



Draft Statement of Accounts

For the year ended
31st March 2023

CONTENTS	Page
Summary of the 2022/23 Financial Year	3
Explanatory Foreword	7
Statement of Responsibilities for the Statement of Accounts	13
Annual Governance Statement	14
Independent Auditor's report to the members of Northumberland National Park Authority.....	21
Comprehensive Income and Expenditure Statement for the Year Ended 31st March 2023.....	26
Movement in Reserves Statement for the Year Ended 31st March 2023.....	27
Balance Sheet as at 31st March 2023.....	28
Cash Flow Statement for the Year Ended 31st March 2023.....	29
Statement of Accounting Policies.....	30
Notes to the Accounts	37

Summary of the 2022/23 Financial Year

Overview

2022/23 has been a challenging financial year for the Authority, as we operated against a backdrop of ongoing real term cuts in Defra grant driven by flat cash grant settlements and high inflation. The Authority's largest expense is the cost of staff, and the nationally determined pay award for 2022/23 resulted in salary increases of between 4% and 10%.

Maintaining a viable financial position has continued to be one of the key strategic risks for the Authority, and our ability to continue to generate and grow external income has been key in enabling the Authority to deliver on its priorities, with income generation targets increased by 22% in 2022/23.

Many of our trading income targets are sensitive to fluctuations in visitor numbers and two years on from the start of the Covid-19 pandemic, visitor numbers have returned to figures slightly ahead of pre-pandemic levels, despite the ongoing cost of living challenge. In addition, this year has seen less evidence of a dramatic fall off in visitor numbers in winter months than previously. The income generation budget target for the year was exceeded by 12%, with trading performance outperforming budget expectations in the areas of staff services, rental income and car parking.

At the end of the financial year, Defra awarded all National Parks a supplementary grant in recognition of the impact of the exceptional inflationary pressures Parks have been experiencing, particularly in relation to staff costs. This has had a temporary positive impact on our reserves position, as we are able to retain some of our self-generated income in the current year. The one-off grant does not however, impact the position of our ongoing grant agreement with Defra and with an indicative further flat cash settlement for the financial years 2023/24 and 2024/25, the Authority has employed a prudent position in 2022/23 as it plans to take costs out of the business over the 2023/24 -2025/26 medium-term budget plan.

The Authority has delivered another significant programme of work against our Business Plan this year with delivery of 96% of our objectives being classed as Good or Acceptable. The full details can be found here [Report 2 Appendix 1 Performance Summary 2022-23 \(northumberlandnationalpark.org.uk\)](#). Externally funded projects continue to be the key means through which we deliver our services and work programmes, with philanthropic fundraising playing a key role for the Authority. A new 'projectised' approach to delivery at a national, regional and local level seems set to continue and the Authority will need to adjust its skills and capacity to work in this way.

Key Achievements, Investments, and Income

A New Shared Vision for the National Park

In October 2022 the Authority adopted a new Management Plan for 2022 to 2027 which sets out a shared vision for the National Park. The Plan has been developed with our partners, local communities, user groups and other stakeholders through a process of discussion, consultation, and collaboration. The Plan sets out an ambitious set of objectives which will help secure the future of

the National Park as a key asset for the nation and deliver on some of the biggest challenges that face society, including biodiversity loss, climate change and health and wellbeing.

The Sill

The Sill continues to be the Authority's flagship vehicle to promote opportunities for the public understanding and enjoyment of the special qualities of the Park, engaging more and different people with the national park. The year saw 120,294 visitors to The Sill. This is compared to 106,517 in the previous year and is 5% ahead of target. Following a programme of developing our education and engagement offer over several years, 11,250 participants took part in our activities in 2022/23, well ahead of our planned target and reaching the current capacity of our education offer.

As part of an on-going collaboration with the artist Jackie Morris, The Lost Spells exhibition opened to the public in July 2022 with 26,400 visitors by the end of the financial year.

Retail and café trading at The Sill performed well during the year, and the Authority made a contribution of £105,000 from core resources to support the substantial delivery at The Sill.

Climate Action – Net Zero Authority

Our Climate Action objectives this year mark the first time we have specific targets to meet the goal of becoming a net zero organisation by 2030, a target largely based upon reductions in Scope 1 and Scope 2 Green House Gas (GHG) emissions.

Our targeted actions this year have lowered our emissions from an average of 165 tonnes(t) of Carbon Dioxide equivalent (CO₂e) to 132t CO₂e. We need to continue to see an approximate fall in CO₂e of 23% p.a to meet our current target set in September 2019 to become a net zero National Park Authority by 2030. A note of caution, however, as of 2021, the Authority has been encouraged by Defra to move towards a more comprehensive carbon reporting practice, with heightened emphasis being placed on Scope 3 emissions. These measures calculate indirect emissions associated with the activities of the Authority, and are based on our actual financial expenditure on the procurement of goods and services. This element of the Authority's GHG footprint accounted for 53% of the overall footprint in the 2021/2022 financial year and has not been considered in the figures above.

Going forward the Authority will be reporting on all Scope 1, 2 and 3 GHG emissions and acknowledges that this change is likely to have implications for the Authority achieving its 2030 target identified above. This risk was brought to the attention of Members at the Authority meeting in June 2023. As the costs and implications of the net zero target become clearer, Members asked that a further report be brought to them before the end of the year, this report will set out what options there are for the Authority to address this important area of work going forward.

Climate Action – Peatland Restoration

The Authority is working with the Northumberland Peat Partnership who have identified 5,050 hectares of degraded peat to be restored. The Partnership is working with the Great North Bog partnership and bids will be prepared in the coming financial year to begin restoration of these important peatlands.

Traditional Farm Buildings Pilot Scheme

The Traditional Farm Buildings Pilot Scheme has successfully concluded after a 5-year programme. £2.16 million was secured for the repair and conservation of 17th, 18th, 19th and early 20th century agricultural buildings in the National Park.

Development Management

The Authority's Development Management Service continues to provide excellent service with 100% of applications being determined within statutory or agreed timescales.

Farming in Protected Landscapes (FiPL)

At the end of the year, £347,200 had been claimed through the Farming in Protected Landscape Scheme. This scheme has now been extended for a further year to March 2025, with additional funding allocated.

Nature Recovery

The second year of our Hadrian's Wall Recovering Nature project has been successfully delivered with all initial capital investment works on the scheme having been concluded. This 'nature first' approach to the restoration of our landholding at and around Greenlee National Nature Reserve has been supported by Countryside Stewardship funding and by philanthropic funding. Working with our partners our aim remains to develop a landscape scale nature recovery project in conjunction with neighbouring landholdings. Whilst our bid to the Landscape Recovery Pilot programme in the year was not successful, it is our intention to re-submit in the future round.

Revitalising Redesdale

The National Lottery Heritage funded Revitalising Redesdale project is drawing to a close with some minor works to be completed ahead of the agreement deadline of September 2023. This was a five-year programme of twelve interlinking projects, restoring historic monuments, conserving and enhancing wildlife habitats, and providing opportunities for local people to get involved in archaeological and practical conservation projects.

Financial Performance

The financial performance in 2022/23 delivered a surplus outturn of £472,900. The National Park Grant received in the year was £3,112,900 (including the Defra supplementary grant received at year-end). Net operating expenditure of £2,607,400 resulted in an operating surplus of £505,500. This surplus, together with net project income of £73,300 and net expenditure of £105,900 on The Sill Business Plan increases the General Fund balance by £472,900. In addition, proceeds of £30,000 from the sale of Falstone Tea Rooms to the Falstone Community Trust have been taken to our Capital Receipts Reserve, increasing our Useable Reserves by £502,900.

The Authority's long term pension liability decreased from a liability of £6,580,000, to an asset of £810,000 following the Scheme's actuary's latest review and the Tri-annual Scheme valuation which was carried out in March 2022. The positive movement of £7,390,000 arises largely due to the assumptions on the discount rate increasing by 2%, and the assumptions on CPI inflation and salary increases both increasing by 0.30%.

The surplus in the financial year results in the overall useable reserves increasing by £502,900 to £1,957,600. After net transfers from the Earmarked Reserves of £266,500 (note 10), the General Fund has a balance of £1,208,300 (an increase on the prior year of £739,500), the Capital Receipts Reserve has a balance of £30,000 and the Earmarked General Reserve a balance of £719,300 at the year end.

