Public Document Pack

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Aldern House, Baslow Road, Bakewell, Derbyshire. DE45 1AE

PEAK DISTRICT NATIONAL PARK

Our Ref: A.1142/1765

Date: 12 July 2018

NOTICE OF MEETING

Meeting: **Audit Resources & Performance Committee**

Date: **Friday 20 July 2018**

Time: **10.00 am**

Venue: **The Board Room, Aldern House, Baslow Road, Bakewell**

SARAH FOWLER
CHIEF EXECUTIVE

AGENDA

1. **Apologies for Absence**

2. **Minutes of previous meeting of 18/05/2018** *(Pages 5 - 10)*

3. **Urgent Business**

4. **Public Participation**
   To note any questions or to receive any statements, representations, deputations and petitions which relate to the published reports on Part A of the Agenda.

5. **Members Declarations of Interest**
   Members are asked to declare any disclosable pecuniary, personal or prejudicial interests they may have in relation to items on the agenda for this meeting.

6. **Internal Audit 2018/19 Annual Plan (A1362/7/DH)** *(Pages 11 - 16)* — 5 mins
   Appendix 1

7. **External Audit 2017/18 Annual Report** *(Pages 17 - 54)* — 30 mins
   Annex A

   Annex B

8. **Statement of Accounts 2017-18 (A.137/21/PN)** *(Pages 55 - 114)* 20 mins
Appendix 1

Appendix 2

9. **2017/18 Annual Governance Statement (JS)** *(Pages 115 - 126)* 20 mins

Duration of Meeting

In the event of not completing its business within 3 hours of the start of the meeting, in accordance with the Authority's Standing Orders, the Authority will decide whether or not to continue the meeting. If the Authority decides not to continue the meeting it will be adjourned and the remaining business considered at the next scheduled meeting.

If the Authority has not completed its business by 1.00pm and decides to continue the meeting the Chair will exercise discretion to adjourn the meeting at a suitable point for a 30 minute lunch break after which the committee will re-convene.

ACCESS TO INFORMATION - LOCAL GOVERNMENT ACT 1972 (as amended)

Agendas and reports

Copies of the Agenda and Part A reports are available for members of the public before and during the meeting. These are also available on the website http://democracy.peakdistrict.gov.uk

Background Papers

The Local Government Act 1972 requires that the Authority shall list any unpublished Background Papers necessarily used in the preparation of the Reports. The Background Papers referred to in each report, PART A, excluding those papers that contain Exempt or Confidential Information, PART B, can be inspected by appointment at the National Park Office, Bakewell. Contact the Democratic and Legal Support Team on 01629 816200, ext 362/352. E-mail address: democraticandlegalsupport@peakdistrict.gov.uk

Public Participation and Other Representations from third parties

Anyone wishing to participate at the meeting under the Authority's Public Participation Scheme is required to give notice to the Director of Corporate Strategy and Development to be received not later than 12.00 noon on the Wednesday preceding the Friday meeting. The Scheme is available on the website http://www.peakdistrict.gov.uk/looking-after/about-us/have-your-say or on request from the Democratic and Legal Support Team 01629 816362, email address: democraticandlegalsupport@peakdistrict.gov.uk.

Written Representations

Other written representations on items on the agenda, except those from formal consultees, will not be reported to the meeting if received after 12noon on the Wednesday preceding the Friday meeting.

Recording of Meetings

In accordance with the Local Audit and Accountability Act 2014 members of the public may record and report on our open meetings using sound, video, film, photograph or any other means this includes blogging or tweeting, posts on social media sites or publishing on video sharing sites. If you intend to record or report on one of our meetings you are asked to contact the Democratic and Legal Support Team in advance of the meeting so we can make sure it will not disrupt the meeting and is carried out in accordance with any published protocols and guidance.

The Authority uses an audio sound system to make it easier to hear public speakers and discussions during the meeting and to make a digital sound recording available after the meeting. From 3 February 2017 the recordings will be retained for three years after the date of the meeting.

General Information for Members of the Public Attending Meetings

Aldern House is situated on the A619 Bakewell to Baslow Road, the entrance to the drive is opposite the Ambulance Station. Car parking is available. Local Bus Services from Bakewell centre and from Chesterfield and Sheffield pick up and set down near Aldern House. Further information on Public transport from surrounding areas can be obtained from Traveline on 0871 200 2233 or on the Traveline website at www.travelineeastmidlands.co.uk.

Please note that there is no catering provision for members of the public during meal breaks. However, there are cafes, pubs and shops in Bakewell town centre, approximately 15 minutes walk away.

To: Members of Audit Resources & Performance Committee:

Chair: Mr Z Hamid
Vice Chair: Mr J W Berresford

Mrs P Anderson
Cllr C Furness
Cllr B Lewis
Cllr C McLaren
Cllr R Walker
Cllr B Woods
Cllr A R Favell
Cllr Mrs G Heath
Cllr A McCloy
Cllr J Perkins
Cllr F J Walton

Other invited Members: (May speak but not vote)

Mr P Ancell
Cllr D Birkinshaw
Cllr D Chapman

Constituent Authorities
Secretary of State for the Environment
Natural England

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MINUTES

Meeting:	**Audit Resources & Performance Committee**
Date:	Friday 18 May 2018 at 10.00 am
Venue:	The Board Room, Aldern House, Baslow Road, Bakewell
Chair:	Cllr A McCloy
Present:	Mrs P Anderson, Cllr J Atkin, Mr J W Berresford, Cllr A R Favell, Cllr C Furness, Mr Z Hamid, Cllr C McLaren, Cllr J Perkins, Cllr Mrs L C Roberts and Cllr D Chapman
Apologies for absence:	Cllr F J Walton, Cllr Mrs G Heath, Cllr Mrs N Turner, Cllr B Woods, Mr P Ancell and Cllr D Birkinshaw

24/18 CHAIRS ANNOUNCEMENTS

The Chair informed Members of the committee that Cllr Nicola Turner had lost her seat in the local elections on 3 May 2018 and would cease to be a Member of the Authority once Kirklees Metropolitan Borough Council nominated a new member. Cllr Turner had sent her apologies for today’s meeting.

Members were reminded to complete their related party disclosure forms which is a requirement for audit purposes.

25/18 MINUTES OF PREVIOUS MEETING OF 16 MARCH 2018

It was noted that amendments to the minutes of the previous meeting was required.

Minute number 18/18 will be amended to read:

‘Derbyshire County Council had had notice served on them to carry out the repairs on Minninglow Lane but details were ***not*** available regarding when these repairs would take place’.

Minute 21/18 will be amended to include a note that Phase 2 of the plans for Millers Dale Station will be presented to this committee in due course.

The minutes of the last meeting of the Audit, Resources and Performance Committee held on 16 March 2018 were approved as a correct record subject to the changes above.

26/18 URGENT BUSINESS

There were no items of urgent business for the Committee to consider.

27/18 PUBLIC PARTICIPATION

There were no members of the public present to make representations to the Committee.

28/18 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interest from the Members.

29/18 2017/18 QUARTER 4 AND YEAR END CORPORATE PERFORMANCE REPORT (A91941/HW)

Cllr Tony Favell joined the meeting at 10.10.

The Senior Strategy Officer introduced the item.

The Chair of the Committee went through each Cornerstone and Directional Shift in turn .

Cornerstone 1 - Members asked if all of the Authority's estates with Sites of Special Scientific Interest (SSSI) were in a favourable condition based on the Natural England standard and if there is a opportunity to use social media in a positive way rather than just defending the Authority's position.

The Director of Conservation and Planning confirmed he would obtain the data regarding the condition of the Authority's estates and circulate to Members. Officers highlighted the issues relating to social media of limitation of characters that can be used in certain forms of social media and the resource implications of engaging in exchanges with those who's views are already entrenched and difficult to change.

Members requested clarification of the Health & Safety risk to members of the public relating to the Service Plan Actions linked to 'Our Focus' 2 & 3 - maintenance work of the trails structure. High priority repairs were being identified and the work was in hand. There was a capacity issue and a wider conversation regarding support for the work was underway. The Director of Corporate Strategy & Development will provide confirmation of the position regarding insurance cover for any incidents which may occur. Trees along the trails were not included in the maintenance of the trails, only the physical infrastructure.

Cornerstone 2 - The Director of Conservation & Planning clarified the performance figure for planning applications and stated that the quality of planning decisions was given priority and that it was important to keep applicants up to date regarding response times. He also clarified the current risk of Special Measures by the Planning Inspectorate because of the percentage of major appeals lost. The percentage was high because of the low number of major planning applications received. If placed in Special Measures applicants could go straight to the Planning Inspectorate for decisions on planning. Satisfaction rates were measured by the Customer and Business Support Team from a random sample of applicants.

All enforcement enquires received by the Enforcement Team, even those which are anonymous, are investigated by the team. Some authorities do not investigate anonymous enquires.

Directional Shift 1 – Traditional Building Restoration Grant Scheme did not include boundary walls, however there was another scheme to fund work on boundaries.

Members noted that the South West Peak celebration had been `brilliant` and a large number of volunteers were now involved in the project.

Directional Shift 2 – Members suggested a change to priority action q) with the removal of the word 'will' from the statement.

Members requested better measures of success regarding engagement with young people.

Members raised concerns regarding the reduction in volunteer days and Officers explained that this was due to a number of factors including the bad weather during the early part of 2018 and a new management system which provided more robust data reporting. The current demographic of volunteers is older with many long serving volunteers, there was a need to recruit more young people but this was an issue that the organisation as a whole needed to look at. The Director of Commercial Development & Outreach agreed to share documentation regarding engagement numbers with young people.

Directional Shift 3 & 4 had red boxes which reflect the development work that was ongoing to develop income streams and visitor experiences.

The recommendations as set out in the report were moved, seconded, voted on and carried.

RESOLVED:

1. **That the 2017/18 Quarter 4 Corporate Performance Report, given in Appendix 1 of the report, which includes performance against indicator targets and priority actions, is reviewed and agreed.**

2. **That the 2017/18 Quarter 4 and year end status and analysis of complaints and Freedom of Information/Environmental Information Requests, given in Appendix 3 of the report, is considered and received.**

30/18 CORPORATE RISK REGISTERS: 2017/18 YEAR END AND 2018/19 PROPOSED (A91941/HW)

The items were introduced by Senior Strategy Officer. New for 2018/19 are three categories which are:

- Outcome/Delivery Risks
- Reputational Risks
- Financial Risks

Risks can span more than one of the three above categories.

Members considered the report on the year end position of the 2017/18 Corporate Risk Register and the proposed Corporate Risk Register for 2018/19.

Members requested clarification on inclusion of the 25 Year Environment Plan, it seemed premature to include this at such an early stage of the Plan. Officers considered that it was important to highlight the Plan because of its importance to future plans.

Members raised concerns regarding the influence of the changes of legislation caused by withdrawal from the EU. Officers explained that EU legislation would become British Legislation over the coming years and would then be reviewed by Defra.

The recommendation as set out in the report was moved, seconded, put to the vote and carried.

RESOLVED:

That the Corporate Risk Register 2018/19, as given in Appendix 1 of the report, be reviewed and approved, taking account of the year end position on the 2017/18 Corporate Risk Register 2017/18 as given in Appendix 2 of the report.

31/18 2017-2018 OUTTURN (A.137/22/PN)

The report was introduced by the Head of Finance who explained that higher level of property reserves were to allow catch up on property maintenance issues and that the slippage is higher than usual due to changes to personnel and reorganisations.

Members considered the report of the outturn for 2017/18, which sought approval of the necessary appropriations, to or from reserves, together with approval of unspent funds and overspends to be carried forward into the 2018/19 financial year.

Some good news stories were noted specifically that North Lees Estate has exceeded its full-cost recovery target and the Cycle Hire Service continues to perform really well.

The recommendation as set out in the report was moved, seconded, voted on and carried.

RESOLVED:

That the Outturn be noted and the slippage requests and specific reserve appropriations shown in Appendix C of the report be approved.

32/18 INTERNAL AUDIT REPORT BLOCK 2, 2017/18 (A1362/7/PN)

Ian Morton, Audit Manager, Veritau Internal Auditors was present at the meeting and introduced the report.

These were the concluding reports for 2017/18. The Creditors Report had been conducted differently as analysis of all creditor payments for the year had been carried out rather than a sample. Nothing had been found that required reporting which was very unusual and very good.

In the Income and Debtors & Creditors reports the overall audit opinion was rated at a High Assurance and the Chair congratulated Officers for achieving this standard.

The Audit Manager explained that the Information & Asset Security Compliance Check is an audit that is carried out in many organisations and the overall standard is universally poor. Members of the Audit Team had surveyed Aldern House at the end of the working day and the report is based on their findings. They concluded that the procedures and policies in place were good and passed onto Officers but were not necessarily being followed and the message regarding these procedures needed to be reinforced as often as possible.

The recommendation as set out in the report was moved, seconded, voted on and carried.

RESOVLED:

That the internal audit reports for the five areas covered under Block 2 of 2017/18 be received (in Appendices 1 – 5) and the agreed actions were considered.

33/18 INTERNAL AUDIT 2017/18 ANNUAL REPORT (DH)

Ian Morton, Audit Manager, Veritau Internal Auditors was present at the meeting and introduced the report.

All scheduled Internal Audit work for 17/18 had been completed and the overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating in the Authority is that it provides Substantial Assurance.

The Audit Manager and the staff at Veritau thanked the Authority staff as they had always found them to be very helpful and friendly.

Members requested that consideration be given to the presentation of future reports to reduce the amount of paper and printing required. Officers noted the request.

The recommendation as set out in the report was moved, seconded, voted on and carried.

RESOLVED:

To note and accept the 2017/18 annual report from the Internal Auditors as set out in Appendix 1 of the report.

The Chair announced that this would be his last meeting as Chair of Audit, Resources and Performance Committee as he was stepping down after four years in the role. He thanked all those Members who have been part of the Committee over the last four years. He highlighted the importance of the Committee in scrutinising what the Authority does, measuring performance, holding Officers to account and also celebrating the Authority's successes.

The meeting ended at 11.30 am

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6. **<u>INTERNAL AUDIT 2018/19 ANNUAL PLAN (A1362/7/DH)</u>**

Purpose of the report

1. This report asks Members to approve the proposed Internal Audit Plan for 2018/19.

Key issues include:

- The purpose of the Internal Audit Plan is to provide the Head of Internal Audit with sufficient evidence to give an opinion on the effectiveness of risk management, governance and internal control across the full range of activities of the organisation.

Recommendations

2. **1. That the 2018/19 Internal Audit Plan be approved.**

How does this contribute to our policies and legal obligations?

3. The work of the internal auditors is a key part of our governance arrangements and helps us to monitor and improve performance to ensure the Authority has a solid foundation supporting achievement of our four cornerstones and four directional shifts as detailed in our 2018/19 Performance and Business Plan.

Background

4. The Accounts and Audit Regulations 2015 require that the Authority undertakes an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with proper practices. Our Internal Audit Provider is Veritau Ltd and the Audit Manager is Ian Morton.

Proposals

5. Members are asked to consider and approve the Internal Audit 2018/19 Audit Plan.

Are there any corporate implications members should be concerned about?

6. **Financial**:
The cost of the Internal Audit contract is found from within the overall Finance budget.

7. **Risk Management:**
The Internal Audit process is regarded as an important part of the overall internal controls operated by the Authority.

8. **Sustainability:**
There are no implications to identify.

9. **Background papers** (not previously published) – None

Appendices -
Appendix 1: Internal Audit Annual Audit Plan 2018/19

Report Author, Job Title and Publication Date
David Hickman, Director of Corporate Strategy and Development, 12 July 2018

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Peak District

National Park Authority

Internal Audit Plan 2018/19

Audit Manager:	Ian Morton
Head of Internal Audit:	Max Thomas
Circulation List:	Members of Audit Resources and Performance Committee Director of Corporate Strategy & Development Head of Finance
Date:	20 July 2018

Assurance Services for the Public Sector

Introduction

1 This document sets out the planned 2018/19 programme of work for internal audit, provided by Veritau for the Peak District National Park Authority.

2 The work of internal audit is governed by the Public Sector Internal Audit Standards. In accordance with those standards, the Head of Internal Audit is required to provide an annual internal audit opinion to the Authority based on an objective assessment of the framework of governance, risk management and control. Our planned audit work includes coverage of all three areas.

