### 31.1 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 £296,794 (2019/20 £775,479) and cash totalling £1,193,177 (2019/20 £505,032).

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.

### 31.2 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 32.

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 £476,826 (2019/20 £324,523) 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.

### **31.3 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.

### **31.4 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.

### **31.5 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.

### **31.6 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 31<sup>st</sup> March past due but not impaired, a total of £15,470 was outstanding between 30 and 60 days and £2,300 was outstanding for over 60 days. All balances past due but not impaired with the exception of £17,770 had been collected prior to the accounts being approved for audit in June 2021.

## 32. Long Term Loans

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

<b>31.03.20</b>	<b>Analysis by Type of Loan</b>	<b>31.03.21</b>
<b>£</b>		<b>£</b>
<u>40,035</u>	Public Works Loan Board	<u>40,950</u>

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

<b>31.03.20</b>	<b>Analysis by Type of Loan</b>	<b>31.03.21</b>	<b>Interest Rate</b>
<b>£</b>		<b>£</b>	
52,152	Public Works Loan Board (10 year loan)	42,078	1.73%
<u>1,078,096</u>	Public Works Loan Board (30 year loan)	<u>1,047,219</u>	2.45%
<u>1,130,248</u>	<b>Total</b>	<u>1,089,297</u>	

<b>31.03.20</b>	<b>Analysis by maturity</b>	<b>31.03.21</b>	<b>Ave. Interest Rate</b>
<b>£</b>		<b>£</b>	<b>%</b>
40,950	Between 1 and 2 years	41,886	2.09
128,555	Between 2 and 5 years	131,497	2.09
189,567	Between 5 and 10 years	183,180	2.09
201,921	Between 10 and 15 years	206,898	2.09
228,065	Between 15 and 20 years	233,687	2.09
257,594	Between 20 and 25 years	263,944	2.09
83,596	Between 25 and 30 years	28,205	2.09
<u>1,130,248</u>	<b>Total</b>	<u>1,089,297</u>	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.

<b>31.03.20</b>	<b>PWLB Fair Value</b>	<b>31.03.21</b>
<b>£</b>		<b>£</b>
<u>1,494,200</u>	<b>Total</b>	<u>1,339,281</u>

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.

### **33. Contingent Liabilities**

During the year, our Auditors, Ernst and Young, advised that the scale fee charged for our 19/20 audit did not cover the work carried out. They are looking to recover a scale fee of £40,000 and additional fees for the year of £11,865. Our current base scale fee for that year is £8,907. As the Authority could not agree such a significant increase to a contracted amount, Ernst and Young have taken their submission to the PSAA for a decision. Given the uncertainty over the outcome, we are unable to reliably estimate any potential liability both for 2019/20 and 2020/21 and no provision has been made.

### **34. 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.