The balance on the General Fund is used to ensure 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. The year-end balance is higher than our usual managed levels as a result of the supplementary funding received from Defra at the end of the financial year. Plans are currently being prepared to use available reserves over the medium-term budget plan and this will help reduce the impact of reductions in staff required by ongoing flat cash Defra grant and will also allow the Authority to invest in key national and Management Plan priorities. An update of the Medium-Term Budget Plan 2023/24 - 2025/26 was approved at the Authority's Annual Meeting in June 2023. The updated plan sets aside earmarked reserves for investment and known liabilities, along with general reserves of £500,000 at the end of the budget period. This is in line with the Authority's reserve policy.

Summary

2022/23 has been a challenging year, a prudent approach to budget management, together with over performance against income generation in many areas has ensured the Authority met its financial targets. However, the impact of inflation and the staff pay awards on our costs is significant and this has necessitated a business review to reduce ongoing costs as we prepared the next medium-term budget plan. The supplementary grant from Defra, received at the end of the financial year will provide one off support to the budget position and will be used to retain essential staff capacity, invest in our services and infrastructure and ensure that we can continue to meet our objectives and deliver on our priorities in future years.

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

2022/23 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 £3,112,927, amounted to 55% of its total income in 2022/23.

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 rising inflation, combined with continuing real term cuts in National Park Grant, allowing the Authority to continue to deliver its ambitions. The Authority continues to support the Northumberland National Park Foundation, a charitable company limited by guarantee, which raises charitable funds to support projects which help to achieve objectives for the National Park. The Authority has provided support to set up the Charitable Foundation, however, its Trustees and governance are fully independent of the Northumberland National Park Authority. The Foundation is fully approved by the Charity Commission, registration number 1161156. £54,000 of funds raised by the Foundation were paid to the Authority in the Financial Year to support The Sill education programme and £15,000 was paid towards the Lost Spells exhibition, being hosted at The Sill. A further £200,000 was paid to the Authority by the Foundation to support the Hadrian's Wall Nature Recovery project.

Gross income to support the net Cost of Services in the Comprehensive Income and Expenditure Statement during the year was £2,519,421. This was £65,704 higher than the previous year due to a £151,745 decrease in External Grants, and a £217,449 increase in Sales, fees and charges. An explanation is given below.

External Grant Income

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

- £130,400 was received in the previous year from the National Lottery Heritage fund in respect of the Culture Recovery Fund.
- £34,700 was recognised in the prior year for funding for The Sill from the National Lottery Heritage Fund, the final income in relation to The Sill project which completed at that time.

- An increase of £18,700 grant income from Natural England in relation to the Hadrian's Wall National Trail as additional funds were granted to carry out access improvements.
- An increase of £78,700 grant income from Defra for the second year of the Farming in Protected Landscapes scheme.
- £63,006 has been received in the year from Defra, in relation to Countryside Stewardship agreements on land at Greenlee. This is an increase of £10,100 on the previous year's allocation.
- £24,000 was received in the previous year from Natural England for water quality monitoring at Greenlee.
- £53,100 was received from the Yorkshire Wildlife Trust in the previous year in respect of the North of England Peat Partnership.
- £8,100 in Covid Support Grants from Northumberland County Council were received in the year, compared to £55,000 in 2021/22.
- £5,400 was received in the year from the South Downs National Park Authority for the Generation Green project. This is compared to £38,858 in the previous year as the project is now complete.
- An increase of £41,029 from Northumberland National Park Foundation for the second year of the Hadrian's Wall Recovering Nature Programme.
- £30,000 was received in the previous year from Northumberland National Park Foundation for the Cheviot Hills Heritage Project.
- £44,700 was received in the year from Defra for its Access for All project.
- £22,300 has been recognised from funding from the Great Northumberland Forest to part fund a Woodland Creation Officer.

Other income

The most significant movements are as follows:

- Income from the retail operation at The Sill and Walltown increased by £48,400. Both visitor numbers and spend per head were ahead of target.
- Activity sponsorship and grant income of £74,300 has been received in the year (£81,000 was received in 2021/22). This includes £54,000 in sponsorship towards The Sill Education programme and £15,000 in respect of the Lost Spells Exhibition, from the Northumberland National Park Foundation. £5,000 was received from the National Parks Partnership Ltd to fund Forest Schools.
- Rental income has increased by £11,000. This relates to index linked rent reviews taking place in the year, and a new lease being granted for a room in our Rothbury office.
- Shared Building Cost income has increased by £14,400. This relates to utilities and maintenance costs recharged to tenants and is impacted by the increasing costs of utilities.

- Room hires income has increased by £13,600. Room Hire at our Head Office at Eastburn is now close to pre-pandemic levels and the income generated from room hire at The Sill is at its highest level to date.
- Car parking income has increased by £38,600. A new charging structure was introduced at the beginning of this year at our Hadrian's Wall parking sites, which saw an increase in income, despite a small decrease in the number of tickets sold.
- Footpath income has decreased by £16,200, as in the previous year, funding was received from Northumberland County Council as a contribution to bridge works.
- Development Management fee income has increased by £68,900 as a result of three major planning applications being received in the year.
- Café income has increased by £55,200, to £285,500 as both the number of covers and spend per head were ahead of target. In the previous year, the café was impacted by closure and table number restrictions in the early months.

Expenditure in the Comprehensive Income and Expenditure Statement

The gross Cost of Services in the Comprehensive Income and Expenditure Statement increased by £335,239 to £6,278,665; this increase was after an increased year-on-year IAS19 pension cost movement of £10,000.

The notable reasons for this increase in expenditure are largely due to the timing and nature of projects undertaken and the increase in trading costs, in line with increased sales.

Staff Costs

Employee expenses have increased by £265,565 to £3,653,629. This increase includes a £10,000 increase relating to an IAS19 pension cost movement and includes £9,800 relating to a decrease in the accumulated absence accrual. Salary, NI and pension payments have increased year on year by £267,900. This partly arises as the flat rate pay increase of £1,925 per employee resulted in pay increases of between 4% and 10% to our staff. Staffing levels at The Sill have also increased as increased income levels have been generated and new staffing models have been trialled.

Other costs

Non staff costs have increased year on year by £69,673. Notable movements are as follows;

- A decrease in depreciation of £51,300 as a number of fixtures became fully depreciated in the year.
- An increase in gas costs of £14,490 as unit costs have increased.
- A decrease in telephone costs of £16,985 following the introduction of a new system.
- A decrease in external audit fees of £9,252 as last year's amount included an accrual of £10,000 to allow for the agreement of a scale variation charge for both the 2020/21 and 2021/22 Financial Years.
- A decrease in Conservation costs of £72,700 as project works on the Cheviot summit and the restoration of Peatland at Lilburn Estate were carried out in the previous year.

- An increase of costs on Greenlee infrastructure works of £32,239 in the second full year of the Hadrian's Wall Recovering Nature project.
- A decrease in Archaeology costs of £29,959 as scheduled works on the Lost Redesdale project and the Battle of Otterburn project were carried out last year at a cost of £61,730. In the current year, works have been carried out on the 'Lost Redesdale' element of the Revitalising Redesdale project and Rochester Roman Fort to a lower value.
- An increase in materials and equipment costs of £18,848. The current year's spend includes £10,900 for the purchase of a ride on mower, and £4,590 for a new coffee machine for The Sill café.
- An increase of £11,646 in maintenance of The Sill interpretative display costs. The current year's spend included costs to repair a projector of £10,056.
- £44,076 has been spent on accessibility improvements this year, as part of the Defra funded Access for All project.
- A decrease in Public Relation costs of £14,350. The contract for the provision of this service ended during the last financial year.
- An increase in Footpath Materials costs of £22,738. In the current year, £22,925 was spent on Footpath materials for the Walk, Cycle Redesdale element of the Revitalising Redesdale project.
- An increase in interpretation costs of £36,079 which relate to scheduled works under the Revitalising Redesdale project.
- An increase in costs relating to purchases for The Sill retail operation of £32,309, and for The Sill Café of £18,946, in line with increased sales.
- £336,119 of Direct Grant Payments were made under the Farming in Protected Landscapes (FiPL) grant programme in 2022/23, an increase on the previous year of £67,643
- An increase in Sill interpretation costs of £21,576 which relate to the Lost Spells exhibition.
- A decrease in professional fees expended on the Revitalising Redesdale projects of £69,876.

Total net operating expenditure for the year was £3,759,244; this was an increase of £269,535 on the previous year.

Finance and investment net expenditure at £183,431, decreased by £2,378. This was made up of a IAS19 pension cost movement of £10,000, and a decrease in the loan interest charge of £877. Interest received during the year increased by £11,502, as interest rates increased.

Non-specific grant income at £3,112,927 was £331,080 higher than the previous year. The National Park Grant remained at £2,672,927 as no inflationary rise was granted, but a supplementary National Park grant of £440,000 was awarded to mitigate the impact of the flat cash grant awarded in a time of exceptionally high inflation.