3 The internal audit plan has been prepared on the basis of a risk assessment. This is intended to ensure limited audit resources are prioritised towards those systems which are considered to be the most risky and/or which contribute the most to the achievement of the Authority's priorities and objectives. The content of the internal audit plan has been subject to consultation with directors and other senior officers.

4 The internal audit plan is submitted for formal approval by the Audit, Resouces and Performance Committee who are responsible for monitoring progress against the plan and overseeing the work of internal audit. Changes to the plan will be agreed with the Director of Corporate Strategy & Development or Head of Finance (as appropriate) and will be notified to the Committee. Proposed work is also discussed with the Authority's external auditors to ensure there is no duplication of effort. We will provide regular updates on the scope and findings of our work to the Audit, Resouces and Performance Committee throughout 2018/19

5 The plan is based on a total number of 40 days for 2018/19 which is 5 days more than the 2017/18 plan. The 2 days contingency from last years plan have been carried forward to this year and supplemented by 3 free days provided by Veritau to carry out a culture audit of the Peak District NPA. Culture audits are a developing area as a result of an increasing recognition that the right organisational culture is important to the success of any organisation.

2018/19 Audit Plan

6 The plan includes the following:

- **Strategic risks:** this work involves reviewing areas highlighted as specific risks in the Authority's corporate risk register.
- **Financial systems:** to provide assurance on the key areas of financial risk. This work will help provide assurance that the controls for the key financial systems are adequate and effective. The work will also support the work of the external auditors.
- **Regularity / Operational audits:** this work will cover a number of the Authority's operational systems and areas.
- **Technical / Projects:** to provide assurance on specific processes or key projects.
- **Client support, advice and follow up:** this is an allocation of time to support the delivery of the plan and provide assurance on ad-hoc matters.

7 Details of the 2018/19 plan are set out in Appendix A

Appendix A

Draft Internal Audit Plan for 2018/19

Current best practice suggests detailed audit plans should only cover a single year. This reflects the need for plans to adapt to changing priorities and new or emerging risks. The proposed plan for 2018/19 is shown in the table below:

Audit Area	Notes	Planned date	Days
Payroll	A review of payroll procedures to ensure information provided to the payroll provider is provided promptly and is accurate. The audit will also review the management of the payroll contract and the review of output provided	September	5
Budget Management	A review of budget monitoring procedures and reporting arrangements.	January	3
Visitor Centre	An establishment audit covering the procedures in operation at the Castleton Visitor centre following the works carried out at the centre	September	4
Volunteers	A review of policies and procedures around the use of volunteers within the National Park. The audit will review how volunteers are managed to meet authority objectives and to ensure volunteers follow agreed procedures	January	3
Cyber Security	This audit will look at the authority's arrangements for managing cyber security risks' including IT controls such as firewalls and malware protection as well staff awareness and training	September	4
Information Security Compliance check	A check of compliance with data security policies including a check of the clear desk policy within Aldern House	September/ January	2
GDPR	A review of the processes put into place to comply with the new GDPR requirements, and to monitor compliance and actions	January	3
Vehicles and Equipment	A review of processes in place to manage vehicles and equipment, including security of assets, usage, and fuel and maintenance costs. An audit in this area in 2016/17 received reasonable assurance	January	4
Culture	This includes 2 days from contingency last year and 3 additional days provided by Veritau free of charge	September	5

Audit Area	**Notes**	**Planned date**	**Days**
Contingency	An allocation of time to allow for unplanned but essential audit projects arising after the annual audit plan is approved		2
Management (including follow up)	Liaison with management and external auditors, provision of advice, attendance at Audit Committee etc. Follow up of agreed actions from the previous year.	Ongoing	5
Total			**40**

7. <u>EXTERNAL AUDIT 2017/18 ANNUAL REPORT (A137/21/DH)</u>

1. Purpose of the report

This report asks Members to consider the External Auditors' (KPMG) 2017/18 annual report. John Cornett, Director of KPMG will be at the meeting to present his report. The related reports on the statement of accounts and annual governance statement follow.

Key Issues

Key issues include:

- **The External Auditor expects to give an unqualified audit opinion on the 2017/18 financial statements.**
- **The External Auditor will also report that the Annual Governance Statement for 2017/18 complies with the guidance issued by CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives) and anticipates issuing an unqualified Value For Money (VFM) conclusion.**
- **The External Auditor requires a signed copy of the management representation letter at Annex B prior to issuing his audit opinion.**

2. Recommendations(s)

1. **To Consider and note the External Auditor's report at Annex A.**
2. **To note the letter of management representation at Annex B to be signed by the Chair of Audit Resources and Performance Committee and the Chief Finance Officer.**

How does this contribute to our policies and legal obligations?

3. The work of the External Auditors is a key part of our governance arrangements and helps us to monitor and improve performance to ensure the Authority has a solid foundation supporting achievement of our four cornerstones and four directional shifts as detailed in our 2017/18 performance and business plan. Achieving an unqualified opinion on the financial statements and satisfying the Auditor that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources are corporate performance indicators.

Background Information

4. The duties and powers of auditors are set out in the Local Audit and Accountability Act 2014, the Local Government Act 1999, the Statement of Responsibilities of Auditors and Audited Bodies and the Code of Audit Practice. Considering the Auditor's report is part of the agreed Audit Resources and Performance Committee work programme.

Proposals

5. The full report for consideration is given at Annex A.

6. The auditor plans to issue an audit report that includes an unqualified opinion on the financial statements subject to this Committee considering this report, approving the financial statements and receiving the letter of management representations at Annex B.

7. The Chief Finance Officer has responded to a number of issues raised by the Auditors as given in his report that follows.

Are there any corporate implications members should be concerned about?

Financial:

8. The fees for external audit are funded from the existing Finance Services budget. The audit fee for this year's audit is £13,259 plus VAT.

Risk Management:

9. The scrutiny and advice provided by external audit is part of our governance framework. The Auditor's work is based on an assessment of audit risk. Annex A describes the Auditor's conclusions against the risks identified in the 2017/18 audit plan.

Sustainability:

10. There are no issues to highlight.

Equality:

11. There are no issues to highlight.

12. Background papers (not previously published)

None

13. Appendices

Annex A. External Audit (KPMG) 2017/18 Annual Report.

Annex B. Letter of management representations.

Report Author, Job Title and Publication Date

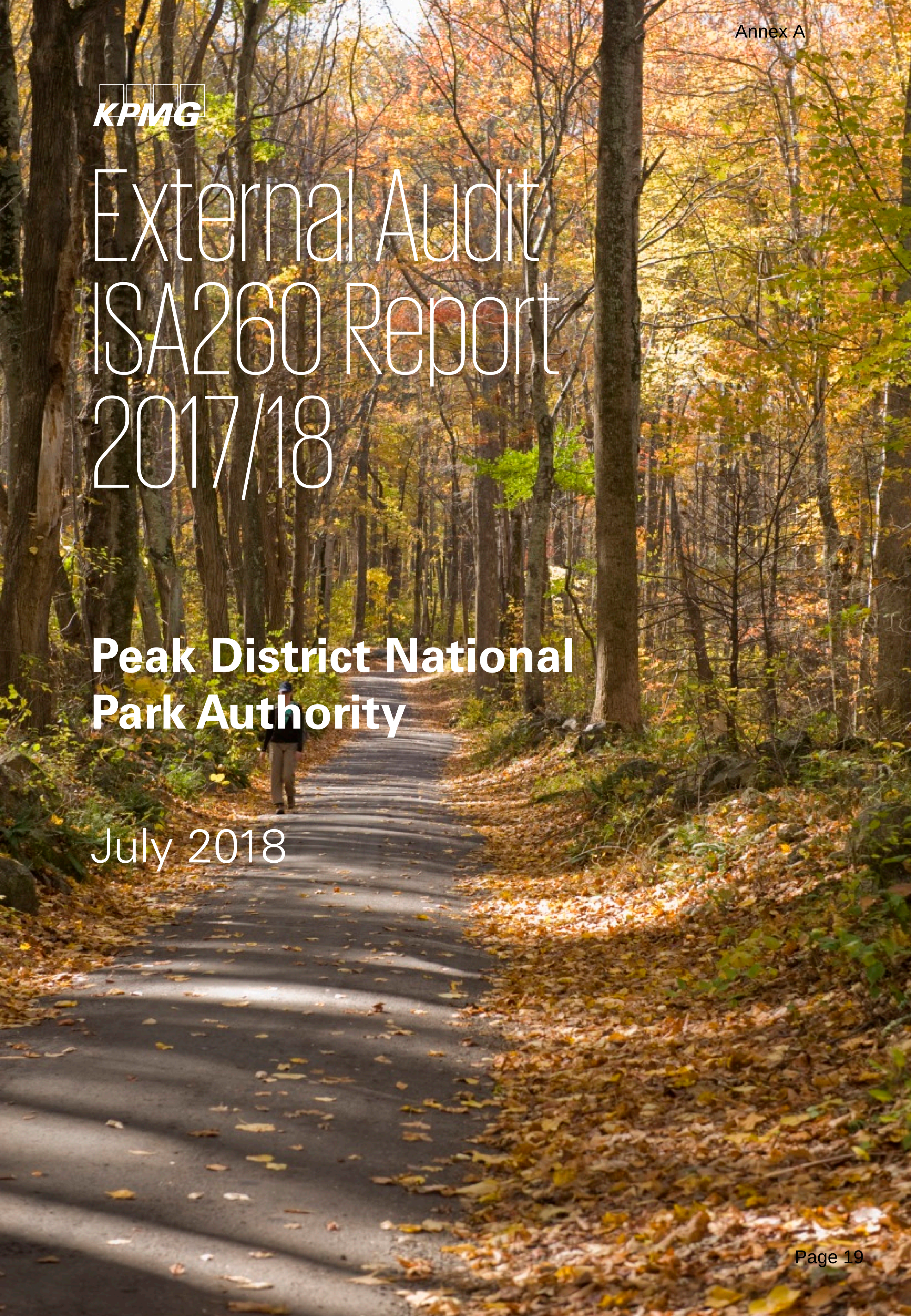
David Hickman, Director of Corporate Strategy and Development, 12 July 2018

KPMG

External Audit ISA260 Report 2017/18

Peak District National Park Authority

July 2018



Summary for Audit, Resources and Performance Committee

This document summarises the key findings in relation to our 2017-18 external audit at Peak District National Park Authority ('the Authority') and Derbyshire County Council Pension Fund.

This report covers both our on-site work which was completed in March and June 2018 on the Authority's significant risk areas, as well as other areas of your financial statements, and the control environment in place to support the production of timely and accurate financial statements.

Organisational and IT control environment

We have identified no significant issues with the Authority's organisational environment and consider that the overall arrangements that have been put in place are reasonable.

Controls over key financial systems

The controls over the key financial systems are sound.

Accounts production

Audit standards (ISA 260) require us to communicate our views on the significant qualitative aspects of the Authority's accounting practices and financial reporting.

We also assessed the Authority's process for preparing the accounts and its support for an efficient audit. The efficient production of the financial statements and good-quality working papers are critical to meeting the tighter deadlines.

The Authority's overall process for the preparation of the financial statements is adequate.

Financial statements

Subject to all outstanding queries being resolved to our satisfaction and final review we anticipate issuing an unqualified audit opinion on the Authority's financial statements before the deadline of 31 July 2018.

Based upon our initial assessment of risks to the financial statements (as reporting to you in our *External Audit Plan 2017/18* and updated during our audit) we identified the following significant risks (excluding those mandated by International Standards on Auditing – see Page 11):

- **Valuation of PPE –** where assets are subject to revaluation, the code requires their year end carrying value to reflect the appropriate fair value at that date. The Authority has a rolling revaluation model over a five year cycle. This creates a risk that the carrying value of assets not revalued in year differs materially from the year end fair value. We found the valuation of PPE to be appropriate and have no issues to note.
- **Pensions Liabilities –** the pension liability is a material element of the Authority's balance sheet. The valuation relies on a number of assumptions, including the actuarial assumptions and actuarial methodology. There is a risk that the assumptions and methodology used are not reasonable. This could have a material impact in the financial statements. We found the liability to have balanced assumptions and have no issues to note.

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Summary for Audit, Resources and Performance Committee (cont.)

Financial statements	— **Faster Close** – For the 2017/18 financial year, revised deadlines have been applied requiring draft accounts by 31May and final signed accounts by 31 July. This caused a number of logistical challenges which, if not managed, could prevent the completion of the audit by 31 July. The Authority met the deadline of 31 May 2018 for both 2017/18 accounts and 2016/17. We undertook an initial assessment of risks to the financial statements at planning stage and identified no significant risks other than the risk of management override of controls. We have updated our assessment and still consider there to be no additional specific risks. We have identified no audit adjustments. We will provide a verbal update on the status of our audit at the Audit, Resources and Performance Committee meeting but would highlight the following work is still outstanding: • Queries regarding assets not revalued in year; • Final disclosure checks of the financial statements; • Final director review; and • Receipt of Management Representations. Based on our work, we have not raised any recommendations. We are now in the completion stage of the audit and anticipate issuing our completion certificate and Annual Audit letter at the next Audit Resources and Performance Committee.
Value for money arrangements	We have completed our risk-based work to consider whether in all significant respects the Authority has proper arrangements to ensure it has taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. **We therefore anticipate issuing an unqualified value for money opinion.**
Exercising of audit powers	We have a duty to consider whether to issue a report in the public interest about something we believe the Authority should consider, or if the public should know about. We have not identified any matters that would require us to issue a public interest report. In addition, we have not had to exercise any other audit powers under the Local Audit & Accountability Act 2014.
Acknowledgements	We would like to take this opportunity to thank Officers and Members for their continuing help

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Section one

Control Environment

Organisational and IT control environment

We have identified no significant issues with the Authority's organisational environment and consider that the overall arrangements that have been put in place are reasonable.

Work completed

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would have implications for our audit. We obtain an understanding of the Authority's overall control environment and determine if appropriate controls have been implemented. We do not complete detailed testing of these controls.

KPMG

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Controls over key financial systems

The controls over the key financial systems are sound.

Work completed

Where we have determined that this is the most efficient audit approach to take, we evaluate the design and implementation of the control and then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Our assessment of a system will not always be in line with your internal auditors' opinion on that system. This is because we are solely interested in whether our audit risks are mitigated through effective controls, i.e. whether the system is likely to produce materially reliable figures for inclusion in the financial statements.

Key findings

Based on our work we have determined that the controls over the majority of the key financial systems are sound.

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Controls over key financial systems (cont.)