Pension Reserve

At March 2022, there was a deficit on the Authority's Pension Reserve of £6,580,000. Following the latest actuarial statement as detailed in note 11 (Unusable Reserves), the Reserve is now an asset of £810,000.

Usable and Earmarked Reserves

During the year the level of Usable Reserves increased by £502,946 to £1,957,545. £354,000 of this increase is temporary and relates to budget carry forwards or transfers to earmarked reserves which are proposed for agreement by the Authority in June 2023.

The Usable reserves of £1,957,545 would reduce to £1,238,245 if all the Earmarked Reserves totalling £719,300 detailed in note 10 were utilised.

Statement of Responsibilities for the Statement of Accounts

Responsibilities of the National Park Authority

The National Park Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. At the Northumberland National Park Authority, that officer is the Chief Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

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

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

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

The Chief Financial Officer has also:

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

Statement by the Chief Financial Officer

I certify that this Statement of Accounts gives a true and fair view of the financial position of Northumberland National Park Authority at the reporting date and its expenditure and income for the year ended 31st March 2023.

..... Chief Financial Officer

..... 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 2023. 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 Annual Governance Statement provides an overview of the control systems in place to provide a high level of assurance.

The Authority's 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 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. Strategic risk is managed within the Strategic Risk Register framework and the risk appetite set by the Board of the Authority.

The system of internal control has been in place for the year ended 31st March 2023 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 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. A new Management Plan for Northumberland National Park was adopted in October 2022 following extensive partner input and public engagement. The Management Plan sets out a shared vision and strategic aims for the National Park which are cascaded into outcomes and objectives for the National Park Authority and its partners.

The Management Plan 2022-2027 guides the corporate priorities of the Authority as set out in the **Business Plan** for the Authority (2023 to 2026).

2023-2026 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.

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 working groups of members, staff and partners. Policy conferences and working 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.

Identifying, assessing and monitoring risks

The Authority manages risk through its **Strategic Risk Register**, which identifies areas of highest strategic risk to delivering the aims and objectives of the Business Plan. The risk appetite is set by members of the Authority Board. Strategic risks are reviewed regularly, initially by the executive Leadership Team, next by Finance and Audit Group and then considered and agreed by the Board of the Authority on a quarterly basis and any resulting adjustments or mitigating actions are incorporated, via the Operational Plan, into work programmes.

The approval of the new 3-year Business Plan has triggered a full review of the Strategic Risk Register. A Member workshop was held in May 2023 to help identify the strategic risks and set

the risk appetite. A new Strategic risk register was presented at the June 2023 Authority meeting for approval which detailed nine headline strategic risks. Regular reporting of risks to members will be restricted to those which after mitigating actions, are deemed as having a major impact to the Authority should the risk be realised. This applies to two of the nine strategic risks: Maintaining a financial position which supports our Business Plan and The National Park Authority is unable to make demonstrable progress towards carbon neutrality.

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 and by the Board of the Authority on an annual basis 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 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 the 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.

Our Business Continuity plan was enacted in November 2022 following an attempted ransomware cyber-attack. The incident was reported to the National Cyber Security Centre, the Police via Action Fraud and the Information Commissioner's Office (ICO). The incident was successfully contained, and systems fully recovered within 10 days. There was no major impact on operations that could not be managed during this period.

The ICO have requested no further action based on all the available evidence.

A post incident and lessons learned review was completed in May 2023 and an update of the Business Continuity Plan and processes for each department will follow, to enable the Authority to be in the best possible position to operate its core functions should such an incident occur again in the future.

Investment has also been made in further securing out server environment and minimising our risk to future incidents.

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

Improvement Planning

The Authority delivers continuous improvement through its performance management system, ongoing review of project and programme delivery and through a regular programme of member led reviews which cover a broad spectrum of the Authority's activities. 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 uses independent members and expertise to bring fresh perspective on the delivery and improvement of the Authority's work. This process provides a high support and high challenge approach to recognising success, learning and delivering continuous improvement.

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.

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. The Authority also benchmarks some of its activities e.g., staff sickness, against wider benchmark data to ensure it remains effective and efficient.

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.

The ongoing flat cash core grant settlements require continuous assessment of costs in a bid to reduce these wherever feasible. Costs are challenged every budget round. 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 National Parks Partnerships Ltd, aims to ensure we can deliver a wide and varied work programme.

Salary and associated direct employment costs for non-project staff are the most significant resource for the Authority, equivalent to 85% of National Park Grant.

The Authority continually develops its staff and undertakes regular surveys. Latest results show high levels of staff satisfaction and engagement, with the Authority benchmarking in the top percentile for the areas of manager support and peer support.

The Organisational Development Strategy, 2019 – 2022 strategy is substantially complete. A new Organisational Development Strategy 2023 - 2026 is in development and is closely aligned to the Business Plan.

In 2022/23, the Authority continues to have good levels of staff engagement with sickness (excluding long-term sickness) at 2.8 days per member of staff. This remains below the public sector average at 7 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 mitigate and 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 through National Parks England 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 for 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 Board of 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 and 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.

The Authority's performance management system has is aligned with the **State of the Park Monitoring Report** which provides high level outcome measures to further inform progress on the overall 'health' of the National Park and reflects how the work of the Authority and its partners is impacting on in the economic, social and environmental performance 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 to address any areas requiring action.

During the year the Leadership Team consider the findings of each internal audit report, agree a management response to any findings and recommendations. The implementation of recommendations are monitored on a regular basis and reported annually by internal audit through a follow up report. 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 2022/23 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:

- Business Intelligence;
- Health and Safety; and
- Climate Change

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

- 1 recommendation categorised as low priority;
- 8 recommendations categorised as medium priority; and
- 0 recommendation categorised as high priority.

The Authority's systems of internal control including: governance; financial management; internal audit; performance management; review and; improvement planning, together create 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

Statement to be inserted in final accounts on completion of the audit.

Statement to be inserted in final accounts on completion of the audit.

Statement to be inserted in final accounts on completion of the audit.

Statement to be inserted in final accounts on completion of the audit.

Statement to be inserted in final accounts on completion of the audit.

Comprehensive Income and Expenditure Statement for the Year Ended 31st March 2023

	2021/22			2022/23		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Conservation of Natural Environment	841,702	(629,152)	212,550	904,083	(677,211)	226,872
Conservation of Cultural Heritage	294,408	(169,246)	125,162	161,773	(62,801)	98,972
Recreation Management and Transport	518,885	(538,626)	(19,741)	502,400	(524,008)	(21,608)
Promoting Understanding	2,104,233	(963,423)	1,140,810	2,290,820	(1,027,574)	1,263,246
Rangers, Estates and Volunteers	469,108	(6,194)	462,914	544,135	(4,029)	540,106
Development Control	230,983	(50,873)	180,110	228,535	(112,340)	116,195
Forward Planning and Communities	94,413	-	94,413	116,640	-	116,640
Corporate Management and Administration	1,389,694	(96,203)	1,293,491	1,530,279	(111,458)	1,418,821
Cost of Services	5,943,426	(2,453,717)	3,489,709	6,278,665	(2,519,421)	3,759,244
Other Operating income (Note 3)			-		(30,000)	(30,000)
Financing and investment income and expenditure (Note 4)	186,803	(994)	185,809	195,927	(12,496)	183,431
Non-specific grant income (Note 5)		(2,781,847)	(2,781,847)		(3,112,927)	(3,112,927)
Deficit on the Provision of services			893,671			799,748
Revaluation loss/ (gain) on Land and Buildings revalued on the 31 st March 2023 (Note 24)			(438,917)			(1,144,762)
Actuarial (gains) / losses on Pension Fund assets and liabilities (Note 19)			(2,140,000)			(8,230,000)
Other Comprehensive (Income) and Expenditure			(2,578,917)			(9,374,762)
Total Comprehensive (Income) and Expenditure			(1,685,246)			(8,575,014)

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 2023.

The accounting policies and notes on pages 30 to 70 form an integral part of these financial statements.