Aspect of controls	Assessment
Property, Plant and Equipment	3
Cash and Cash Equivalents	3
Pension Assets and Liabilities	3
Payroll	3
Non Pay Expenditure	3
Journals	3

Key	
1	Significant gaps in the control environment
2	Deficiencies in respect of individual controls
3	Generally sound control environment

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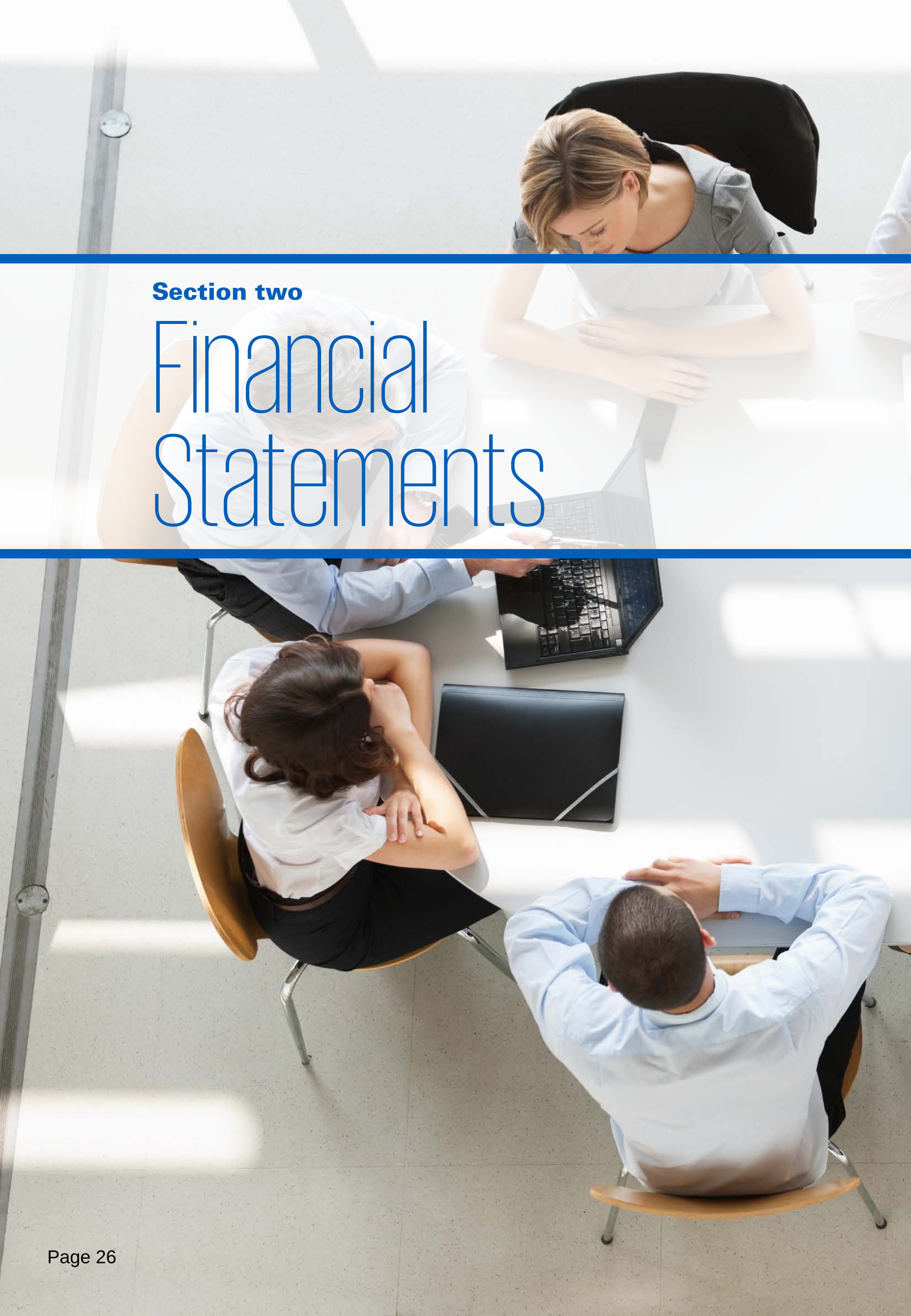
Section two

Financial Statements



Accounts production and audit process

Audit standards (ISA 260) require us to communicate our views on the significant qualitative aspects of the Authority's accounting practices and financial reporting.

We also assessed the Authority's process for preparing the accounts and its support for an efficient audit. The efficient production of the financial statements and good-quality working papers are critical to meeting the tighter deadlines.

The Authority's overall process for the preparation of the financial statements is adequate.

Accounts practices and production process

The Authority incorporated a number of measures into its closedown plan to improve the project management of this complex process. Specifically, the Authority recognised the additional pressures which the earlier closedown brought and we engaged with Officers in the period leading up to the year end in order to proactively address issues as they emerge.

We consider that the overall process for the preparation of your financial statements is adequate. We also consider the Authority's accounting practices appropriate.

Going concern

The financial statements of the Authority have been prepared on a going concern basis. We confirm that we have identified no significant matters which would, in our view, affect the ability of the Authority to continue as a going concern.

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Accounts production and audit process (cont.)

Completeness of draft accounts

We received a complete set of draft accounts on 31 May 2018, which is the statutory deadline.

Quality of supporting working papers

We issued our Accounts Audit Protocol to the Head of Finance. This important document sets out our audit approach and timetable. It also summarises the working papers and other evidence we require the Authority to provide to support our audit work. This helps the Authority to provide audit evidence in line with our expectations.

Response to audit queries

We are pleased to report that our agreed turnaround time for dealing with audit queries was achieved by Officers, including those who are not part of the finance team. As a result of this, the majority of our audit work was completed within the timescales expected with few outstanding queries.

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Specific audit areas

We anticipate issuing an unqualified audit opinion on the Authority's 2017-18 financial statements by 31 July 2018. We will also report that your Annual Governance Statement complies with the guidance issued by CIPFA/SOLACE ('Delivering Good Governance in Local Government') published in April 2016.

For the year ending 31 March 2018, the Authority has reported a deficit of £1.4m. The impact on the General Fund has been an increase of £0.75m as the deficit is offset by £1.3m of pension costs in adjustments between accounting and funding basis under regulations.

Auditing standards require us to consider two standard risks for all organisations. We consider these as a matter of course in our audit and will have set out the findings arising from our work in our ISA 260 Report below.

01

Management override of controls

Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to this audit.

In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

There are no matters arising from this work that we need to bring to your attention.

02

Fraudulent revenue recognition

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.

In our *External Audit Plan 2017-18* we reported that we do not consider this to be a significant risk for Local Authorities as there is unlikely to be an incentive to fraudulently recognise revenue.

This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.

Over the following pages we have set out our assessment of the specific significant risks and areas of audit focus we identified in relation to the audit of the Authority's financial statements.

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Specific audit areas

Significant Audit Risks – Authority

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Authority.

Risk:	**Valuation of Property, Plant and Equipment** The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. As a result of this, however, individual assets may not be revalued for four years. This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value. In addition, as the valuation is undertaken as at 1 April, there is a risk that the fair value is different at the year end.
Our assessment and work undertaken:	We reviewed the approach that the Authority adopted to assess the risk that assets not subject to valuation were materially misstated and considered the robustness of that approach. The valuer reviews 20% of the assets on a yearly basis. We have reviewed the instructions sent to the valuer to confirm the correct assets were revalued in the 2017/18 and we also assessed the valuer's qualifications, objectivity and independence to carry out such valuations and reviewed the methodology used (including testing the underlying data and assumptions). In addition, we considered movements in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values had moved materially over that time. In relation to those assets which have been revalued during the year we reviewed the accounting entries made to record the results of the revaluation in order to ensure that they were appropriate. As a result of this work we determined that the valuation of PPE is balanced and presented correctly within the 2017/18 financial statements We have set out our view of the assumptions used in relation to accounting for Property, Plant & Equipment at page 14.

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Specific audit areas (cont.)

Significant Audit Risks – Authority (cont.)

Risk:	**Pension Liabilities** The net pension liability represents a material element of the Authority's balance sheet. The Authority is an admitted body of Derbyshire County Council Pension Fund, which had its last triennial valuation completed as at 31 March 2016. This forms an integral basis of the valuation as at 31 March 2018. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation. There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Authority's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes. There is a risk that the assumptions and methodology used in the valuation of the Authority's pension obligation are not reasonable. This could have a material impact to net pension liability accounted for in the financial statements.
Our assessment and work undertaken:	As part of our work we reviewed the controls that the Authority has in place over the information sent to the Scheme Actuary, including the Authority's process and controls with respect to the assumptions used in the valuation. The payroll function is outsourced to Derbyshire County Council. We ensured that the figures provided to the Pension Fund agreed to the payroll costs of the Authority. We also evaluated the competency, objectivity and independence of Hymans Robertson We reviewed the appropriateness of the key assumptions included within the valuation, compared them to expected ranges and involved a KPMG Actuary to provide a specialist assessment of those assumptions. We also reviewed the methodology applied in the valuation by Hymans Robertson. In addition, we reviewed the overall Actuarial valuation and considered the disclosure implications in the financial statements. In order to determine whether the net pension liability has been appropriately accounted for we also considered the valuation of pension assets. As part of our audit of the Pension Fund we gained assurance over the overall value of fund assets. We then liaised with the actuary to understand how these assets are allocated across participating bodies and reperformed this allocation. The results of our assumption review are outstanding and we will update verbally at the meeting.

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Specific audit areas (cont.)

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Issue:

Faster Close

In prior years, the Authority has been required to prepare draft financial statements by 30 June and then final signed accounts by 30 September. For years ending on and after 31 March 2018 however, revised deadlines apply which require draft accounts by 31 May and final signed accounts by 31 July.

During 2016/17, the Authority started to prepare for these revised deadlines and advanced its own accounts production timetable so that draft accounts were ready by June and the final signed accounts by July.

In order to meet the revised deadlines, the Authority may need to make greater use of accounting estimates. In doing so, consideration will need to be given to ensuring that these estimates remain valid at the point of finalising the financial statements. In addition, there are a number of logistical challenges that will need to be managed. These include:

- Ensuring that any third parties involved in the production of the accounts (including valuers, actuaries) are aware of the revised deadlines and have made arrangements to provide the output of their work in accordance with this;
- Revising the closedown and accounts production timetable in order to ensure that all working papers and other supporting documentation are available at the start of the audit process;
- Ensuring that the Audit, Resources and Performance Committee meeting schedules have been updated to permit signing in July; and
- Applying a shorter paper deadline to the July meeting of the Audit, Resources and Performance Committee meeting in order to accommodate the production of the final version of the accounts and our ISA 260 report.

In the event that the above areas are not effectively managed there is a significant risk that the audit will not be completed by the 31 July deadline.

There is also an increased likelihood that the Audit Certificate (which confirms that all audit work for the year has been completed) may be issued separately at a later date if work is still ongoing in relation to the Authority's Whole of Government Accounts return and the Pension Fund Annual Report. This is not a matter of concern and is not seen as a breach of deadlines.

Our assessment and work undertaken:

We liaised with officers in preparation for our audit in order to understand the steps that the Authority was taking in order to ensure it met the revised deadlines. We also advanced audit work into the interim visit in order to streamline the year end audit work.

We received draft financial statements on the statutory deadline of 31 May 2018. The quality of this draft was consistent with of prior years.

As a result of this work we determined that the Authority has appropriate procedures in place to ensure faster close going forwards.

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Judgements

We have considered the level of prudence within key judgements in your 2017-18 financial statements and accounting estimates. We have set out our view below across the following range of judgements.

Level of prudence

0	1	2	3	4	5	6
Audit Difference	Cautious		Balanced		Optimistic	Audit Difference
	Acceptable Range					

Subjective area	2017-18	2016-17	Commentary
Property Plant & Equipment	3	3	The Authority has a rolling programme of asset valuation to ensure all assets are valued at least once in a five year period. This year the valuation was carried out by the District valuer. Depreciation is applied in accordance with the Authority's accounting policies over the useful economic life of the asset, the estimated economic life of an asset are reviewed each year to ensure it is still reasonable. The minimum and maximum economic life for each category of assets are: • Buildings up to 60 years • Furniture and equipment - 5- 10 years • IT - 3 years • Car parks - 15-20 years • Vehicles - 6-20 years We consider the asset lives to be reasonable. The valuer has appropriate experience and qualifications required.

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Judgements (cont.)

Subjective area	2017-18	2016-17	Commentary
Valuation of pension assets and liabilities	3	3	The Authority continues to use Hymans Robertson to provide actuarial valuations in relation to the assets and liabilities recognised as a result of participation in the Local Government Pension Scheme. Due to the overall value of the pension assets and liabilities, small movements in the assumptions can have a significant impact on the overall valuation. For example, a discount rate of 2.65% would change the net liability by £0.57 million. The actual assumptions adopted by the actuary fell within our expected ranges with the exception of the discount used as set our below:

Assumption	Actuary Value	KPMG Range	Assessment
Discount rate	2.70%	2.50%	1
Pension Increase Rate	2.40%	2.16	2
Salary Growth	CPI plus 0.5%	CPI plus 0% to 2%	3
Life expectancy at retirement Males currently aged 45 / 65 Females currently aged 45 / 65	 23.9 / 21.9 26.5 / 24.4	 23.5 / 22.1 25.4 / 23.9	3

Our work in respect of the assumptions is continuing and we will update the ARP Committee at the meeting on 20 July 2018.

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Proposed opinion and audit differences

We anticipate issuing an unqualified audit opinion on the Authority's 2017-18 financial statements following approval of the Statement of Accounts by the Audit, Resources and Performance Committee on 20 July.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

The final materiality (see Appendix 1) for this year's audit was set at £0.25million. Audit differences below £12,000 are not considered significant.

We did not identify any material misstatements.

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Proposed opinion and audit differences (cont.)

Annual governance statement

We have reviewed the Authority's 2017-18 Annual Governance Statement and confirmed that:

— It complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and

— It is not misleading and is consistent with other information we are aware of from our audit of the financial statements.

Narrative report

We have reviewed the Authority's 2017-18 narrative report and have confirmed that it is consistent with the financial statements and our understanding of the Authority.

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Completion

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's 2017/18 financial statements.

Before we can issue our opinion we require a signed management representation letter.

Once we have finalised our opinions and conclusions we will prepare our Annual Audit Letter and close our audit.

Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of Peak District National Park Authority and Derbyshire County Council Pension Fund for the year ending 31 March 2018, we confirm that there were no relationships between KPMG LLP and Peak District National Park Authority and Derbyshire County Council Pension Fund, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix 3 in accordance with ISA 260.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the Chief Finance Officer for presentation to the Audit, Resources and Performance Committee. We require a signed copy of your management representations before we issue our audit opinion.

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

- Significant difficulties encountered during the audit;
- Significant matters arising from the audit that were discussed, or subject to correspondence with management;
- Other matters, if arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process; and
- Matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, public interest reporting, questions/objections, opening balances etc.).

There are no others matters which we wish to draw to your attention in addition to those highlighted in this report or our previous reports relating to the audit of the Authority's 2017-18 financial statements.

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Section three

Value for Money Arrangements

Specific value for money risk areas

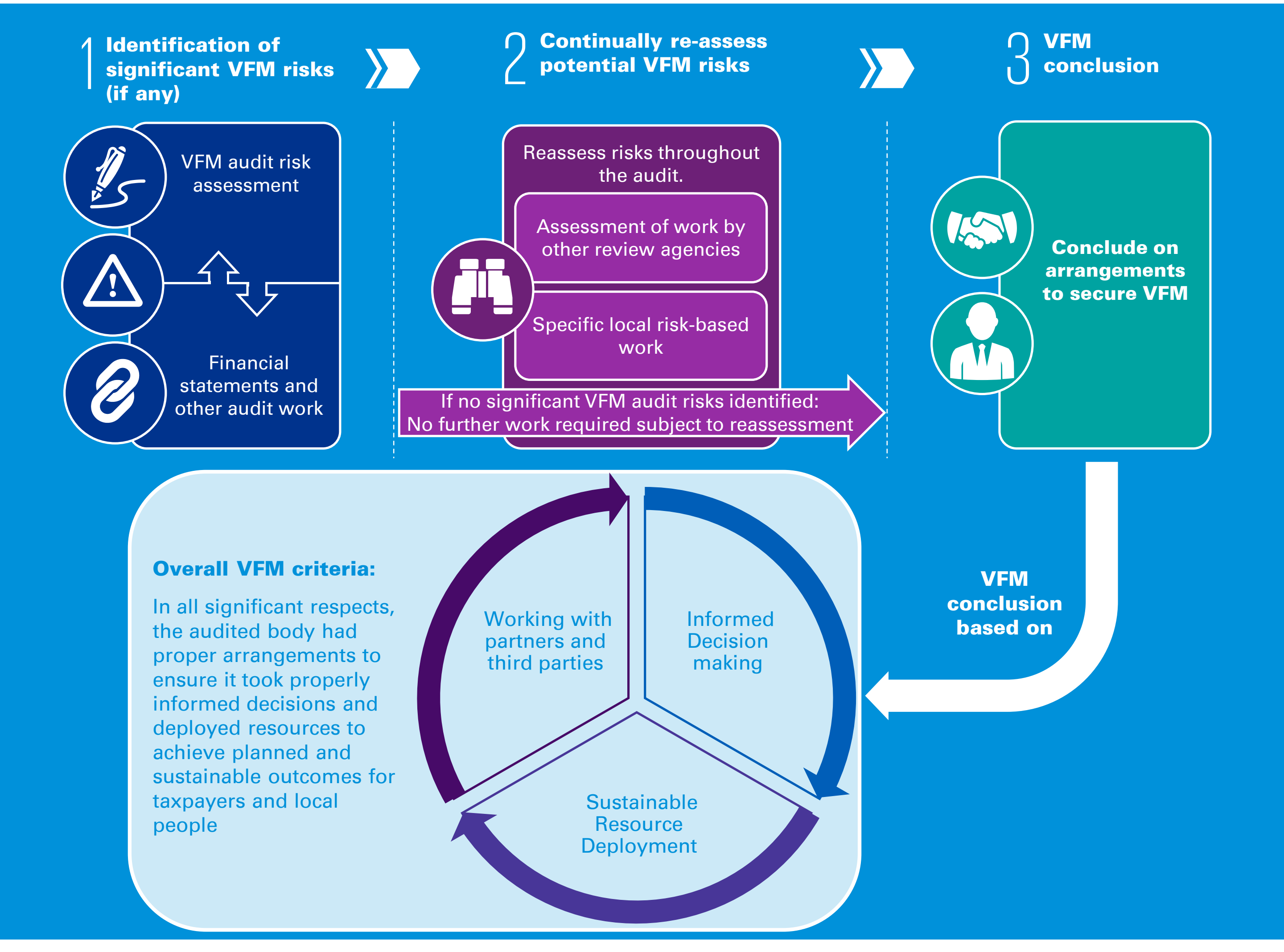
Our 2017-18 VFM conclusion considers whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have concluded that the Authority has made proper arrangements to ensure it took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the Authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

We follow a risk based approach to target audit effort on the areas of greatest audit risk.



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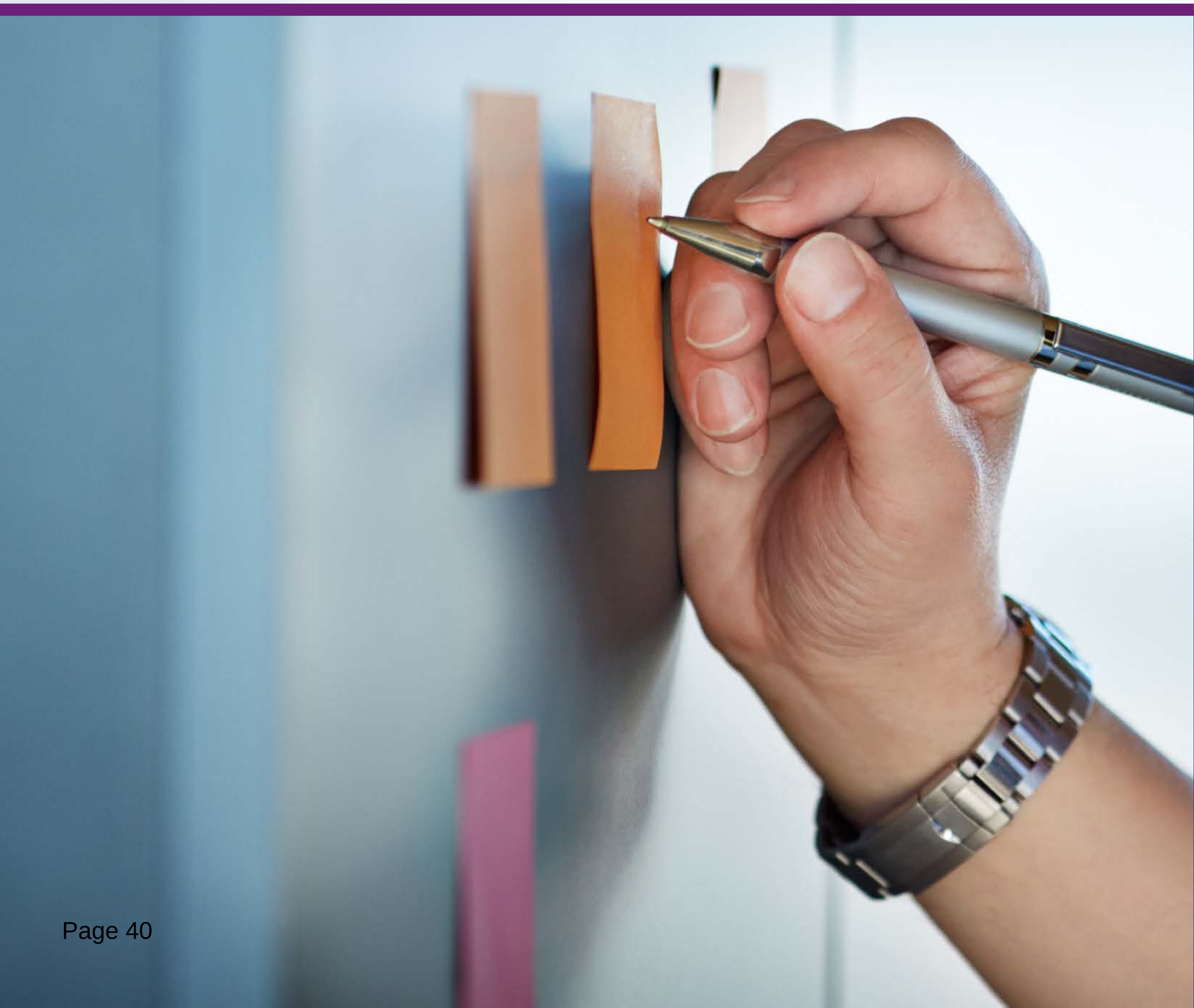
Appendices



Materiality and reporting of audit differences

The assessment of what is material is a matter of professional judgment and includes consideration of three aspects: materiality by value, nature and context.

Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.

Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.

Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.

We used the same planning materiality reported in our *External Audit Plan 2017-18*, presented to you in January 2018.

Materiality for the Authority's accounts was set at £0.25 million which equates to around 1.9 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the Audit Resources and Performance Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Resources and Performance Committee any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260, we are obliged to report omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

ISA 450 requires us to request that uncorrected misstatements are corrected.

In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £12,000 for the Authority.

Where management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit, Resources and Performance Committee to assist it in fulfilling its governance responsibilities.

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Appendix 2:

Required communications with the Audit Resources and Performance Committee

We have provided below at-a-glance summary of the information we are required to report to you in writing by International Accounting Standards.

Required Communication	Commentary
Our draft management representation letter	We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2018.
Adjusted audit differences	We have identified no adjusted differences as a result of our audit of the Authority's financial statements.
Unadjusted audit differences	We have identified no unadjusted differences as a result of our audit of the Authority's financial statements
Related parties	There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Audit, Resources and Performance Committee	There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	We have set out our assessment of the Authority's internal control environment, including confirmation that there were no significant deficiencies identified, in Section one of this report (see pages 4 to 5). We have identified no any deficiencies in internal control of a lesser magnitude than significant deficiencies.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	We identified no actual or suspected fraud involving the Authority's Members or Officers with significant roles in internal control, or where the fraud resulted in a material misstatement in the financial statements.
Significant difficulties	No significant difficulties were encountered during the audit.
Modifications to auditor's report	There are no modifications to our audit report.
Disagreements with management or scope limitations	The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.

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Appendix 2:

Required communications with the Audit Resources and Performance Committee (cont.)

Required Communication	Commentary
Other information	No material inconsistencies were identified related to other information in the Narrative Report or Annual Governance Statement. These reports were found to be fair, balanced and comprehensive, and compliant with applicable requirements.
Our declaration of independence and any breaches of independence	No matters to report. The engagement team have complied with relevant ethical requirements regarding independence. See Appendix 3 for further details.
Accounting practices	Over the course of our audit, we have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate. We have set out our view of the assumptions used in valuing pension assets and liabilities at page 15.
Significant matters discussed or subject to correspondence with management	There were no significant matters arising from the audit which were discussed, or subject to correspondence, with management.

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Appendix 3:

Declaration of independence

ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF PEAK DISTRICT NATIONAL PARK AUTHORITY

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Limited's ('PSAA's') Terms of Appointment relating to independence, the requirements of the FRC Ethical Standard and the requirements of Auditor Guidance Note 1 - General Guidance Supporting Local Audit (AGN01) issued by the National Audit Office ('NAO') on behalf of the Comptroller and Auditor General.

This Statement is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

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Declaration of independence (cont.)

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the Authority and its controlled entities for professional services provided by us during the reporting period. We have detailed the fees charged by us to the Authority and its controlled entities for significant professional services provided by us during the reporting period in Appendix 4, as well as the amounts of any future services which have been contracted or where a written proposal has been submitted. Total fees charged by us for the period ended 31 March 2018 can be analysed as follows:

	2017-18 £	2016-17 £
Audit of the Authority	13,259	13,259
Total audit services	**13,259**	**13,259**
Allowable non-audit services	-	-
Audit related assurance services	-	-
Mandatory assurance services	-	-
Total Non Audit Services	**-**	**-**

We are required by AGN 01 to limit the proportion of fees charged for non-audit services (excluding mandatory assurance services) to 70% of the total fee for all audit work carried out in respect of the Authority under the Code of Audit Practice for the year. The ratio of non-audit fees to audit fees for the year was 0:1. We do not consider that the total of non-audit fees creates a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit, Resources and Performance Committee.

Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the Audit, Resources and Performance Committee of the Authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

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Appendix 4:

Audit fees

As communicated to you in our *External Audit Plan 2017-18*, our scale fee for the audit is £13,259 plus VAT (£13,259 in 2016/17), which is consistent with the prior year.

Component of the audit	2017-18 Planned Fee £	2016-17 Actual Fee £
Accounts opinion and value for money work		
PSAA Scale fee of Peak District National Park Authority	13,259	13,259
Total audit services	**13,259**	**13,259**
Total non-audit services	**-**	**-**
Grand total fees for the Authority	**13,259**	**13,259**

All fees quoted are exclusive of VAT.

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The key contacts in relation to our audit are:

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact […], the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to Andrew.Sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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Aldern House . Baslow Road . Bakewell . Derbyshire . DE45 1AE

PEAK DISTRICT NATIONAL PARK

John Cornett
St. Nicholas House
31 Park Row
Nottingham
NG1 6FQ

Your ref: ISA260
Our ref: 2017-18 Accounts File
Date: 20th July 2018

Dear John

This representation letter is provided in connection with your audit of the financial statements of Peak District National Park Authority ("the Authority"), for the year ended 31 March 2018, for the purpose of expressing an opinion:

i. as to whether these financial statements give a true and fair view of the financial position of the Authority as at 31 March 2018 and of the Authority's expenditure and income for the year then ended; and

ii. whether the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

These financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes (including the Expenditure and Funding Analysis).

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Authority has fulfilled its responsibilities, as set out in the Accounts and Audit Regulations 2015, for the preparation of financial statements that:

   i. give a true and fair view of the financial position of the Authority as at 31 March 2018 and of the Authority's expenditure and income for the year then ended;

   ii. have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

   The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Authority in making accounting estimates, including those measured at fair value, are reasonable.

3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.

Information provided

4. The Authority has provided you with:

    - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
    - additional information that you have requested from the Authority for the purpose of the audit; and
    - unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

5. All transactions have been recorded in the accounting records and are reflected in the financial statements.

6. The Authority confirms the following:

    The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

    Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

7. The Authority has disclosed to you all information in relation to:

    a) Fraud or suspected fraud that it is aware of and that affects the Authority and involves:

        - management;
        - employees who have significant roles in internal control; or
        - others where the fraud could have a material effect on the financial statements; and

    b) allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

    In respect of the above, the Authority acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

8. The Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

9. The Authority has disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 *Related Party Disclosures*.

   Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them as defined in IAS 24 and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

10. The Authority confirms that:

    a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Authority's ability to continue as a going concern as required to provide a true and fair view.
    b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Authority to continue as a going concern.

11. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and are in accordance with the requirements of IAS 19 (Revised) *Employee Benefits.*

    The Authority further confirms that:

    a) all significant retirement benefits, including any arrangements that are:

        - statutory, contractual or implicit in the employer's actions;
        - arise in the UK and the Republic of Ireland or overseas;
        - funded or unfunded; and
        - approved or unapproved,

    have been identified and properly accounted for; and

    b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Audit Resources and Performance Committee on 20 July 2018.

Yours faithfully,

Mr Zahid Hamid (Chair of the Audit Resources and Performance Committee)

Philip Naylor (Chief Financial Officer)

<u>Appendix to the Authority Representation Letter of Peak District National Authority: Definitions</u>

Financial Statements

A complete set of financial statements comprises:

- A Comprehensive Income and Expenditure Statement for the period;
- A Balance Sheet as at the end of the period;
- A Movement in Reserves Statement for the period;
- A Cash Flow Statement for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information and the Expenditure and Funding Analysis.

A local authority is required to present group accounts in addition to its single entity accounts where required by chapter nine of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

A housing authority must present:

- a HRA Income and Expenditure Statement; and
- a Movement on the Housing Revenue Account Statement.

A billing authority must present a Collection Fund Statement for the period showing amounts required by statute to be debited and credited to the Collection Fund.

A pension fund administering authority must prepare Pension Fund accounts in accordance with Chapter 6.5 of the Code of Practice.

An entity may use titles for the statements other than those used in IAS 1. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

> “Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.”

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.
Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

a) was available when financial statements for those periods were authorised for issue; and
b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

a) A person or a close member of that person's family is related to a reporting entity if that person:
    i. has control or joint control over the reporting entity;
    ii. has significant influence over the reporting entity; or
    iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:
    i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
    ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
    iii. Both entities are joint ventures of the same third party.
    iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
    v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

vi. The entity is controlled, or jointly controlled by a person identified in (a).
vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
viii. The entity or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel in a local authority context are all chief officers (or equivalent), elected members, the chief executive of the authority and other persons having the authority and responsibility for planning, directing and controlling the activities of the authority, including the oversight of these activities.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control, joint control or significant influence over the reporting entity; and
b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

8. **STATEMENT OF ACCOUNTS 2017-18 (A.137/21/PN)**

Purpose of the Report

1. To seek approval for the audited Statement of Accounts for 2017-18.

Recommendations

2. **1. That the audited Statement of Accounts for 2017-18 as attached at Appendix 1 be approved and that the amendments made to the draft accounts itemised in Appendix 2 be noted.**

How does this contribute to our policies and legal obligations?

3. The Accounts and Audit Regulations Section 9 2015 requires the Statement of Accounts to be approved by Members by 31st July of each year. Members have had access to a copy of the draft accounts, which were signed and authorised for issue by the Chief Finance Officer on the 31st May. The accounts were audited in July, and this report has been prepared on the strength of preliminary audit findings and any further updates will be tabled at committee as appropriate.

4. Section 9 (3) a of the Accounts and Audit Regulations 2015 also requires "that the responsible financial officer for a Category 1 authority must re-confirm on behalf of that Authority that they are satisfied that the statement of accounts presents a true and fair view of—
(a) the financial position of the authority at the end of the financial year to which it relates; and
(b) that authority's income and expenditure for that financial year."

The Chief Finance Officer re-confirms that the Statement of Accounts in Appendix 1 meets the above requirement.

Proposals

5. There are no major changes in presentation of the Statement of Accounts following the required changes reported last year.

The position on over and underspending was reported to the Audit, Resource and Performance Committee on 18th May, and the final audited accounts reflect that position, with a number of changes following final reserve, revenue and capital financing adjustments, resulting in a small increase in the General Reserve and a slightly lower Capital Reserve.

Reserve	**May Outturn**	**Final Accounts**	**Variance plus (minus)**	**Comments**
General Reserve	661,624	670,491	8,867	-
Capital Reserve	1,292,942	1,289,375	(3,567)	-
Specific Reserves	3,998,555	3,998,555	0	-
Restricted Funds	263,159	263,159	0	-
Total	**6,216,280**	**6,221,580**	**5,300**	

Audit of the Accounts

6. The audit has been completed and the audit report is a separate agenda item. Appendix 2 of this report lists the amendments made to the draft Accounts following audit recommendations, and these amendments have all been incorporated into the final version.

Are there any corporate implications members should be concerned about?

7. **Financial:**

The financial position was explained in the outturn report to Audit Resources and Performance Committee on the 18th May and the Statement of Accounts contains explanations and commentary as required by the Code of Accounting Practice. The final adjustments to reserves do not affect any of the advice or conclusions reached in the outturn report.

8. **Risk Management:** Not applicable

9. **Sustainability:** Not applicable

10. **Background Papers** (not previously published) - None

Appendices

Appendix 1 – Statement of Accounts for Financial Year 1 April 2017 – 31 March 2018
Appendix 2 – Amendments to Draft Accounts

11. **Report Author, Job Title and Publication Date**

Philip Naylor, Chief Finance Officer, 12 July 2018

Statement of Accounts for the Financial Year

1st April 2017 to 31st March 2018

Contents   Page

Signed: **Date:**

Chair of the Audit, Resources & Performance Committee

In accordance with the requirements of the Accounts & Audit Regulations 2015 paragraph 9 (2) c

Peak District National Park Authority
Annual Accounts for the Year Ended 31st March 2018

1. Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that person is the Chief Finance Officer.

- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- to approve the statement of accounts.

The Chief Finance Officer's responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as 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 Finance Officer has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the Code.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Authorisation for Issue and Certificate of Chief Finance Officer

I certify that the accounts gives a true and fair view of the financial position of the National Park Authority as at 31st March 2018 and its income and expenditure for the year ended 31st March 2018.

Philip Naylor
Chief Finance Officer to the Authority
31st May 2018

Peak District National Park Authority
Annual Accounts for the Year Ended 31st March 2018

2 Narrative Report

2.1 These Accounts contain all the information required by the Accounts & Audit Regulations 2015 and the Code of Practice on Local Authority Accounting, with accounts prepared in accordance with International Financial Reporting Standards (IFRS). As the Authority does not have any material interests in subsidiaries, associates or jointly controlled entities, these Accounts represent the accounts of a single entity and no consolidated Group Accounts are required.

2.2 Accompanying notes, cross referenced from the statements, explain in greater detail some of the calculations and reasoning behind the figures; these notes, on pages 25 – 54, form part of the financial statements. The figures are rounded up to the nearest pound. The accounts comprise the following principal statements:-

Expenditure and Funding Analysis
This statement shows how annual expenditure is used and funded from National Park Grant, external funding and other income sources, in accordance with Local Authority financial regulations, and the impact of the year's activities on its revenue reserves (the General Fund Balance). The statement is organised into the National Park outcomes achieved, in line with how the Authority's services are organised and accounted for. The same statement shows what adjustments have been made in order to present the income and expenditure in accordance with generally accepted accounting practices (which is shown in full in the Comprehensive Income and Expenditure Statement).

Comprehensive Income & Expenditure Statement
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Movement in Reserves
This statement shows the movement in the year on the different reserves held by the Authority, analysed into "usable" reserves (i.e. those that can be applied to fund expenditure) and other unusable reserves. The Statement shows how the movement in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices, and the statutory adjustments required to return to the amounts required to be reported to show the impact on the General Fund Balance, in line with statute for Local Authorities.

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 (assets less liabilities) of the Authority are matched by the reserves held by the Authority, which are reported in two categories. The first category of reserves are usable reserves i.e. 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. The Capital Receipts Reserve may only be used to fund capital expenditure or repay debt, and the remaining revenue reserves comprise the "General Fund Balance", although this is split further into Restricted Reserves, Earmarked reserves, and the General Reserve. The second category of reserves comprises those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses - e.g. 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 from income and expenditure charged under the accounting basis to the funding basis".

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 way of National Park Grant, other grant income, or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2.3 Each year the Department for Food and Rural Affairs (Defra) sets the level of funding for the National Park Authority. In 2017-18 the funding was set at £6,474,218 (£6,364,744 in 2016-17). An annual balanced budget is set by the Authority based on the National Park Grant, income from sales, fees and charges and internal financing measures such as interest on cash flow and use of reserves.

2.4 Overall, the Authority's usable reserves increased by £850,541, with a £671,689 net transfer into specific reserves, and the sale of a number of assets during the year contributed to a £101,212 increase in the Capital Reserve, required to finance the forward Capital Programme. The General reserve was increased by £22,640 whilst the Restricted reserves were increased by £55,000.

2.5 The Service Expenditure Analysis recommended for all National Park Authorities has been retained, with income and expenditure being allocated across 8 functional headings. Note 36 highlights the possible future impact on the Authority's accounts of any accounting changes required by accounting standards which have been issued, but not yet adopted.

2.6 The Authority continued its rolling programme of asset re-valuations, concentrating on a number of woodlands and land holdings, including the North Lees estate and Castleton Visitor Centre.

2.7 In accordance with accounting practice, the Authority must show the present value surplus or deficit position on its share of the Pension Fund on the Balance Sheet. The net position as at 31st March 2018 shows a liability of £14.652m, a decrease of £236,000 compared to the liability of £14.888m for the preceding year (representing a pension liability which is considered to be covered by pension scheme assets up to 78% rather than 77% the previous year). The liability is assessed on an actuarial basis using a present value estimate of the pensions that will be payable in future years, over and above the assets within the Fund retained for this purpose. The level of employer and employee contributions into the Fund are assessed every three years with a view to ensuring that the assets within the Fund are capable of financing in full future pension commitments. Fluctuations often occur as the valuations made for the purpose of the accounts are based on prevailing economic conditions (e.g. bond yields, stock market values, inflation rates etc) at balance sheet date. Full details are explained in Note 32.

2.8 For the 2017-18 financial year the Authority set a borrowing limit (the "authorised" limit) of £2.0m. The Authority's external borrowing as at 31st March 2018 was £472,706. The Authority's Capital Financing Requirement, i.e. its underlying need to borrow for capital purposes, was £1,074,651 at 31/03/2018 (£961,171 at 31/03/2017). The Authority did not enter into any financing transactions during the year, and relied upon internal cash resources.

2.9 Analysis of amounts recognised in the financial statements.

On March 9th 2017 the Authority approved the 2017/18 Budget and the variances from the previous year were mainly in line with budget expectation and allocations. A more detailed financial commentary on the 2017/18 results can be found in the outturn report which was reported to Audit, Resources and Performance Committee on the 18th May 2018; obtainable from the Authority's website (www.peakdistrict.gov.uk - under Committee meetings) or by request to the Head of Finance, Aldern House, Baslow Rd, Bakewell, Derbyshire tel 01629 816366. Many of the changes shown in the Comprehensive Income and Expenditure Statement arise from normal business and project related fluctuations; the main differences (above £50,000 and 10% of the previous year's net expenditure) are outlined below.

	Difference £,000	**Comment**
Comprehensive Income and Expenditure Statement (CIES)		
Natural Environment & Rural Economy	+54	Increased pension cost accruals for conservation staff and higher farm grant expenditure
Conservation & Environment Projects	+104	Underwriting for the South West Peak project and increased pension cost accruals for Moorlife 2020 project staffing
Car Parks & Concessions	+127	A combination of higher expenditure on car parks (mainly replacement machines & statutory notices), impairment / and downward revaluations and lower income levels
Visitor Centres	+625	Lower trading income because of Castleton closure in early part of year, but predominantly the impact of significant downward revaluation of the centre following valuation exercise (new freehold status with overage conditions and carrying value of refurbishment expenditure written down)
Communications & Design	+107	Higher communications expenditure in 17/18
Rangers	+115	Inceased pension cost accruals and volunteer co-ordination staff cost
Community Development	+197	The one off effect of New burdens government grant and also exchange rate gain on the Moorlife project in 2016/17
Headquarters Building	-161	Mainly the effect of an upward revaluation of the building, reversing a previous downward revaluation in 2007/8
Corporate Mgt.	-76	Higher corporate overhead income from external projects
Human Resources	+56	Higher staffing costs, pension accrual costs and the impact of organisational change training
Non-distributed Costs	-79	Reduction in early termination costs of employees
Balance Sheet		
Long Term Assets	-1506	Capital additions of some £599k (mainly enhancement of tenanted farms, vehicle purchases, headquarters alterations, and IT expenditure); asset valuation decreases of £1,155k; disposals of £105k; impairments of £237k and depreciation of £603k;
Current Assets	-95	Current Assets have decreased by £95k, mainly a reduction in short term debt levels.
Current Liabilities	-99	The level of creditors normally fluctuates between years because of one-off project expenditure variations; there were less outstanding invoices for these projects at year end, although the system cash balances were lower than the previous year, meaning the full reduction in creditors did not feed through to the totals.
Long Term Liabilities	+898	the impact of the actuarial estimates used to provide notional figures to comply with International Accounting Standard 19 – Retirement Benefits - (see Note 32) reduced the liabilities by £236k but the main reason was the reduction in Grant Receipts in Advance as the grants were accounted for during the 17/18 year to finance the

		underlying projects the grants were received for.
Useable Reserves	+851	The Authority's useable reserves increased by £851k, with a £672k net transfer into specific reserves; the sale of a number of assets increased the Capital Reserve by £101k, required to finance the forward Capital Programme; the General reserve was increased by £23k whilst the Restricted reserves were increased by £55k.
Economic Impact		The Authority's income sources largely continue to achieve their budget estimates. Note 33 highlights the Authority's exposure to interest rate risk, which is now minimised in revenue budgets. The Authority relies on the government announcement to protect National Park Grant funding up to 2019/20, giving a degree of financial planning certainty not previously possible, albeit at much lower levels than in the recent past, as a result of the significant funding cuts in the last Spending Review period. The government has announced a second "Hobhouse" Review of National Parks as part of Defra's 25 year Environment Plan.

Other significant movements are sufficiently explained in the accompanying Notes to the Accounts.

The Development and Performance of the Authority in the 2017-18 Financial Year

2.10 The Authority has two significant operational plan documents relevant to the financial year covered in this Statement of Accounts:-

- The Annual Governance Statement
- The Performance and Business Plan 2017-18, with the Authority's Audit, Resources and Performance Committee receiving a quarterly performance monitoring report on progress in achieving year end performance targets, based on this plan.

The fourth quarter monitoring report and Appendices 1 – 3 can be found on the website following these links:-

- https://democracy.peakdistrict.gov.uk/documents/s24467/HW%20Quarter%204%20and%20Year%
- https://democracy.peakdistrict.gov.uk/documents/s24485/HW%20Q4%20Appendix%201.pdf
- https://democracy.peakdistrict.gov.uk/documents/s24469/HW%20Q4%20Appendix%202.pdf
- https://democracy.peakdistrict.gov.uk/documents/s24470/HW%20Q4%20Appendix%203%202017-18%20Q4%20Complaints%20and%20FOI.pdf

The Annual Governance Statement can be found on the website here:-

- https://democracy.peakdistrict.gov.uk/ecSDDisplayClassic.aspx?

The quarterly performance monitoring report summarises progress into three categories:- year-end priorities achieved; year-end priorities almost achieved, and year-end priorities not achieved. The Chief Finance Officer has reviewed the above documents with a view to reporting any additional explanations which may help users of these accounts to understand what impact any significant departure from planned expectations has had on the reported financial statements. Where items are identified as not achieved, an explanation will be provided if this has a material financial impact on the Statement of Accounts. In relation to the 2017/18 year, the quarter 4 and final outturn monitoring report do not raise any such performance concerns in this category.

The Annual Governance Statement reviews the Authority's governance arrangements and identifies any issues relevant during the year which may have an affect on effectiveness. The

Annual Governance Statement for 2017/18 identifies 8 issues for improvement action. The Chief Finance Officer has reviewed the statements on governance for the 2017/18 year, and these issues, alongside their impact on the reported financial statements. There are no issues identified which require separate disclosure in this Narrative Report.

The Authority's Cashflow

2.11 The Cashflow statement shows how cash resources were expended or received during the year. The main factors affecting the Authority's cashflows are:-

- The timing of grant monies, usually claimed after funds are expended
- The timing of drawdown of National Park Grant from the Department of Environment, Food and Rural Affairs (Defra)
- Any significant capital expenditure and the timing of any borrowing to support this expenditure
- The availability of reserve monies.

The Authority estimates cashflow expenditure and draws down National Park grant in advance on a quarterly basis; because of the variability of grant funding and the significant amount of external grant funding the Authority receives, a large margin of safety is built into the drawdown of National Park Grant so that the Authority does not have to borrow monies temporarily for cashflow purposes.

Capital Expenditure and Commitments

2.12 The Authority approved a revised Capital Strategy in December 2015 which set out a forward Capital Programme up to March 2019. The strategy estimated potential capital expenditure in support of the corporate strategy of up to £3.59m, financed by borrowing of up to £2.49m and allocations from the Authority's Capital Reserve of up to £1.1m. Three principal business cases have been approved for capital expenditure since the Strategy was approved; the first is a £600,000 commitment from the Capital Reserve to support structural work on the Trails structures for high priority work (ARP Minute 51/16 16th September 2016); the second was approval of a £330,000 enhancement of Castleton Visitor Centre (ARP Minute 18/16 4th March 2016), which has been completed, and the third was a £657,000 project for Stage 1 of Miller's Dale station (ARP Minute 21/18 16 March 2018). Two prior approvals are also in progress, a minor works programme (£213,000 original commitment Minute 58/11) and an environmental programme (£250,000 original commitment Minute 58/11); of which programme there are remaining commitments of £35,000 and £115,000 respectively from the Capital Reserve. A number of smaller projects have also been approved within the confines of the above Capital Strategy. All Capital expenditure is governed by the key principles and working assumptions outlined in the Capital Strategy which can be found on the Authority's website under the agenda and reports section of the Authority meeting for December 2015. The Capital Reserve reported in the Balance Sheet will be supplemented by a programme of future asset sales. The Capital Financing Requirement is estimated to increase based on the additional borrowing and this has been covered by a higher Authorised Limit as approved in the March 2018 Authority report, rising from £2m in 2017/18 to £3m in 2019/20. Debt repayments for the additional borrowing are either found within current revenue budgets (e.g. vehicle replacements) or are deemed to be prudent based on income generating proposals, with the risk covered by a combination of strong interest cover ratios and increased asset values, rather than underwritten by reliance on National Park Grant.

Major Changes in Statutory Functions or delivery, and Reduction in Services

2.13 There are no major changes in statutory functions. In 2017/18 a number of changes to operational teams took place, primarily in the Commercial Development and Outreach Directorate, to ensure the Authority is best placed to achieve the outcomes set out in the Strategic Framework, and a number of baseline and one-off allocations have been approved which will be confirmed into budgets up to the 2019/20 financial year. These allocations are focussed on four programmes of work as below:-

Programme	Focus for investment
Develop the knowledge and expertise of the organisation	The knowledge and expertise of third tier managers (managers that report to a Director) and professional experts
Develop the commercial programme	To give us confidence that our commercial approach focusses on those areas giving the best returns and in a way that more than pays for itself
Develop and enhance the way we work with communities and partners	To improve how we work with and enable communities to support the special qualities: how we plan with them, advise them and support them through grants
Ensure our asset portfolio is at a standard that is fit for the Corporate Strategy	To support our work on properties we own and operate: maintenance; environmental performance; development to enhance the visitor experiences

The budget for the 2017/18 year was approved on the basis that the Authority would be able to balance its revenue budget with reasonable assurance up to March 2020, based on the current Spending Review period.

National Park Grant

2.14 On the 21st January 2016 DEFRA confirmed National Park Grant figures for the next Spending Review period from 2016/17 to 2019/20, following an announcement by the (former) Chancellor of the Exchequer that the funding for National Parks and Areas of Outstanding Natural Beauty would be protected in real terms. The announcement brought a degree of medium term financial stability. We have not received any indication that the current National Park Grant settlement from Defra will be changed during the current review period and our financial planning is based on this settlement letter. The Government has announced a “Hobhouse” review into the funding and status of National Parks (in the positive context of Defra’s 25 year plan) and the terms of reference have been published; the National Park Chief Executive and Chairs group and National Parks England will work with Defra on the implications of this review.

The European Union Referendum

2.15 The impact of the decision of the people of the United Kingdom to leave the European Union is being carefully monitored. In respect of the Authority’s financial position, there were two main possible impacts identified, Euro funding for the Moorlife 2020 project, and UK government funding for National Parks. We have received a letter (February 2016) from the Permanent Secretary of Defra confirming that the UK government will underwrite the European grant funding for the Moorlife 2020 project.

Conclusion

2.16 The Authority has maintained a satisfactory financial position in 2017/18, and this strength stems from the operation of four principal aspects of our financial strategy. The first is achieving a balance between maximising funding sources, and ensuring that agreed budgets do not include speculative or imprudent assumptions. The second follows on as a consequence, ensuring that our budgetary control procedures remain robust, particularly in early monitoring of the risks implicit in our provision of demand-led services. The third is the need to ensure that the Authority’s fixed asset base is sustainable, with an approved Asset Management Plan in place and a matching capital strategy approved, with rationalisation of the Authority’s property portfolio reducing maintenance liabilities and providing possible capital receipts. The fourth concerns a cautious approach to longer term commitments, ensuring the Authority is able to maintain a degree of flexibility in responding to future settlements, whilst retaining sufficient contingency reserves.