..... Chief Financial Officer Date

Movement in Reserves Statement for the Year Ended 31st March 2023

	General Fund Balance £	Earmarked General Fund Reserves £	Capital Receipts Reserve	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance as at 31 March 2021	361,118	738,500	—	1,099,618	2,935,509	4,035,127
Movement in Reserves during 2021/22						
Deficit on the provision of services	(893,671)	—	—	(893,671)	—	(893,671)
Other comprehensive income and expenditure	—	—	—	—	2,578,917	2,578,917
Total comprehensive income and expenditure	(893,671)	—	—	(893,671)	2,578,917	1,685,246
Adjustments between accounting basis and funding basis under regulations (Note 9)	1,248,652	—	—	1,248,652	(1,248,652)	—
Net Increase before Transfers to Earmarked Reserves	354,981	—	—	354,981	1,330,265	1,685,246
Transfers to Earmarked Reserves (Note 10)	(247,300)	247,300	—	—	—	—
(Decrease)/ Increase in 2021/22	107,681	247,300	—	354,981	1,330,265	1,685,246
Balance as at 31 March 2022	468,799	985,800	—	1,454,599	4,265,774	5,720,373
Movement in Reserves during 2022/23	(799,748)	—	—	(799,748)	—	(799,748)
Deficit on the provision of services						
Other comprehensive income and expenditure	—	—	—	—	9,374,762	9,374,762
Total comprehensive income and expenditure	(799,748)	—	—	(799,748)	9,374,762	8,575,014
Adjustments between accounting basis and funding basis under regulations (Note 9)	1,272,694	—	30,000	1,302,694	(1,302,694)	—
Net Increase before Transfers to Earmarked Reserves	472,946	—	30,000	502,946	8,072,068	8,575,014
Transfers to Earmarked Reserves (Note 10)	266,500	(266,500)	—	—	—	—
(Decrease)/ Increase in 2022/23	739,446	(266,500)	30,000	502,946	8,072,068	8,575,014
Balance as at 31 March 2023	1,208,245	719,300	30,000	1,957,545	12,337,842	14,295,387

The accounting policies and notes on pages 30 to 70 form an integral part of these financial statements.

Balance Sheet as at 31st March 2023

		31 March 2022	31 March 2023
	Note	£	£
Property, Plant and Equipment	24	11,983,171	12,612,253
Assets Held for Sale	26	—	—
Intangible Assets	27	—	—
Pensions Asset	12	—	810,000
Long Term Assets		11,983,171	13,422,253
Inventories	29	40,182	47,410
Short Term Debtors	30	481,098	813,528
Cash and Cash Equivalents	31	1,566,300	1,674,444
Current Assets		2,087,580	2,535,382
Short Term Creditors	32	(681,081)	(614,837)
Short Term Borrowing	34	(41,886)	(42,844)
Current Liabilities		(722,967)	(657,681)
Long Term Loan	34	(1,047,411)	(1,004,567)
Pensions Liability	12	(6,580,000)	-
Long Term Liabilities		(7,627,411)	(1,004,567)
Net Assets		5,720,373	14,295,387
Usable reserves	11	1,454,599	1,957,545
Unusable reserves	12	4,265,774	12,337,842
Total Reserves		5,720,373	14,295,387

The above Balance Sheet presents a true and fair financial position of the Authority as at 31st March 2023.

The accounting policies and notes on pages 30 to 70 form an integral part of these financial statements.

..... Chief Financial Officer

..... Date

Cash Flow Statement for the Year Ended 31st March 2023

	2021/22	2022/23
	£	£
Net deficit on the provision of services	893,671	799,748
Adjustments to net surplus on the provision of services for non-cash movements (Note 13)	(1,357,694)	(995,909)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing activities	—	30,000
Net cash flows from Operating Activities (Note 14)	(464,023)	(166,161)
Investing Activities (Note 15)	49,950	16,130
Financing Activities (Note 16)	40,950	41,887
Net (Increase)/Decrease in cash and cash equivalents	(373,123)	(108,144)
Cash and cash equivalents at the beginning of the reporting period	1,193,177	1,566,300
Cash and cash equivalents at the end of the reporting period (Note 31)	1,566,300	1,674,444

The accounting policies and notes on pages 30 to 70 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 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23, 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 2022/23 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 2023.

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, considering 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 surplus in the scheme is the surplus of the value of assets over the present value of liabilities. In the previous year, this was a deficit as there was a shortfall.
 - 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 £3,112,927, represents 55% of total budgeted income in 2022/23. 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. The Authority has been advised that the settlement from Defra will remain a 'flat cash' settlement over the three year term of our budget plan.

Following a positive trading year and after receiving supplementary funding from Defra at the end of the financial year, the Authority returned a budget surplus of £723,800 to reserves. After net transfers from the Earmarked reserves, the General fund has a balance of £1,208,300 at the year end. It was agreed at the June 2023 Authority meeting, to increase the minimum general reserve to £500,000 from £350,000 reflecting the risks within the current budget plan. It was also agreed to transfer a significant proportion of the additional funds to a new earmarked reserve which can be bid to for one off projects and investments to aid in the delivery of the Business Plan. There will be a higher sum held in the General fund and Earmarked reserves than there has been for several years, which together, are considered sufficient to mitigate the financial risks faced by the Authority over the medium term.

The Authority held cash and cash equivalents of £1,674,444 at 31 March 2023, and the supplementary National Park Grant of £440,500 was received in April 2023. The medium term budget shows a deficit for the 2023/2024 Financial year of £320,200 (after carry forwards) and a deficit of £19,000 for 2024/2025. The cash position of the Authority up to 31 March 2025 has been considered and the forecast balance at this date is £1,714,200.

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 2023

	2021/22		2022/23			
	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
Conservation of Natural Environment	119,750	92,800	212,550	102,972	123,900	226,872
Conservation of Cultural Heritage	66,561	58,601	125,162	66,772	32,200	98,972
Recreation Management and Transport	(89,286)	69,545	(19,741)	(79,742)	58,134	(21,608)
Promoting Understanding	453,246	687,564	1,140,810	514,517	748,729	1,263,246
Rangers, Estates and Volunteers	333,714	129,200	462,914	406,106	134,000	540,106
Development Control	115,310	64,800	180,110	62,595	53,600	116,195
Forward Planning and Communities	68,413	26,000	94,413	92,040	24,600	116,640
Corporate Management and Administration	1,173,349	120,142	1,293,491	1,291,290	127,531	1,418,821
Cost of Services	2,241,057	1,248,652	3,489,709	2,456,550	1,302,694	3,759,244
Other operating income (Note 3)	—	—	—	—	(30,000)	(30,000)
Financing and investment income and expenditure (Note 4)	185,809	—	185,809	183,431	—	183,431
Non-specific grant income (Note 5)	(2,781,847)	—	(2,781,847)	(3,112,927)	—	(3,112,927)
(Surplus)/Deficit on the Provision of services	(354,981)	1,248,652	893,671	(472,946)	1,272,694	799,748
Opening balance on the General Fund	1,099,618	—	—	1,454,599	—	—
Add Surplus (less Deficit) on the Provision of services	354,981	—	—	472,946	—	—
Closing Balance on the General Fund	1,454,599	—	—	1,927,545	—	—

Note to the Expenditure and Funding Analysis for the Year Ended 31st March 2023 -**Adjustments to the General Fund to arrive at the Comprehensive Income and Expenditure Balance**

2022/23	Adjustments for Capital Purposes £	Net change for Pension adjustments £	Movement in accrual for accumulated absence £	Total Adjustments £
Conservation of the Natural Environment	—	126,000	(2,100)	123,900
Conservation of the Cultural Heritage	—	33,600	(1,400)	32,200
Recreation Management and Transport	(466)	58,800	(200)	58,134
Promoting Understanding	416,829	336,000	(4,100)	748,729
Rangers, Estates and Volunteers	—	134,400	(400)	134,000
Development Control	—	58,800	(5,200)	53,600
Forward Planning and Communities Management and Administration	57,431	67,200	2,900	127,531
Total (Deficit)/Surplus	473,794	840,000	(11,100)	1,302,694
2021/22	Adjustments for Capital Purposes £	Net change for Pension adjustments £	Movement in accrual for accumulated absence £	Total Adjustments £
Conservation of the Natural Environment	—	90,200	2,600	92,800
Conservation of the Cultural Heritage	—	57,400	1,200	58,600
Recreation Management and Transport	4,045	65,600	(100)	69,545
Promoting Understanding	376,165	311,600	(200)	687,565
Rangers, Estates and Volunteers	—	131,200	(2,000)	129,200
Development Control	—	65,600	(800)	64,800
Forward Planning and Communities Management and Administration	49,742	73,800	(3,400)	120,142
Total (Deficit)/Surplus	429,952	820,000	(1,300)	1,248,652

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

The 2022/23 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 2022/23 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 2022/23. The implementation date has been deferred to 1 April 2024.

3. Other Operating Income

	2021/22	2022/23
	£	£
(Gains) / Losses on the disposal of non current assets	—	(30,000)
Total	—	(30,000)

4. Financing and Investment Income and Expenditure

	2021/22	2022/23
	£	£
Net interest on the net defined pension liability	160,000	170,000
Interest payable	26,803	25,927
Interest receivable	(994)	(12,496)
Total	185,809	183,431

5. Non-Specific Grant Income

	2021/22	2022/23
	£	£
National Park Grant *	(2,731,897)	(3,112,927)
Capital Grants and Contributions	(49,950)	—
Total	(2,781,847)	(3,112,927)

* Northumberland National Park Authority receives its net budget, as approved by Parliament, from the Department of the Environment, Food and Rural Affairs (Defra). The base grant for both years was £2,672,927. In 2022/23, a supplementary grant of £440,000 was received, and in 2021/22, funds of £58,970 to contribute to repairs for damage caused by Storm Arwen were granted.

6. Cost of Services Income

	2021/22	2022/23
	£	£
External grants	(1,272,340)	(1,120,595)
Sales, fees and charges	(1,181,377)	(1,398,826)
Total	(2,453,717)	(2,519,421)

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

7. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23,

Credited to Taxation and Non-Specific Grant Income

	2021/22	2022/23
	£	£
Tarmac Ltd Landfill Communities fund – The Sill Play area	49,950	—
Total	49,950	—

Credited to Services

	2021/22	2022/23
	£	£
National Lottery Heritage Fund – The Sill: National Landscape Discovery Centre	34,717	—
National Lottery Heritage Fund – Culture Recovery Fund	130,390	—
Natural England – Hadrian’s Wall Path National Trail	108,000	126,707
Northumberland County Council – Hadrian’s Wall Path National Trail	15,000	15,000
Defra – Farming in Protected Landscapes	361,486	440,219
Defra – Countryside Stewardship	52,912	63,006
Defra – Biodiversity net gain	10,047	4,500
North York Moors National Park Authority – Kickstart	15,129	7,766
Natural England – Facilitation Fund	17,454	—
Natural England – Revitalising Redesdale	223,718	219,125
Natural England – Water quality monitoring, Hadrian’s Wall Recovering Nature	24,000	—
Yorkshire Wildlife Trust – North of England Peat Partnership	53,084	—

Northumberland National Park Authority

Northumberland National Park Foundation – Cheviot Hills Heritage	30,000	—
Northumberland National Park Foundation – Hadrian’s Wall Recovering Nature	64,480	105,509
Northumberland County Council Covid Support Grants	55,000	8,121
Coronavirus Job Retention Scheme	587	—
South Downs National Park Authority – Generation Green	38,858	5,391
Defra – Access For All	—	44,662
Defra – Facilitation Fund	—	13,367
Northumberland County Council- Woodland Creation Officer	—	22,250
Other Revenue Grants each under £10,000	37,478	44,972
Total	1,272,340	1,120,595

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: -

	2021/22	2022/23
	£	£
Natural England – Cheviot Hill Tracks	1,855	—
Northumberland National Park Foundation – Hadrian’s Wall Recovering Nature	35,520	130,011
Defra – Farming in Protected Landscapes	6,525	4,838
National Grid - Landscape Enhancement initiative	143,714	143,714
Total	187,614	278,563

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

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

2022/23	Sales, Fees and Charges	Grants	Total Income	Employee Expenses	Depreciation and impairment costs	Service Expenses	Total Expenditure	Net Expenditure
	£	£	£	£	£	£	£	£
Conservation of the Natural Environment	(18,505)	(658,707)	(677,212)	440,261	—	463,822	904,083	226,871
Conservation of the Cultural Heritage	(775)	(62,026)	(62,801)	120,170	—	41,603	161,773	98,972
Recreation Management and Transport	(285,210)	(238,798)	(524,008)	218,110	9,783	274,507	502,400	(21,608)
Promoting Understanding	(896,930)	(130,643)	(1,027,573)	1,106,412	448,466	735,942	2,290,820	1,263,247
Rangers, Estates and Volunteers	(4,029)	—	(4,029)	490,180	—	53,955	544,135	540,106
Development Control	(107,840)	(4,500)	(112,340)	200,019	—	28,516	228,535	116,195
Forward Planning and Communities	—	—	—	85,666	—	30,974	116,640	116,640
Management and Administration	(85,537)	(25,921)	(111,458)	992,811	57,431	480,037	1,530,279	1,418,821
Total Surplus	(1,398,826)	(1,120,595)	(2,519,421)	3,653,629	515,680	2,109,356	6,278,665	3,759,244
2021/22	Sales, Fees and Charges	Grants	Total Income	Employee Expenses	Depreciation and Impairment costs	Service Expenses	Total Expenditure	Net Expenditure
	£	£	£	£	£	£	£	£
Conservation of the Natural Environment	(31,972)	(597,179)	(629,151)	393,311	—	448,391	841,702	212,550
Conservation of the Cultural Heritage	(1,610)	(167,636)	(169,246)	179,779	—	114,629	294,408	125,162
Recreation Management and Transport	(279,113)	(259,513)	(538,626)	234,563	14,120	270,203	518,885	(19,741)
Promoting Understanding	(748,179)	(215,244)	(963,423)	979,399	503,121	621,713	2,104,233	1,140,810
Rangers, Estates and Volunteers	(6,195)	—	(6,195)	424,830	—	44,279	469,108	462,914
Development Control	(40,826)	(10,047)	(50,873)	212,147	—	18,836	230,983	180,110
Forward Planning and Communities	—	—	—	84,358	—	10,055	94,413	94,413
Management and Administration	(73,482)	(22,721)	(96,203)	879,677	49,742	460,275	1,389,694	1,293,491
Total Surplus	(1,181,377)	(1,272,340)	(2,453,717)	3,388,064	566,983	1,988,381	5,943,426	3,489,709

9. Adjustments between accounting basis and funding basis under regulations

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

2022/23	General Fund Balance £	Capital Receipts Reserve £	Movement in Unusable Reserves £
Adjustments primarily involving the Capital Adjustment Account:			
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation of non-current assets	515,680	—	(515,680)
Capital Grants and Contributions applied	—	—	—
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Minimum Revenue Provision for the financing of capital investment	(41,886)	—	41,886
Adjustment primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,260,000	—	(1,260,000)
Employer's pension contributions and direct payments to pensioners payable in the year	(420,000)	—	420,000
Adjustment primarily involving the Accumulated Absences Account:			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(11,100)	—	11,100
Adjustment primarily involving the Capital Receipts Reserve:			
Transfer of non – current asset sale proceeds from Revenue to the Capital Receipts Reserve	(30,000)	30,000	—
Total Adjustments	1,272,694	30,000	(1,302,694)

2021/22	General Fund Balance £	Movement in Unusable Reserves £
Adjustments primarily involving the Capital Adjustment Account:		
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation of non-current assets	566,982	(566,982)
Capital Grants and Contributions applied	(49,950)	49,950
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:		
Capital Expenditure charged against the General Fund Balance	(46,130)	46,130
Minimum Revenue Provision for the financing of capital investment	(40,950)	40,950
Adjustment primarily involving the Pensions Reserve:		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,230,000	(1,230,000)
Employer's pension contributions and direct payments to pensioners payable in the year	(410,000)	410,000
Adjustment primarily involving the Accumulated Absences Account:		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,300)	1,300
Total Adjustments	1,248,652	(1,248,652)

10. Transfers to/ (from) Earmarked Reserves

	Balance at 1 st April 2022	Transfers out 2022/23	Transfers in 2022/23	Balance at 31 st March 2023
<u>2022/23</u>	£	£	£	£
Medium Term Budget Requirement and 2022/23 Budget carry forward.	639,200	(639,200)	353,600	353,600
IT Capital Replacement Reserve	10,000	—	—	10,000
Planning Contingency	75,000	—	—	75,000
Legacy Reserve	5,100	(5,100)	—	—
Major Repairs Reserve	37,000	—	10,000	47,000
Sill Cyclical Maintenance Reserve	29,900	—	15,300	45,200
Interpretative Maintenance Reserve	15,100	(10,000)	5,600	10,700
Climate Change Reserve	26,000	—	—	26,000
Planning Fees Improvements Reserve	—	—	24,200	24,200
Hadrian's Wall National Trail Capital Works Reserve	129,100	(36,900)	—	92,200
Northern Uplands Chain Local Nature Partnership	19,400	—	16,000	35,400
Total Earmarked Reserves	985,800	(691,200)	424,700	719,300

Transfer as per Movement in Reserves Statement (£266,500)

	Balance at 1 st April 2021	Transfers out 2021/22	Transfers in 2021/22	Balance at 31 st March 2022
<u>2021/22</u>	£	£	£	£
Medium Term Budget Requirement and 2021/22 Budget carry forward.	414,800	(414,800)	639,200	639,200
IT Capital Replacement Reserve	65,000	(60,000)	5,000	10,000
Planning Contingency	65,000	—	10,000	75,000
Legacy Reserve	5,100	—	—	5,100
Major Repairs Reserve	32,000	—	5,000	37,000
Sill Cyclical Maintenance Reserve	14,600	—	15,300	29,900
Interpretative Maintenance Reserve	14,600	—	500	15,100
Climate Change Reserve	26,000	—	-	26,000
Hadrian's Wall National Trail Capital Works Reserve	101,400	—	27,700	129,100
Northern Uplands Chain Local Nature Partnership	—	—	19,400	19,400
Total Earmarked Reserves	738,500	(474,800)	722,100	985,800

Transfer as per Movement in Reserves Statement £247,300

Further details on the purpose of each earmarked reserve follows.