3. Summary of Significant Accounting Policies

3.1 General Principles

3.1.1 The Statement of Accounts summarises the Authority's transactions for the 2017/18 financial year and its position at the year-end of March 2018. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require preparation in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the UK (2017/18), supported by International Financial Reporting Standards (IFRS).

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

3.1.3 The analysis of expenditure used in the Comprehensive Income and Expenditure Statement is based on the requirements contained in the Grant Memorandum issued by the Department for Environment, Food and Rural Affairs (DEFRA), and is consistent with internal management reporting.

3.2 Accruals of Income and Expenditure

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

- Revenue from the sales of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of a transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed; where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for as income and expenditure respectively on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or agreed by the contract, which may be different.
- When revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the amount which might not be collected is written down from the debtors' balance and charged to the Comprehensive Income and Expenditure Statement (CIES).

3.3 Acquisitions and Discontinued Operations

3.3.1 Any income or expenditure directly related to the acquisition of operating services, or discontinued operations, is shown in a separate disclosure note to the accounts (Note 22), together with any outstanding liabilities arising from closure of a service.

3.4 Cash and Cash Equivalents

3.4.1 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 within 3 months or less from the date of acquisition and are readily convertible to known amounts of cash with no significant risk of a change in value.

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

3.5 Exceptional Items

3.5.1 When items of income and expenditure are material, their amount is disclosed separately in a note to the accounts.

3.6 Prior Period Adjustments, Changes in Accounting policies and estimates and errors

3.6.1 Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for in the year affected by the change and do not give rise to a prior period adjustment.

3.6.2 Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information. Material errors discovered in prior period figures are corrected. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied, or as if the error had not been made.

3.7 Charges to Revenue for Non-Current Assets

3.7.1 Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:
- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

3.7.2 The Authority is not required to charge the National Park Grant with the amount required to fund depreciation, revaluation and impairment losses or amortisations. It is however required to make an annual contribution from revenue to the reduction in its overall borrowing requirement, which is derived from an amount prudently determined by the Authority in accordance with its Treasury Management Policy. This contribution is known as the Minimum Revenue Provision and any difference between the two amounts is adjusted for between the capital adjustment account and the General Fund balance.

3.8 Employee Benefits

3.8.1 Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services in the CIES, but is then reversed out through the Movement in Reserves Statement so that holiday benefits are actually charged to revenue in the financial year in which the holiday absence occurs.

3.8.2 Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the appropriate service in the CIES when the Authority is committed to the termination. Where termination before retirement involves additional cost to the pension fund, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are therefore required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

3.9 Post - Employment Benefits

3.9.1 Employees of the Authority can choose to be a member of the Local Government Pensions Scheme, administered by Derbyshire County Council, which provides defined pension benefits to members earned as employees whilst working for the Authority. The cost of providing pensions for employees in this scheme is funded in accordance with the statutory requirements governing the scheme, and is accounted for in accordance with the requirements of IAS 19, as interpreted by the Code of Practice.

3.9.2 The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of earnings for current employees. Liabilities are discounted to their value at current prices, using a discount rate.

3.9.3 The assets of Derbyshire County Council's pension fund attributable to the Authority are included in the Balance Sheet at their fair value – at current bid price for quoted securities; professional estimate for unquoted securities; and market value for property.

3.9.4 The change in the net pensions liability is analysed into six components:-

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employee worked.
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years –debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs.
- Net interest cost – the change during the period in the scheme's net liability arising from the passage of time - debited to the Financing and Investment Income & Expenditure line in the CIES.
- Re-measurements: – the return on scheme assets attributable to the Authority, excluding amounts included in the net interest cost above, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Re-measurements:- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions' Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

3.9.5 Statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are movements to and from the Pensions' Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid or payable to the pension fund. The negative balance that arises on the Pensions' Reserve therefore measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than when benefits are earned by employees.

3.10 Events After the Balance Sheet Date

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

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

3.11 Financial Instruments

3.11.1 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.

3.11.1 For most of 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.

3.11.2 Gains and losses on the re-purchase or early settlement of borrowing are credited and debited to the Financing and Investment Income & Expenditure line in the CIES in the year of re-purchase / settlement. Where re-purchase has taken place as part of restructuring the loan portfolio, and involves modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

3.11.3 Financial Assets are classified into two types – loans and receivables, which are assets which have fixed or known payments but are not quoted in an active market; and available-for-sale assets, which have a quoted market price and may or may not also have fixed or known payments.

3.11.4 Loans and receivables 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. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income & Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

3.11.5 Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service, or to the Financing and Investment Income & Expenditure line in the CIES if not attributable. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

3.11.6 Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income & Expenditure line in the CIES.

3.11.7 Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

3.12 Foreign Currency Translation

3.12.1 Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts are outstanding at the year-end, they are re-converted at the spot exchange rate at 31st March. Resulting gains or losses are recognised in the Financing and Investment Income & Expenditure line in the CIES.

3.13 Government Grants and Contributions

3.13.1 Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that the Authority will comply with the conditions attached to the payments and that the grants or contributions will be received.

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

3.13.3 Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line, if attributable, or to Taxation and non-specific Grant Income in the CIES if not ring-fenced or if they are capital grants.

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

3.14 Heritage Assets

3.14.1 Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture. The accounting standard has been introduced in order to move these assets onto a valuation basis on the Balance Sheet, rather than as previously, a historic cost basis; the predominant reason for the introduction of the change is to ensure that items held within Local Authority museum and gallery collections are properly reflected in valuation terms on the Balance Sheet.

The standard also allows a Local Authority to move other Community Assets, which are currently accounted for on the same historic cost basis, onto a valuation basis.

Notwithstanding its historical or other heritage qualities, any asset used by an organisation in its operations is still accounted for as an operational asset, and not as a heritage asset. It is therefore accounted for as set out in the Summary of Accounting policies note paragraph 3.19. The current approach to Heritage assets in this Statement of Accounts is summarised in Note 31.

3.15 Intangible Assets

3.15.1 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 licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

3.15.2 Intangible assets are measured initially at cost, and are carried on the Balance Sheet at their amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the CIES, as are any losses arising from impairment of the asset. Any gain or loss arising on the disposal of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

3.15.3 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, if it is a sale over £10,000, the Capital Receipts Reserve.

3.16 Inventories and Long Term Contracts

3.16.1 Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the average costing formula.

3.16.1 Long Term Contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

3.17 Leases

3.17.1 Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. If an arrangement does not have the legal status of a lease but in substance conveys a right to use an asset in return for payment, and fulfilment of the arrangement is dependent on the use of specific assets, they are also accounted for under this policy.

3.17.2 <u>The Authority as Lessee, Finance Leases:</u> property, plant and equipment held under finance leases is recognised on the Balance Sheet at the start of the lease at either its fair value measured at the lease's inception or if lower, the present value of the minimum lease payments. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset, and any premia paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. The lease payments are apportioned between a charge for the acquisition of the interest in the asset – which is used to write down the lease liability, and a finance charge which is debited to the Financing and Investment Income & Expenditure line in the CIES. Property, plant & equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life, assuming ownership of the asset does not transfer to the Authority at the end of the lease period. The Authority is not required to account for depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with the Authority's Treasury Mgt Policy. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the

General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

3.17.3 The Authority as Lessee, Operating Leases: rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant and equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

3.17.4 The Authority as Lessor, Finance Leases: where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the start of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant & Equipment or Assets held for sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between a charge for the acquisition of the interest in the asset – which is used to write down the lease debtor, and finance income which is debited to the Financing and Investment Income & Expenditure line in the CIES. The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve. The written off value of disposals is not a charge against National Park Grant, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

3.17.5 The Authority as Lessor, Operating Leases where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the asset and charged as an expense over the lease term on the same basis as the rental income.

3.18 Overheads and Support Services

3.18.1 The costs of overheads and support services are not recharged to those services that benefit from the supply or service, as this is how these services are reported in the internal management accounts, however the Authority does maintain an activity based costing model which helps to inform what these charges would be, which supports our budget setting and determination of financial objectives for services.

3.19 Property, Plant & Equipment

3.19.1 Assets that have physical substance, are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used for more than one financial year, are classified as Property, Plant & Equipment. Assets below the de minimis value of £10,000 are not introduced into the balance sheet unless they are part of a pooled system of assets.

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

3.19.3 Measurement: Assets are initially measured at cost, comprising the purchase price, and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be fair value, unless the acquisition has no impact on cash flow, in which case, where an asset is exchanged, the cost of the acquisition is deemed to be the carrying amount of the asset given up in exchange. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the CIES, unless the donation has been made conditionally, in which case until conditions are satisfied the gain is held in the Donated Assets Account. Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves statement. Assets are carried into the Balance Sheet using the following measurement bases:-

- infrastructure, community assets and assets under construction – depreciated historic cost.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value = EUV).

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

3.19.4 Revaluation: Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, and there is a balance of revaluation gains for the asset in the Revaluation Reserve, they are accounted for by writing down the carrying amount of the asset against that balance, up to the amount of the accumulated gains. Where decreases in value are identified, and there is no balance, or an insufficient balance, of revaluation gains for the asset in the Revaluation Reserve, they are accounted for by writing down the carrying amount of the asset against the relevant service line in the CIES. The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date were consolidated into the Capital Adjustment Account.

3.19.5 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 this shortfall. Where decreases in value are identified, and there is a balance of revaluation gains for the asset in the Revaluation Reserve, they are accounted for by writing down the carrying amount of the asset against that balance, up to the amount of the accumulated gains. Where impairment losses are identified, and there is no balance, or an insufficient balance, of revaluation gains for the asset in the Revaluation Reserve, they are accounted for by writing down the carrying amount of the asset against the relevant service line in the CIES. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

3.19.6 Depreciation: Depreciation is provided for on all Property, Plant & Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets which are not yet available for use (i.e. assets under construction). Depreciation is calculated on a reducing balance basis as follows:-

Type of Fixed Asset	Depreciation Period
Land & Community assets	Nil
Furniture & Equipment	over the life of the asset – 5-10 years ; computer hardware 3 years
Vehicles	over the life of the asset - 6-20 years
Car Parks	over the life of the asset - 15-20 years
Buildings	over the life of the asset - 60 years
Intangible Assets	over the life of the asset – 5 years
Surplus Assets	Surplus assets are usually Buildings, so they share the same 60 year asset life.
Infrastructure Assets	over the life of the asset - 60 years, unless a shorter asset life is warranted as a result of applying a component accounting approach

Where an item of Property, Plant & Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

3.19.7 Disposals and Non-current Assets Held for Sale: When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is re-classified as an Asset Held for Sale. The asset is re-valued immediately before re-classification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are re-classified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale) and their recoverable amount at the date of the decision that the criteria were not met. Assets that are to be scrapped are not re-classified as Assets Held for Sale.

3.19.8 Where an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES (i.e. netted off). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. The written off value of disposals is not a charge against National Park Grant, as the cost of fixed assets is fully provided for under separate Local Authority arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

3.19.9 Amounts received for a disposal in excess of £10,000, or where the asset has been previously capitalised, are categorised as capital receipts and are credited to the Capital Receipts Reserve, available only for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

3.20 Provisions, Contingent Liabilities and Contingent Assets

3.20.1 Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the CIES 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. When payments are eventually made they are charged to the provision carried in the Balance Sheet. If the provision proves not to be required, the provision is reversed and credited back to the CIES. Income potentially recoverable from a third party which would offset the provision is only recognised if it is virtually certain to be received.

3.20.2 A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts. Where the event might give rise to an asset (i.e. a contingent asset) these are not recognised in the Balance Sheet but are disclosed in a note to the accounts only where it is probably that there will be an inflow of economic benefits or service potential.

3.21 Reserves

3.21.1 The Authority sets aside specific amounts as reserves for future National Park purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then transferred back in to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against National Park Grant for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority.

3.22 Revenue Expenditure Funded from Capital Under Statute

3.22.1 Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the National Park Grant.

3.23 VAT

3.23.1 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.

4. Expenditure and Funding Analysis

2016/17				2017/18		
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 (See Note 21)	**Net Expenditure in the Comprehensive Income and Expenditure Statement**
591,966	228,801	**820,767**	Conservation of the Natural Environment	715,972	290,466	**1,006,438**
195,852	12,174	**208,026**	Conservation of the Cultural Heritage	196,060	26,597	**222,657**
38,626	284,909	**323,535**	Recreation Mgt & Transport	23,390	480,032	**503,422**
1,134,710	(525,945)	**608,765**	Promoting Understanding	750,472	599,033	**1,349,505**
880,587	29,780	**910,367**	Rangers, Estates Services & Volunteers	907,409	157,977	**1,065,386**
491,606	39,802	**531,408**	Development Control	406,002	102,692	**508,694**
393,010	27,964	**420,974**	Forward Planning & Communities	522,103	73,832	**595,935**
2,374,365	167,272	**2,541,637**	Corporate Management & Support Services	2,402,423	(14,160)	**2,388,263**
6,100,722	**264,757**	**6,365,479**	**Net Cost of Services**	**5,923,831**	**1,716,469**	**7,640,300**
(6,592,183)	**572,530**	**(6,019,653)**	Other Income and Expenditure	(6,673,160)	**459,513**	**(6,213,647)**
(491,461)	**837,287**	**345,826**	**(Surplus) or Deficit**	**(749,329)**	**2,175,982**	**1,426,653**
3,691,415			**Opening General Fund Balance**	**4,182,876**		
491,461			**Surplus (Deficit) on General Fund**	**749,329**		
4,182,876			**Closing General Fund Balance at 31st March**	**4,932,205**		

5. Comprehensive Income and Expenditure Statement

2016/17				2017/18		
Gross Expenditure	**Income**	**Net Expenditure**		**Gross Expenditure**	**Income**	**Net Expenditure**
£	**£**	**£**	**Conservation of the Natural Environment**	**£**	**£**	**£**
533,052	(35,685)	497,367	Natural Environment & Rural Economy	574,037	(23,042)	550,995
48,946	(13,597)	35,349	Woodlands	43,551	(18,637)	24,914
482,097	(415,118)	66,979	Estates Management	563,366	(457,659)	105,707
3,720,648	(3,499,576)	221,072	Conservation & Environment Projects	3,436,155	(3,111,333)	324,822
4,784,743	(3,963,976)	820,767		4,617,109	(3,610,671)	1,006,438
			Conservation of Cultural Heritage			
166,862	(1,049)	165,813	Historic Buildings & Village Management	173,778	(89)	173,689
84,000	(41,787)	42,213	Archaeology	60,736	(11,768)	48,968
0	(0)	0	Cultural Heritage Projects	0	(0)	0
250,862	(42,836)	208,026		234,514	(11,857)	222,657
			Recreation Management & Transport			
235,122	(301,617)	(66,495)	Cycle Hire	257,737	(290,860)	(33,123)
535,113	(119,904)	415,209	Access, Walking & Riding Routes	470,552	(100,075)	370,477
260,718	(395,510)	(134,792)	Car Parks & Concessions	363,001	(370,430)	(7,429)
167,921	(34,464)	133,457	Toilets	170,584	(29,038)	141,546
50,548	(98,346)	(47,798)	Campsites, Hostels & Barns	102,592	(101,118)	1,474
75,468	(51,514)	23,954	Recreation & Transport Projects	81,722	(51,245)	30,477
1,324,890	(1,001,355)	323,535		1,446,188	(942,766)	503,422
			Promoting Understanding			
691,691	(427,215)	264,476	Visitor Centres	1,328,904	(439,167)	889,737
162,946	(65)	162,881	Communications and Design Services	270,816	(1,190)	269,626
219,226	(77,327)	141,899	Outreach	249,945	(106,194)	143,751
140,259	(100,750)	39,509	Promoting Understanding Projects	434,504	(388,113)	46,391
1,214,122	(605,357)	608,765		2,284,169	(934,664)	1,349,505
			Rangers, Estates Service & Volunteers			
848,407	(210,970)	637,437	Rangers	953,898	(201,425)	752,473
94,325	(42,125)	52,200	Countryside Volunteers	102,864	(43,384)	59,480
177,860	(58)	177,802	Property Team	195,940	(75)	195,865
46,404	(3,476)	42,928	Estates Workers	58,090	(522)	57,568
1,166,996	(256,629)	910,367		1,310,792	(245,406)	1,065,386