Medium Term Budget Requirement and 2022/23 Budget carry forward

This reflects the impact of the Medium-Term Budget Plan 2023/24 – 2025/26 agreed in March 2023, as well as budget carry forwards proposed for agreement by the Authority in June 2023.

IT Capital Replacement Reserve

A fund increasing by £10,000 per annum from 2023/24 to be utilised for periodic replacement of ICT hardware and core systems. £60,000 was released from this reserve in 2021/22 to fund the replacement of the server at Eastburn.

Planning Contingency

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

Legacy Reserve

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. The remaining balance of £5,100 was released in the year.

Major Repairs Reserve

This reserve has been created to cover major repairs across the whole of our property portfolio. This was increased by £10,000 during the year and will continue to be increased by this amount from 2023/24 onwards.

Sill 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 Reserve

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

Planning Fees Improvements Reserve

This reserve has been created to ringfence 20% of Development management fees earned in the year that we are obliged to allocate to actions that enable improvements to the planning service, and which have not yet been spent or allocated. As expenditure is made, the corresponding amount will be released accordingly.

Hadrian's Wall National Trail Capital Works Reserve

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

Northern Uplands Chain Local Nature Partnership

The Authority administers this fund on behalf of the partnership. The reserve holds the surplus of contributions made by partners, which will be used in agreement with the partners.

11. Usable Reserves

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

	2021/22	2022/23
	£	£
Opening Balance	1,099,618	1,454,599
(Deficit) on the Provision of Services	(893,671)	(799,748)
Adjustments between accounting and funding basis (Note 9)	1,248,652	1,302,694
Total Usable Reserves	1,454,599	1,957,545

12. Unusable Reserves

	2021/22	2022/23
	£	£
Revaluation Reserve	2,634,996	3,725,147
Capital Adjustment Account	8,258,878	7,839,695
Pensions Reserve	(6,580,000)	810,000
Accumulated Absences Account	(48,100)	(37,000)
Total Unusable Reserves	4,265,774	12,337,842

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 £1,144,762 to reflect the net valuation gain on assets following the revaluation of The Sill, and two other sites. £997,560 of this movement relates to an upward valuation of The Sill building, £25,934 relates to the upward valuation of Church House at Rothbury, and £121,268 relates to the upward valuation of the car park at Housesteads. The reserve was decreased by £51,618 in respect of the difference between fair value depreciation and historical cost depreciation and the revaluation reserve of £2,993 relating to Falstone Tea Room, was transferred to the Capital Adjustment account on its sale.

	2021/22	2022/23
	£	£
Balance at 1 April	2,229,423	2,634,996
Difference between fair value depreciation and historical cost depreciation	(33,344)	(51,618)
Upward revaluation of assets	438,917	1,144,762
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus / Deficit on the Provision of Services	438,917	1,144,762
Amount written off to the Capital Adjustment Account	—	(2,993)
Balance at 31 March	2,634,996	3,725,147

Capital Adjustment Account

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

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

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

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

	2021/22	2022/23
	£	£
Balance at 1 April	8,655,486	8,258,878
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
- Charges for depreciation of non-current assets	(566,983)	(515,680)
- Net revaluation gains and (charges for impairment) of non-current assets	—	—
	<u>(566,983)</u>	<u>(515,680)</u>
Adjusting amounts written out of the Revaluation Reserve	33,345	54,611
Net written out amount of the cost of non-current assets consumed in the year	(533,638)	(461,069)
Capital financing applied in the year:		
- Capital Expenditure charged against the General Fund Balance	46,130	—
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	49,950	—
- Statutory provision for the financing of capital investment charged against the General Fund	40,950	41,886
	<u>137,030</u>	<u>41,886</u>
Balance at 31 March	8,258,878	7,839,695

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 credit balance on the Pension Reserve at the 31st March 2023 therefore shows a surplus in the benefits earned by past and current employees and the resources the Authority has set aside to meet them.

	2021/22	2022/23
	£	£
Balance at 1 April	(7,900,000)	(6,580,000)
Actuarial gains, (losses) on pensions assets and liabilities	2,140,000	8,230,000
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	(1,230,000)	(1,260,000)
Employer's pensions contributions and direct payments to pensioners payable in the year	410,000	420,000
Balance at 31 March	(6,580,000)	810,000

Accumulated Absences Account

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

	2021/22	2022/23
	£	£
Balance at 1 April	(49,400)	(48,100)
Cancellation of accrual made at the end of the preceding year	49,400	48,100
Amounts accrued at the end of the current year	(48,100)	(37,000)
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	1,300	11,100
Balance at 31 March	(48,100)	(37,000)

13. Cash Flow Statement – Non-Cash Movements

	2021/22	2022/23
	£	£
Depreciation Property Plant and Equipment	(566,983)	(515,680)
(Impairment charge)/ Revaluation Gain - Property Plant and Equipment	—	—
IAS19 charges for Retirement Benefits	(820,000)	(840,000)
<u>Items on an accruals basis:</u>		
Increase (decrease) in stock	3,110	7,228
Increase (decrease) in Debtors	184,304	332,429
Decrease (increase) in Creditors	(204,255)	66,244
Increase (Decrease) in Capital Accruals	46,130	(46,130)
Total Non-Cash Movements	(1,357,694)	(995,909)

14. Cash Flow Statement – Operating Activities

	2021/22	2022/23
	£	£
Cash paid to and on behalf of employees	2,585,303	2,877,910
Operating cash payments	2,007,067	2,351,450
National Park Grant	(2,731,897)	(3,112,927)
Other external revenue grants	(1,116,954)	(898,484)
Other operating cash receipts	(1,233,632)	(1,399,848)
Bank interest received	(994)	(10,410)
Loan interest paid	27,084	26,148
Total Cash Flow from Operating Activities	(464,023)	(166,161)

15. Cash Flow Statement – Investing Activities

	2021/22	2022/23
	£	£
Cash paid to purchase property, plant and equipment	49,950	46,130
Cash inflow from the sale of Non-current assets	—	(30,000)
Total Cash Flow from Investing Activities	49,950	16,130

16. Cash Flow Statement – Financing Activities

	2021/22	2022/23
	£	£
Repayments of long-term borrowing	40,950	41,887
Net Cash Flows from Financing Activities	40,950	41,887

17. 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)	2022/23	96,692	18,081	114,773
	2021/22	95,434	17,846	113,280
Director of Business Development	2022/23	73,102	13,670	86,772
	2021/22	71,177	13,310	84,487
Director of Park Management	2022/23	65,167	12,186	77,353
	2021/22	63,242	11,826	75,068
Head of Business Support	2022/23	52,682	9,852	62,534
	2021/22	50,921	9,492	60,413

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

Exit package cost band	Total number of exit packages per cost band		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23
£0-£20,000	—	—	—	—

18. Audit Costs

In 2022/23 the following fees have been recognised in relation to external audit:

	2021/22	2022/23
	£	£
Fees payable to Ernst & Young LLP with regard to external audit services carried out by the appointed auditor	30,680	20,468
	30,680	18,907

19. 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 surplus arising on the pension fund in the current year has been fully recognised. This is allowed under regulations, as, based on the results of the latest valuation, the Authority can gain an economic benefit from payment of reduced contributions below the cost of the expected IAS 19 service costs in the future.