2016/17			Comprehensive Income & Expenditure Account (Continued)	2017/18		
Gross Expenditure	**Income**	**Net Expenditure**		**Gross Expenditure**	**Income**	**Net Expenditure**
			Development Control			
812,811	(281,403)	531,408	Development Control	887,965	(379,271)	508,694
812,811	(281,403)	531,408		887,965	(379,271)	508,694
			Forward Planning & Communities			
143,242	(6,335)	136,907	Planning Policy	151,076	(0)	151,076
373,343	(4,488)	368,855	Strategy	332,481	(0)	332,481
106,154	(190,942)	(84,788)	Community Development	154,891	(42,513)	112,378
622,739	(201,765)	420,974		638,448	(42,513)	595,935
			Corporate Management & Support Services			
252,247	(55,130)	197,117	Headquarters Building	89,297	(53,647)	35,650
249,351	(18,404)	230,947	Legal Services	283,274	(9,834)	273,440
229,468	(142)	229,326	Democratic Services & Members	236,939	(62)	236,877
599,327	(524)	598,803	Information Management	624,192	(11)	624,181
400,348	(16,360)	383,988	Customer & Business Support Team	439,053	(16,648)	422,405
268,312	(1,261)	267,051	Finance	290,143	(4,485)	285,658
273,786	124	273,910	Corporate Management	198,214	(1)	198,213
205,526	(16,656)	188,870	Human Resources	264,208	(18,846)	245,362
103,625	(0)	103,625	Non-Distributed Costs	25,477	(0)	25,477
68,000	(0)	68,000	Past Service Cost (Gain)	41,000	(0)	41,000
2,649,990	(108,353)	2,541,637		2,491,797	(103,534)	2,388,263
12,827,153	**(6,461,674)**	**6,365,479**	**Total Cost of Services**	**13,910,982**	**(6,270,682)**	**7,640,300**
0	(24,562)	(24,562)	Other Operating Expenditure (Note 8)	0	(14,511)	(14,511)
459,638	(38,186)	421,452	Financing and Investment Income (Note 9)	423,088	(51,179)	371,909
0	(0)	0	Surplus or deficit on discontinued operations (Note 22)	0	(0)	0
0	(6,416,543)	(6,416,543)	National Park Grant, non-specific grant and capital income (Note 10)	0	(6,571,045)	(6,571,045)
13,286,791	**(12,940,965)**	**345,826**	**(Surplus) or Deficit on Provision of Services**	**14,334,070**	**(12,907,417)**	**1,426,653**
0	(513,716)	(513,716)	(Surplus) or deficit on revaluation of Property, Plant & Equipment assets	876,013	(0)	876,013
1,780,680	(0)	1,780,680	Actuarial (gains) losses on pension assets / liabilities	0	(1,697,104)	(1,697,104)
1,780,680	**(513,716)**	**1,266,964**	**Other Comprehensive (Income) Expenditure (Note 5)**	**876,013**	**(1,697,104)**	**(821,091)**
15,067,471	**(13,454,681)**	**1,612,790**	**Total Comprehensive (Income) Expenditure**	**15,210,083**	**(14,604,521)**	**605,562**

6. Movement in Reserves Statement 2017/18

	General Fund Balance	Capital Receipts Reserve	Total Usable Reserves	Un-usable Reserves	Total Authority Reserves
	£	£	£	£	£
Balance at 31st March 2017	**4,182,876**	**1,188,163**	**5,371,039**	**4,276,767**	**9,647,806**
Movement in reserves during 2017/18 year					
Total Comprehensive (Expenditure) & Income	**(1,426,653)**	**0**	**(1,426,653)**	821,091	**(605,562)**
Adjustments between accounting basis & funding basis under regulations (Note 6)	2,175,982	101,212	**2,277,194**	(2,277,194)	**0**
Net Increase (Decrease) in 2017/18	**749,329**	**101,212**	**850,541**	**(1,456,103)**	**(605,562)**
Balance at 31st March 2018	**4,932,205**	**1,289,375**	**6,221,580**	**2,820,664**	**9,042,244**

Previous Year 2016/17

	General Fund Balance	Capital Receipts Reserve	Total Usable Reserves	Un-usable Reserves	Total Authority Reserves
	£	£	£	£	£
Balance at 31st March 2016	**3,691,415**	**1,012,321**	**4,703,736**	**6,556,860**	**11,260,596**
Movement in reserves during 2016/17 year					
Total Comprehensive (Expenditure) & Income	**(345,826)**	**0**	**(345,826)**	(1,266,964)	**(1,612,790)**
Adjustments between accounting basis & funding basis under regulations (Note 6)	837,287	175,842	**1,013,129**	(1,013,129)	**0**
Net Increase (Decrease) in 2016/17	**491,461**	**175,842**	**667,303**	**(2,280,093)**	**(1,612,790)**
Balance at 31st March 2017	**4,182,876**	**1,188,163**	**5,371,039**	**4,276,767**	**9,647,806**

7. Balance Sheet as at 31st March 2018

2016-17 £		Notes	2017-18 £
	Property, Plant & Equipment		
19,118,745	- Land & Buildings	11	17,492,310
987,971	- Vehicles, Plant & Equipment	11	1,126,029
187,204	Intangible Assets	12	169,290
0	Long Term Investments		0
0	Long Term Debtors		0
20,293,920	**Total Long Term Assets**		**18,787,629**
174,895	Inventories	13	226,280
2,562,183	Short Term Debtors	14	2,441,685
62,000	Assets held for Sale	16	16,000
7,089,107	Cash & Cash Equivalents	15	7,108,739
9,888,185	**Total Current Assets**		**9,792,704**
(3,272)	Cash & Cash Equivalents	15	(259,758)
(24,600)	Short Term Borrowing	35	(12,735)
(1,853,834)	Short Term Creditors	17	(1,478,222)
(223,980)	Accruals	20	(256,312)
(2,105,686)	**Total Current Liabilities**		**(2,007,027)**
(472,706)	Long Term Borrowing	35	(459,971)
(14,888,000)	Other Long Term Liabilities	32	(14,652,000)
(3,067,907)	Grants Receipt in Advance	26	(2,419,091)
(18,428,613)	**Total Long Term Liabilities**		**(17,531,062)**
9,647,806	**TOTAL NET ASSETS**		**9,042,244**
	Financed by:		
	Usable Reserves		
647,851	General Reserve		670,491
208,159	Restricted Funds	7	263,159
3,326,866	Specific Reserves	7	3,998,555
4,182,876	General Fund Balance	Page 19	4,932,205
1,188,163	Capital Receipts Reserve	19	1,289,375
5,371,039			**6,221,580**
	Unusable Reserves		
8,239,009	Revaluation Reserve	20	7,100,997
11,149,738	Capital Adjustment Account	20	10,627,979
(14,888,000)	Pensions' Reserve	20	(14,652,000)
(223,980)	Accumulated Absences Account	20	(256,312)
4,276,767			**2,820,664**
9,647,806	**Total Reserves**		**9,042,244**

8. Cashflow Statement

2016-17 £		2017-18 £
	Operating Activities	
(278,584)	Rents	(295,398)
(3,286,755)	Charges for Goods and Services	(1,389,795)
(2,923,487)	Grants and Partnership Income	(4,026,434)
(6,364,744)	National Park Grant and Levies	(6,474,218)
(38,186)	Interest Received	(51,179)
(0)	Discontinued Operations	(0)
(12,891,756)	***Cash Inflows***	***(12,237,024)***
6,802,564	Employment Costs	7,044,328
4,495,814	Payments for Goods and Services	4,803,807
142,164	Other Costs	163,104
24,638	Interest Paid	23,088
0	Discontinued Operations	0
11,465,180	***Cash Outflows***	***12,034,327***
(1,426,576)	**Operating Activities Net Cash Flow**	**(202,697)**
	Investing Activities	
761,254	Purchase of Property, plant and equipment and intangible assets	644,686
0	Purchase of Investments	0
(218,133)	Sale of Property, plant and equipment and intangible assets	(132,907)
(51,799)	Capital Grants received	(96,827)
0	Discontinued Operations	0
491,322	**Investing Activities Net Cash Flow**	**414,952**
	Financing Activities	
61,864	Repayments of amounts borrowed	24,600
0	New Loans	0
0	Discontinued Operations	0
61,864	**Financing Activities Net Cash Flow**	**24,600**
(873,390)	**Net (Increase) Decrease in Cash and Cash equivalents**	**236,855**
6,212,446	Cash and Cash Equivalents at the beginning of the Reporting Period (Note 15)	7,085,836
873,390	Net Increase (Decrease) in Cash and Cash equivalents as above	(236,855)
7,085,836	**Cash and Cash Equivalents at the end of the Reporting Period (Note 15)**	**6,848,981**

9. Notes to the Accounts

Note 1 Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in Section 3, the Authority has to make certain judgements about complex transactions or those involving uncertainty about future events, and their potential impact on the amounts recognised in the financial statements. The Authority believes there are no judgements made arising from its application of accounting policies which require disclosure.

Note 2 Assumptions made about the future and other major sources of estimation uncertainty

The National Park Grant, the principal funding source for the Authority, has been confirmed for the next Spending Review period up to 2019/20, and the allocations allow for inflationary increases of 1.72% each year, allowing for financial stability during this period; the assumption made is that this is binding on the government as a statement of public investment intent. The Authority's net liability to pay pensions depends on a number of complex judgements, e.g. the discount rate used, the rate of wages' inflation, changes in retirement ages, mortality rates and the return on pension fund assets. These judgements are made by the actuaries engaged by Derbyshire County Council to advise on the Pension Fund, within statutory guidelines. Note 32 contains more information on the assumptions made and the impact on the accounts. The estimated pensions' liability as at 31/03/18 is £14,652,000, and estimates of the liability in the last five years have ranged between £10,551,000 and £15,749,000.

The Land & Buildings figure (within the Property, Plant & Equipment heading on the Balance Sheet) is determined by the accounting policies outlined in paragraph 3.19.3 and 3.19.4., and as such, any revaluations of assets within this category may be subject to variations arising from the nature of the valuation process. The carrying amount as at 31/03/2018 was £17,492,310.

There are no other significant estimations or assumptions which require disclosure.

Note 3 Material Items of Income and Expenditure

The Narrative Report helps to explain a number of variances from the previous year where the figures are materially different, but there are no significant items meriting specific disclosure in this note.

Note 4 Events after the Balance Sheet Date

The Chief Finance Officer authorised the Statement of Accounts for issue on 31st May 2018 and the audited accounts are expected to be reported to the Audit, Resources and Performance Committee for approval on the 20th July 2018. Events taking place after this date will not be reflected in the financial statements or notes. Events which have occurred since the Balance Sheet date (31/03/18) and up to the authorisation of the accounts (31st May 2018) by the Chief Finance Officer have been considered. These events are of two kinds:- either "adjusting events" (events arising relating to conditions which existed at the Balance Sheet date which materially affect the amounts included in the accounts) or "non-adjusting events" (events arising relating to conditions which arose after the Balance Sheet which are material, and for which disclosure is required for the purposes of fair presentation). There are no such events to report.

Note 5 Other Comprehensive Expenditure & Income

2016-17 £		2017-18 £
513,716	Surplus (Deficit) arising on revaluation of non-current assets	(876,013)
(1,783,000)	Actuarial Gain (Loss) on pension fund assets and liabilities	1,684,000
2,320	Other – difference between actuarial and actual charge against government grant	13,104
(1,266,964)	**Total**	**821,091**

Note 6 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments made for items included or not included in the Statement of Comprehensive Income and Expenditure required by accounting standards, in order to understand the total Income and Expenditure which is required to be reported by Local Authorities as required by statute.

<u>2017/18</u> **Adjustments to Revenue Resources**	**General Fund £**	**Capital Receipts Reserve £**	**Un-usable Reserves £**
Pension costs – removal of accrual of full pension costs as reported on an actuarial basis under IAS19	(2,463,000)		2,463,000
Pension costs - replacement by employers actual paid contributions in year	1,001,895		(1,001,895)
Holiday Pay – removal of accrual for holiday pay costs leaving actual pay costs paid in year	(32,332)		32,332
Reversal of entries in relation to depreciation and impairment of non-current assets	(728,007)		728,007
Reversal of entries - revaluation gain (loss) on Property, Plant & Equipment	(391,032)		391,032
Reversal of entries - amortisation of Intangible assets	(37,441)		37,441
Reversal of entries for carrying value of non-current assets as part of gain / loss no disposal	(118,396)		118,396
Total Adjustments to Revenue Resources	**(2,768,313)**		**2,768,313**
Adjustments between Revenue & Capital Resources			
Transfer of non-current asset sale proceeds to the Capital Receipts Reserve	132,907	(132,907)	0
Statutory provision for the repayment of debt	141,495		(141,495)
Capital Expenditure financed from revenue balances	221,102		(221,102)
Total Adjustments between Revenue & Capital Resources	**495,504**	**(132,907)**	**(362,597)**
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure		31,695	(31,695)
Application of capital grants to finance capital expenditure	96,827		(96,827)
Total Adjustments to Capital Resources	**96,827**	**31,695**	**(128,522)**
Total Adjustments	**(2,175,982)**	**(101,212)**	**2,277,194**

The corresponding comparatives for the previous year are shown as follows:-

2016/17	**General Fund**	**Capital Receipts Reserve**	**Un-usable Reserves**
Adjustments to Revenue Resources	**£**	**£**	**£**
Pension costs – removal of accrual of full pension costs as reported on an actuarial basis under IAS19	(1,894,000)		1,894,000
Pension costs - replacement by employers actual paid contributions in year	976,681		(976,681)
Holiday Pay – removal of accrual for holiday pay costs leaving actual pay costs paid in year	19,927		(19,927)
Reversal of entries in relation to depreciation and impairment of non-current assets	(532,729)		532,729
Reversal of entries - revaluation gain (loss) on Property, Plant & Equipment	(6,500)		6,500
Reversal of entries - amortisation of Intangible assets	(39,782)		39,782
Reversal of entries for carrying value of non-current assets as part of gain / loss no disposal	(193,573)		193,573
Total Adjustments to Revenue Resources	**(1,669,976)**		**1,669,976**
Adjustments between Revenue & Capital Resources			
Transfer of non-current asset sale proceeds to the Capital Receipts Reserve	218,133	(218,133)	0
Statutory provision for the repayment of debt	168,222		(168,222)
Capital Expenditure financed from revenue balances	394,535		(394,535)
Total Adjustments between Revenue & Capital Resources	**780,890**	**(218,133)**	**(562,757)**
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure		42,291	(42,291)
Application of capital grants to finance capital expenditure	51,799		(51,799)
Total Adjustments to Capital Resources	**51,799**	**42,291**	**(94,090)**
Total Adjustments	**(837,287)**	**(175,842)**	**1,013,129**

Note 7 Earmarked Reserves and Transfers to and from the Reserves

This note sets out the amount set aside from, and allocated to, the General Fund in earmarked reserves to provide financing for future expenditure plans. The Authority also administers Restricted Funds made up of donations or bequests, expended according to the wishes of the donor, or funds which have a legal restriction on their use.