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 2022 and the contributions to be paid until 31 March 2026 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 st March	31 st March	31 st March
	2023	2022	2021
	% p.a.	% p.a.	% p.a.
Discount rate	4.7%	2.7%	2.1%
CPI Inflation	2.7%	3.0%	2.7%
Pension Increases	2.7%	3.0%	2.7%
Pension accounts revaluation rate	2.7%	3.0%	2.7%
Salary increases	4.2%	4.5%	4.2%

Mortality assumption	31 st March	31 st March
	2023	2022

Males

Member aged 65 at accounting date	21.6	21.8
Member aged 45 at accounting date	22.9	23.5

Females

Member aged 65 at accounting date	24.6	25.0
Member aged 45 at accounting date	26.1	26.7

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.. 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 2023			Value at 31st	Value at 31st
	Quoted	Unquoted	Total	March 2022	March 2021
	£m	£m	£m	Total	Total
Equities	7.67	2.12	9.79	10.69	10.05
Property	—	2.01	2.01	1.58	1.43
Govt. bonds	0.25	—	0.25	0.38	0.40
Corporate bonds	3.73	—	3.73	3.52	3.59
Multi Asset Credit	0.86	—	0.86	—	—
Cash	0.35	—	0.35	0.34	0.72
Other	—	2.15	2.15	2.25	1.92
Total	12.86	6.28	19.14	18.76	18.11

The fund is large and largely liquid and consequently 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	31st March	31st March
	2023	2022	2021
	£m	£m	£m
Fair value of assets	19.14	18.76	18.11
Present value of funded defined benefit obligation	(18.23)	(25.22)	(25.88)
Present value of unfunded defined benefit obligation	(0.10)	(0.12)	(0.13)
Asset / (Liability) recognised on the Balance Sheet	0.81	(6.58)	(7.90)

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

Active members	35%
Deferred Pensioners	21%
Pensioners	44%

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 2023 £m	For the year ended 31st March 2022 £m
Operating cost		
Current service cost*	1.09	1.07
Financing Cost		
Interest on net defined liability / (asset) – funded pension scheme	0.17	0.16
Pension expense recognised in the Surplus or Deficit on the Provision of Services	1.26	1.23
Remeasurements in Other Comprehensive Income		
Return on plan assets below that/ (in excess of) recognised in net interest	0.21	(0.20)
Actuarial (gains) / losses due to changes in financial assumptions – funded pension scheme	(10.11)	(1.77)
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	0.11	(0.25)
Actuarial (gains) / losses due to liability experience – funded pension scheme	1.57	0.08
Actuarial (gains) / losses due to liability experience – unfunded pension scheme	0.01	—
Total Amount recognised in Other Comprehensive Income	(8.23)	(2.14)
Total Amount recognised	(6.97)	(0.91)
* 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 2023 £m	For the year ended 31st March 2022 £m
Opening defined benefit obligation	25.22	25.88
Current service cost	1.09	1.07
Interest expense on defined benefit obligation	0.68	0.54
Contributions by participants	0.15	0.15
Actuarial (gains) / losses due to changes in financial assumptions	(10.11)	(1.77)
Actuarial (gains) / losses due to changes in demographic assumptions	0.11	(0.25)
Actuarial (gains) / losses due to liability experience	1.57	0.08
Net benefits paid out #	(0.48)	(0.48)
Closing present value of liabilities	18.23	25.22

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 2023	For the year ended 31st March 2022
	£m	£m
Opening defined benefit obligation	0.12	0.13
Actuarial gains due to changes in financial assumptions	(0.02)	—
Actuarial losses due to liability experience	0.01	—
Net benefits paid out	(0.01)	(0.01)
Closing present value of liabilities	0.10	0.12

Changes to the fair value of assets during the accounting period

	For the year ended 31st March 2023	For the year ended 31st March 2022
	£m	£m
Opening fair value of assets	18.76	18.11
Interest income on assets	0.51	0.38
Remeasurement gains / (losses) on assets	(0.21)	0.20
Contributions by the employer	0.42	0.40
Contributions by participants	0.15	0.15
Net benefits paid out	(0.49)	(0.48)
Closing fair value of assets	19.14	18.76

Actual return on assets

	For the year ended 31st March 2023	For the year ended 31st March 2022
	£m	£m
Interest income on assets	0.51	0.38
Remeasurement gain / (losses) on assets	(0.21)	0.20
Actual return on assets	0.30	0.58

The Authority's contributions to the fund for the accounting period ending 31 March 2023 are estimated to be £0.41m. In addition, unfunded benefits paid by the Authority directly to beneficiaries were £0.01m in 2022/23 and is expected to be £0.01m for the accounting period ending 31 March 2024.

Risks associated with the Fund in relation to accounting

Asset Volatility

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

Changes in Bond Yield

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

Inflation Risk

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

Life expectancy

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

Exiting Employers

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

Sensitivity Analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31st March 2023 and the projected service cost for the year ending 31st March 2024 is set out as follows.

In each case, only the assumption mentioned is altered, all the other assumptions remain the same and are summarised above.

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

Funded LGPS Benefits

Discount rate assumption

	+0.1% pa	Base Figure	-0.1% pa
Adjustment to discount rate			
Present value of total obligation (£Ms)	17.90	18.23	18.56
% change in present value of total obligation	-1.8%		1.8%
Projected service cost (£Ms)	0.47	0.49	0.51
Approximate % change in projected service cost	-4.1%		4.2%

Rate of general increases in salaries

	+0.1% pa	Base Figure	-0.1% pa
Adjustment to salary increase rate			
Present value of total obligation (£Ms)	18.27	18.23	18.19
% change in present value of total obligation	0.2%		-0.2%
Projected service cost (£Ms)	0.49	0.49	0.49
Approximate % change in projected service cost	0.0%		0.0%

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

	+0.1% pa	Base Figure	-0.1% pa
Adjustment to pension increase rate			
Present value of total obligation (£Ms)	18.52	18.23	17.94
% change in present value of total obligation	1.6%		-1.6%
Projected service cost (£Ms)	0.51	0.49	0.47
Approximate % change in projected service cost	4.2%		-4.1%

Post retirement mortality assumption

	- 1 year	Base Figure	+ 1 year
Adjustment to mortality age rating assumption*			
Present value of total obligation (£Ms)	18.70	18.23	17.76
% change in present value of total obligation	2.6%		-2.6%
Projected service cost (£Ms)	0.51	0.49	0.47
Approximate % change in projected service cost	3.4%		-3.4%

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

20. Members Allowances

The total Northumberland National Park Authority Members allowances paid in the year was £45,323 (2021/22 £43,058).

The total Northumberland National Park Authority Members travel and subsistence paid in the year was £3,367 (2021/22 £1,791).

21. Financial commitments

Operating Leases

The amount paid to lessors under the National Park Authority's operating leases in 2022/23 was £44,484 (2021/22 £28,662).

As at the balance sheet date, 31st March 2023, the National Park Authority had total future minimum lease payments under non-cancellable leases of £26,446 (31st March 2022 £13,195):

	31st March 2023		31st March 2022	
	Land and Buildings	Vehicles	Land and Buildings	Vehicles
	£	£	£	£
Operating leases:				
Payments due within one year	—	15,410	—	11,961
Payments due within two and five years	—	11,036	—	1,234
	—	26,446	—	13,195

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

22. Related Party Transactions

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

Central Government

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates and provides the majority of its funding in the form of the “National Park Grant” from the Department of the Environment, Food and Rural Affairs (DEFRA). Note 5 sets out the amount of “National Park Grant” received during the year 2022/23.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2022/23 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 2022/23. 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 for the National Park. The Trustees and governance are fully independent of Northumberland National Park Authority; however the Authority has provided ongoing administrative support.

Payments to related parties		Payments to related party 2021/22	Due to related party at 31.3.22	Payments to related party 2022/23	Due to related party at 31.3.23
	Nature of relationship	£	£	£	£
Northumberland County Council	a.	55,379	8,744	56,287	4,662
Glendale Agricultural Society	b.	—	—	120	—
Glendale Gateway Trust	b.	—	—	73	—
Kielder Water & Forest Park	b.	5,520	—	—	—
Ingram Village Hall	b.	80	—	40	—
Mr and Mrs Gibson	b.	—	—	1,660	—
Newton and Charlton LLP	b.	—	—	1,615	—
Northumberland National Park Foundation	c.	521	—	5,000	—

Receipts from related parties		Receipts from related party 2021/22	Due from related party at 31.3.22	Receipts from related party 2022/23	Due from related party at 31.03.23
	Nature of relationship	£	£	£	£
Northumberland County Council (includes grants administered by Northumberland as the accountable body)	a.	35,431	—	27,065	—
Northumberland National Park Foundation	c.	195,000	25,527	294,527	—

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

23. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2021/22	2022/23
	£	£
Opening Capital Financing Requirement	1,130,247	1,089,297
<u>Capital Investment</u>		
Land and Buildings	—	—
Plant, Furniture and Equipment	96,080	—
	96,080	—
<u>Sources of Finance</u>		
Government Grants and other contributions	(49,950)	—
Direct Revenue Contributions	(46,130)	—
Repayment of loan principal	(40,950)	(41,886)
Closing Capital Financing Requirement	1,089,297	1,047,411
Explanation of movements in year		
Expenditure financed from new external borrowing (not supported by government financial assistance)	1,089,297	1,047,411
(Decrease) in Capital Financing Requirement	(40,950)	(41,886)

24. Property, Plant and Equipment

	Land and Buildings £	Surplus Land and Buildings £	Plant, Furniture and Equipment £	Total £
Movements in Property, Plant and Equipment during 2021/22:				
Cost / Valuation as at 31st March 2021	11,614,948	1,498	1,366,924	12,983,370
Additions	—	—	96,081	96,081
Revaluation increases recognised in the Revaluation Reserve	100,000	—	—	100,000
Cost / Valuation as at 31st March 2022	11,714,948	1,498	1,463,005	13,179,451
Accumulated depreciation as at 31 March 2021	85,858	60	882,296	968,214
Depreciation Charge	410,508	15	156,460	566,983
Impairment losses / (reversals) recognised in the Revaluation Reserve	(338,842)	(75)	—	(338,917)
Accumulated depreciation as at 31 March 2022	157,524	—	1,038,756	1,196,280
Net Book Value as at 31st March 2021	11,529,090	1,438	484,628	12,015,156
Net Book Value as at 31st March 2022	11,557,424	1,498	424,249	11,983,171

	Land and Buildings £	Surplus Land and Buildings £	Plant, Furniture and Equipment £	Total £
Movements in Property, Plant and Equipment during 2022/23:				
Cost / Valuation as at 31st March 2022	11,714,948	1,498	1,463,005	13,179,451
Additions	—	—	—	—
De-recognition and Disposals	—	—	(72,040)	(72,040)
Revaluation increases recognised in the Revaluation Reserve	757,361	—	—	757,361
Cost / Valuation as at 31st March 2023	12,472,309	1,498	1,390,965	13,864,772
Accumulated depreciation as at 31 March 2022	157,524	—	1,038,756	1,196,280
Depreciation Charge	414,710	15	100,954	515,680
De-recognition and Disposals	—	—	(72,040)	(72,040)
Impairment losses / (reversals) recognised in the Revaluation Reserve	(387,401)	—	—	(387,401)
Accumulated depreciation as at 31 March 2023	184,833	15	1,067,670	1,252,519
Net Book Value as at 31st March 2022	11,557,424	1,498	424,249	11,983,171
Net Book Value as at 31st March 2023	12,287,476	1,483	323,295	12,612,253

A desktop valuation of The Sill was undertaken at 31 March 2023, and a revaluation of our site at Housesteads, was carried out as part of the cyclical programme of revaluations. A revaluation was also carried out of Church House at Rothbury, following a change to the number of rooms being leased impacting on its income stream. The re-valuation of The Sill was carried out by Lambert Smith Hampton, and the other sites were valued by Michael A Blake FRICS BSc (Hons) a Registered Valuer at Youngs RPS. 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 Sill was valued using a combined method of depreciated replacement cost and the investment method, and Church House and Rothbury were measured at their existing use value. The Authority is not aware of any material change in the value of any other Property, Plant and Equipment as at 31 March 2023. During the year, IT server equipment of £55,936 and three electric car charging points were written off. All of these items were fully depreciated.

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

	31/03/2022	31/03/2023
Administrative offices	2	2
Rural Business Enterprise Hub	1	1
Visitor centres / tea rooms	4	3
Historic sites / buildings	3	2
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 2023. A revised value of £8,855,000 was given; an upward revaluation of £997,560.

Outstanding Capital Commitments

As at the 31st March 2023 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 £26,400 for every year that useful lives had to be reduced.

25. Revaluations

The Authority ensures that all property, plant and equipment required to be measured at current value is revalued sufficiently regularly so that their carrying amount is not materially different from their current value at the year end, and as a minimum every five years. All valuations were carried out by external specialists, and were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The Authority has elected to adopt a depreciated historical cost basis as a proxy for current value for non-property assets that have short useful lives or low values (or both).

		Land and Buildings	Surplus Land and Buildings	Plant Furniture and Equipment	Total
		£	£	£	£
Carried at historical cost		—	—	323,295	323,295
Valued at current value as at	31/03/23	9,695,000	—	—	9,695,000
	31/03/22	39,728	1,483	—	41,211
	31/03/21	1,135,000	—	—	1,135,000
	31/03/20	1,113,393	—	—	1,113,393
	31/03/19	304,354	—	—	304,354
Total cost or valuation		12,287,476	1,483	323,295	12,612,253

26. Assets Held for Sale

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, and subsequently assigned a nil value. The transfer was delayed as a result of the Coronavirus Pandemic but was sold in December 2022.

27. 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 2021/22 and 2022/23 were as follows:

	2021/22	2022/23
	£	£
Cost / valuation balance as at 1 st April	13,400	13,400
Assets under construction	—	—
Acquisitions	—	—
Disposals	—	—
	<hr/>	<hr/>
Cost / valuation balance at as 31 st March	13,400	13,400
Cumulative Amortisation balance as at 1st April	13,400	13,400
Amortisation for the year	—	—
Written off on disposal	—	—
	<hr/>	<hr/>
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.

28. Heritage Assets

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

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

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

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

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

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

29. Inventories

The total Northumberland National Park Authority Goods for Resale value at year end was £47,410 (2021/22 £40,182). Stock is now held at our Walltown site as well as The Sill National Landscape Discovery Centre retail and café offer.

As a result of breakages and wastage adjustments throughout the year, and the results of the annual stocktake, there was a write off of stock during the financial year totalling £6,994 (during 2021/22 there was an upward movement of £1,958).

30. Short Term Debtors

Analysis of debtors total at year end by organisation type

	31.03.22	31.03.23
	£	£
Central Government Bodies	34,899	507,086
Local Authorities	3,949	40,498
Other entities and individuals	442,250	265,944
	481,098	813,528

31. Cash and Cash Equivalents

	31.03.22	31.03.23
	£	£
Bank Deposits	715,557	1,223,020
Bank Accounts	842,331	439,759
Cash in transit	7,447	10,558
Petty cash	965	1,107
	1,566,300	1,674,444

32. Short Term Creditors

Analysis of creditors at year end by organisation type

	31.03.22	31.03.23
	£	£
Central government bodies	63,316	53,096
Other local authorities	15,700	24,554
Other entities and individuals	602,065	537,187
	681,081	614,837

33. Financial Instruments

33.1 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 £813,528 (2021/22 £481,098) and cash totalling £1,674,444 (2021/22 £1,566,300).

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.

33.2 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 34.

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 £614,837 (2021/22 £681,081) 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.

33.3 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.

33.4 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.

33.5 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.

33.6 Credit Risk

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

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

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

In relation to trade debtors at 31st March past due but not impaired, a total of £1,816 was outstanding between 30 and 60 days and £995 was outstanding for over 60 days. All balances past due but not impaired with the exception of £2,083.55 had been collected prior to the accounts being approved for audit in July 2023.

34. Long Term Loans

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

Analysis by Type of Loan	31.03.22	31.03.23
	£	£
Public Works Loan Board	41,886	42,844

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

Analysis by Type of Loan	31.03.22	31.03.23	Interest Rate
	£	£	
Public Works Loan Board (10 year loan)	31,829	21,401	1.73%
Public Works Loan Board (30 year loan)	1,015,582	983,165	2.45%
Total	1,047,411	1,004,567	

Analysis by maturity	31.03.22	31.03.23	Ave. Interest Rate
	£	£	%
Between 1 and 2 years	42,844	43,825	2.43
Between 2 and 5 years	123,526	115,435	2.44
Between 5 and 10 years	187,696	192,322	2.45
Between 10 and 15 years	211,998	217,224	2.45
Between 15 and 20 years	239,447	245,350	2.45
Between 20 and 25 years	241,900	190,411	2.45
Between 25 and 30 years	—	—	2.45
Total	1,047,411	1,004,567	2.45

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.

PWLB Fair Value	31.03.22	31.03.23
	£	£
Total	1,196,290	941,375

The Fair Value is lower than the carrying amount at 31st March this year because the fixed rate loan interest payable on existing loans is now 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 higher interest rates prevailing at Balance Sheet date would result in the PWLB requesting a lower current value for the repayment than the amount outstanding shown in the Balance Sheet.

35. Contingent Liabilities

During the year, the PSAA agreed with our Auditors, Ernst and Young, that additional fees for the 2019/20 audit of £11,772 could be charged. Negotiations are ongoing as to additional fees for the 2020/21 and 2021/22 audits. We have included an accrual in the accounts for £10,000 for each of those years in respect of this.

36. 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.