£	**Balance at 1st April 2016**	Transfers Out 2016/17	Transfers In 2016/17	**Balance at 31st March 2017**	Transfers Out 2017/18	Transfers In 2017/18	**Balance at 31st March 2018**
Minerals Reserve	**435,959**		45,000	**480,959**		27,000	**507,959**
Reducing Resources / Restructuring Reserve	**242,160**	(95,467)		**146,693**			**146,693**
ICT Reserve	**196,816**			**196,816**		50,000	**246,816**
Warslow Reserve	**15,966**			**15,966**		24,500	**40,466**
North Lees Reserve	**40,329**			**40,329**		38,617	**78,946**
Minor Properties Reserve	**10,000**			**10,000**		6,164	**16,164**
Conservation Acquisitions Reserve	**19,000**			**19,000**			**19,000**
Visitor Centre Reserve	**129,146**	(100,000)		**29,146**	(29,146)		**0**
Aldern House Reserve	**21,000**		12,800	**33,800**		13,820	**47,620**
Design Reserve	**39,382**		2,724	**42,106**			**42,106**
Forestry Reserve	**18,140**			**18,140**			**18,140**
Trail Reserve	**174,604**		52,306	**226,910**		145,000	**371,910**
Vehicle Maintenance Reserve	**18,009**			**18,009**			**18,009**
Planned Maintenance Reserve	**18,845**		2,700	**21,545**			**21,545**
Car Park Reserve	**38,274**	(1,373)		**36,901**			**36,901**
Cycle Hire Reserve	**47,298**		22,500	**69,798**		20,973	**90,771**
Matched Funding Reserve	**523,045**	(29,125)	524,766	**1,018,686**		26,400	**1,045,086**
Slippage Reserve	**882,359**	(779,486)	799,189	**902,062**	(799,189)	1,147,550	**1,250,423**
Total Earmarked Reserves	**2,870,332**	**(1,005,451)**	**1,461,985**	**3,326,866**	**(828,335)**	**1,500,024**	**3,998,555**
<u>Restricted Funds</u>							
Cyril Bennett Bequest	**9,270**	(165)		**9,105**			**9,105**
Graham Attridge Bequest	**2,046**			**2,046**			**2,046**
Sheila Streek Bequest	**36,020**			**36,020**			**36,020**
Margaret Nicholls Bequest	**3,000**			**3,000**			**3,000**
Memorial Landscape Fund	**4,254**	(2,320)		**1,934**			**1,934**
Alan Beardsley Memorial Fund	**0**		12,000	**12,000**			**12,000**
Restoration Bond	**4,225**			**4,225**			**4,225**
Friends of Losehill Hall	**2,500**			**2,500**			**2,500**
Deepdale S.106	**0**			**0**		55,000	**55,000**
Moss Rake East Restoration Bond	**137,329**			**137,329**			**137,329**
Total Restricted Funds	**198,644**	**(2,485)**	**12,000**	**208,159**	**(0)**	**55,000**	**263,159**

Total Transfers	(1,007,936)	1,473,985	(828,335)	1,555,024
Net Increase (Decrease) in Earmarked Reserves		**466,049**		**726,689**

Note 8 Other Operating Expenditure

2016-17 £		2017-18 £
0	Write Down of carrying amount of asset to fair value as a result of transfer to asset held for sale category	0
(24,562)	(Gains) Losses - disposal of non-current assets	(14,511)
(24,562)	**Total**	**(14,511)**

Note 9 Financing and Investment Income and expenditure

2016-17 £		2017-18 £
24,638	Interest payable and similar charges	23,088
435,000	Pensions' interest cost and expected return on pensions' assets	400,000
(38,186)	Interest receivable and similar income	(51,179)
421,452	**Total**	**371,909**

Note 10 National Park Grant, non-specific and capital grant income

2016-17 £		2017-18 £
6,364,744	National Park Grant (DEFRA)	**6,474,218**
0	Non-specific grant income	**0**
	Capital Grants	
0	European Life Grant Aid, Moorlife 2020	85,464
51,799	Other Capital Grants each under £10,000	11,363
51,799	**Total Capital Grants**	**96,827**
6,416,543	**Total**	**6,571,045**

Note 11 Property, plant & Equipment – Movements on Balances

The Authority is a major landowner and its principal assets comprise woodlands, tenanted farms, car parks, toilets, cycle hire centres, Visitor Centres and a headquarters building. The Authority has an Asset Management Plan, which helps to guide its future asset strategy and ownership of assets. The Authority's Intangible assets comprise only purchased software. The Authority's network of trails along disused railway lines are regarded as infrastructure assets.

2017/18	Land & Buildings	Vehicles, plant, equipment	Community Assets	Infra-structure Assets	Surplus Assets	Total
Cost or Valuation	**£**	**£**	**£**		**£**	**£**
Gross Book Value at 1st April 2017	17,344,425	2,806,291	1,516,800	1,641,432	749,851	**24,058,799**
Additions	101,663	294,267	183,142	0	0	**579,072**
Donations	0	0	0	0	0	**0**
Revaluation increases (decreases) recognised in the Revaluation Reserve	(673,612)	0	0	0	(90,621)	**(764,233)**
Revaluation increases (decreases) recognised in the Surplus/Deficit on the Provision of Services	(391,032)	0	0	0	0	**(391,032)**
De-recognition: disposals	(60,300)	(45,177)	(0)	(0)	(0)	**(105,477)**
De-recognition: other	(0)	(0)	(0)	(0)	(0)	**(0)**
Assets re-classified (to) from Held for Sale / surplus assets	0	0	0	0	0	**0**
Other Movements – accumulated depreciation w/o on revaluation	(237,423)	0	0	0	(21,258)	**(258,681)**
Gross Book Value at 31st March 2018	**16,083,721**	**3,055,381**	**1,699,942**	**1,641,432**	**637,972**	**23,118,448**
Accumulated depreciation and impairment At 1st April 2017	(1,298,598)	(1,818,320)	(89,509)	(551,216)	(194,440)	**(3,952,083)**
Depreciation Charge	(367,609)	(144,113)	(12,809)	(69,697)	(8,972)	**(603,200)**
Impairment Charge	(236,589)	0	0	0	0	**(236,589)**
Depreciation written out to the Revaluation Reserve	41,128	0	0	0	8,693	**49,821**
Depreciation written out to the Surplus/deficit on the Provision of Services	146,235	0	0	0	12,566	**158,801**
Impairments recognised in the Revaluation Reserve	0	0	0	0	0	**0**
Impairments recognised in the Surplus/deficit on the Provision of Services	50,060	0	0	0	0	**50,060**
Re-classifications	0	0	0	0	0	**0**
De-recognition - disposals	0	33,081	0	0	0	**33,081**
Accumulated depreciation & impairment at 31st March 2018	**(1,665,373)**	**(1,929,352)**	**(102,318)**	**(620,913)**	**(182,153)**	**(4,500,109)**
Net BookValue 31 March 2017	*16,045,827*	*987,971*	*1,427,291*	*1,090,216*	*555,411*	***20,106,716***
Net Book Value at 31st March 2018	**14,418,348**	**1,126,029**	**1,597,624**	**1,020,519**	**455,819**	**18,618,339**

At Historical Cost						
As at 31/03/2018	7,923,980	-	-	-	401,631	
Fair Value Movement 2017/18	(1,414,769)	-	-	-	(93,575)	
Fair Value Movement 2016/17	268,961	-	-	-	(1,752)	
Fair Value Movement 2015/16	1,391,475	-	-	-	46,417	
Fair Value Movement 2014/15	699,539	-	-	-	(617,869)	
Fair Value - up to 2013/14	5,549,162	-	-	-	720,967	
Net Book Value at 31/03/2018	**14,418,348**	-	-	-	**455,819**	

Note 11 continued

2016/17	Land & Buildings	Vehicles, plant, equipment	Community Assets	Infra-structure Assets	Surplus Assets	Total
Cost or Valuation	**£**	**£**	**£**		**£**	**£**
Gross Book Value at 1st April 2016	16,704,178	2,661,421	1,445,414	1,641,432	749,851	**23,202,296**
Additions	597,406	156,852	71,386	0	0	**825,644**
Donations	0	0	0	0	0	**0**
Revaluation increases (decreases) recognised in the Revaluation Reserve	513,716	0	0	0	0	**513,716**
Revaluation increases (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	**0**
De-recognition: disposals	(87,019)	(11,982)	(0)	(0)	(0)	**(99,001)**
De-recognition: other	(0)	(0)	(0)	(0)	(0)	**(0)**
Assets re-classified (to) from Held for Sale / surplus assets	(43,000)	0	0	0	0	**(43,000)**
Other Movements – accumulated depreciation w/o on revaluation	(340,856)	0	0	0	0	**(340,856)**
Gross Book Value at 31st March 2017	**17,344,425**	**2,806,291**	**1,516,800**	**1,641,432**	**749,851**	**24,058,799**
Accumulated depreciation and impairment At 1st April 2016	(1,339,185)	(1,688,147)	(77,434)	(476,075)	(187,399)	**(3,768,240)**
Depreciation Charge	(300,389)	(138,083)	(12,075)	(75,141)	(7,041)	**(532,729)**
Impairment Charge	0	0	0	0	0	**0**
Depreciation written out to the Revaluation Reserve	155,275	0	0	0	0	**155,275**
Depreciation written out to the Surplus/deficit on the Provision of Services	185,581	0	0	0	0	**185,581**
Impairments recognised in the Revaluation Reserve	0	0	0	0	0	**0**
Impairments recognised in the Surplus/deficit on the Provision of Services	0	0	0	0	0	**0**
Re-classifications	0	0	0	0	0	**0**
De-recognition - disposals	120	7,910	0	0	0	**8,030**
Accumulated depreciation & impairment at 31st March 2017	**(1,298,598)**	**(1,818,320)**	**(89,509)**	**(551,216)**	**(194,440)**	**(3,952,083)**
Net BookValue 31 March 2016	*15,364,993*	*973,274*	*1,367,980*	*1,165,357*	*562,452*	***19,434,056***
Net Book Value at 31st March 2017	**16,045,827**	**987,971**	**1,427,291**	**1,090,216**	**555,411**	**20,106,716**

Effects of Changes in Estimates

There are no material effects arising from changes in accounting estimates for residual values, useful lives or depreciation methods.

Revaluations

The Authority's property shown in the Land & Buildings column has been valued as at 31st March 2018 by the District Valuer. The valuations are in accordance with the CIPFA Code of Practice and the relevant sections of the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual. The Authority values these assets over a five-year rolling programme, concentrating this year on land holding, miscellaneous properties, the North Lees Estate, Castleton Visitor Centre and Aldern House.

Impairments

The impairment charge of £236,589 follows a review and reconciliation of the asset registers and a number of assets were identified which the Authority does not own, but which were still carrying balances on the register. These balances have been written off by way of an impairment charge.

Note 12 Intangible Assets

The Authority accounts for its software as intangible assets, at their historic purchase cost. The Authority does not capitalise internally generated assets. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful life in all cases is 5 years unless a shorter asset life is more appropriate. The carrying amount of intangible assets is amortised on a reducing balance basis. The amortisation charge forms part of the charge to the Information Technology Support Service and is then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

2016/17 £		2017/18 £
610,273	Gross carrying amounts at Start of Year	638,348
(411,362)	Accumulated amortisation to date	(451,144)
198,911	**Net Carrying Amount at Start of Year**	**187,204**
28,075	Additions	19,527
0	Assets reclassified as Held for Sale	0
0	Other disposals	0
0	Impairment losses recognised in the Surplus / Deficit on the Provision of Services	0
0	Reversals of past impairment losses written back to the Surplus / Deficit on the Provision of Services	0
(39,782)	Amortisation for the period	(37,441)
0	Other changes	0
187,204	**Net carrying amount at end of year**	**169,290**
	Comprising:	
638,348	Gross carrying amounts	657,874
(451,144)	Accumulated amortisation	(488,584)
187,204		**169,290**

There are no intangible assets which are material to the financial statements requiring individual disclosure in this note. There are no contractual commitments for the acquisition of intangible assets which require individual disclosure in this note.

Note 13 Inventories

There is no work in progress. Stocks of publications & other items for resale are:-

31 March 2017 £		31 March 2018 £
181,884	**Balance o/s at start of year**	**174,895**
216,724	Purchases	262,007
(211,991)	Recognised as an expense in the year	(197,733)
(11,722)	Written off balances / Reversals of write offs in previous years	(12,889)
174,895	**Balance o/s at year end**	**226,280**

Note 14 Debtors

Debtors can be analysed as follows:

31 March 2017 £		31 March 2018 £
1,497,131	Central Government Bodies	1,289,243
32,942	Other Local Authorities	52,333
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
1,059,167	Bodies external to general government	1,127,166
(27,057)	Less: Provision for Bad Debts	(27,057)
2,562,183	**Total**	**2,441,685**

Note 15 Cash and Cash Equivalents

Cash and Bank can be analysed as follows:

31 March 2017 £		31 March 2018 £
(4,315)	Bank current accounts	(261,247)
1,043	Cash held by the Authority	1,489
7,089,107	Deposits with North Yorks. County Council	7,108,739
7,085,835	**Total**	**6,848,981**

The above bank figures represent the value of the bank accounts on the accounting system. The bank statements show a different amount owing to timing differences, which are reconciled in the bank reconciliation process. At the end of each working day a transfer is made to and from the investment account, ensuring the bank accounts overall remain in credit by a small amount. The investment account represents deposits invested with North Yorkshire County Council on which interest is received. The amounts are invested daily, with surplus funds from the Authority's pooled bank accounts being transferred and invested in accordance with the Authority's Treasury Management Policy, leaving a small surplus balance in current accounts. The Authority's Short Term investments are all cash resources.

Note 16 Assets Held for Sale

An analysis of the Assets Held for Sale category within current assets is shown below.

2016/17 £		2017/18 £
128,100	**Balance outstanding at start of year**	**62,000**
43,000	Property, Plant & Equipment newly identified	0
(6,500)	Revaluation (losses) gains	0
0	Impairment losses	0
0	Property, Plant & Equipment declassified as held for sale	0
(102,600)	Assets sold	(46,000)
62,000	**Balance outstanding at year end**	**16,000**

Five woodland properties in this category were sold in the year.

Note 17 Creditors due within 12 months

Creditors can be analysed as follows:

31 March 2017 £		31 March 2018 £
156,201	Central Government Bodies	115,934
42,176	Other Local Authorities	66,924
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
1,650,550	Bodies external to general government	1,290,206
4,907	Provision for unpaid cheques	5,158
1,853,834	**Total**	**1,478,222**

Note 18 Provisions and Contingent Liabilities

There are no provisions or contingent liabilities. The Authority considers that it has made sufficient financial arrangements to cover estimates of potential liabilities which may arise not covered by the accounting definition. Financing for these potential liabilities is achieved within the usable earmarked reserves (Note 7).

Note 19 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 7. The Capital Receipts Reserve, built up from the proceeds of the sale of fixed assets and available for use to finance capital expenditure, is as follows:-

2016-17 £		2017-18 £
1,012,321	Balance at 1 April	**1,188,163**
218,133	Receipts received in year	132,907
(42,291)	Receipts used to finance Capital Expenditure	(31,695)
1,188,163	**Balance at 31 March**	**1,289,375**

Note 20 Unusable Reserves

The Authority's unusable reserves are shown in full in the Balance Sheet.

The Revaluation Reserve records the accumulated gains on the Property, Plant & Equipment assets held by the Authority arising from increases in value, as a result of inflation or other factors, less any subsequent downward movements in value – impairments and/or depreciation. The balance on the reserve therefore represents the amount by which the current value of fixed assets carried in the Balance Sheet has been revalued above their depreciated historic cost. It is the Authority's policy to revalue 20% of total assets each year as a rolling programme over a five-year period and the account includes these changes, together with any written down value of assets which have been disposed of in the year.

2016-17 £	Revaluation Reserve	2017-18 £
8,026,950	**Balance at 1 April**	**8,239,009**
513,716	Upward revaluation of assets	0
(0)	Downward revaluation of assets & impairment losses not charged to the Surplus/Deficit on the Provision of Services	(876,014)
8,540,666	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	**7,362,995**
(145,066)	Difference between fair value depreciation and historical cost depreciation	(187,298)
(156,591)	Accumulated gains on assets sold or scrapped / Other	(74,700)
(301,657)	Amount written off to the Capital Adjustment Account	**(261,998)**
8,239,009	**Balance at 31 March**	**7,100,997**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements on the one hand, for accounting for the consumption of non-current assets, and on the other hand, for the financing of the acquisition, construction or enhancement of those assets as required by statute. The Capital Adjustment Account is credited with the amount of capital expenditure financed from revenue, capital receipts and capital grants, together with the Minimum Revenue provision (the amount charged to the Income and Expenditure account to ensure that an appropriate level of financing is set aside for the repayment of the principal element of any borrowing outstanding). As assets are consumed, either by depreciation, impairment or disposal, the charge is made to this account as a debit.

2016-17 £	Capital Adjustment Account	2017-18 £
10,963,817	**Balance at 1 April**	**11,149,738**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement (CIES)	
(532,729)	Charges for depreciation of non-current assets	(603,199)
(0)	Charges for impairment of non-current assets	(124,808)
(6,500)	Revaluation (losses) gains on Property, Plant & Equipment	(391,032)
(39,782)	Amortisation of intangible assets	(37,441)
0	Revenue expenditure funded from capital under statute	0
(193,573)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(118,396)
(772,584)		(1,274,876)
301,657	Adjusting amounts written out of the Revaluation Reserve	261,998
(470,926)	**Net written out amount of the cost of non-current assets consumed in the year**	**(1,012,878)**
	Capital financing applied in the year:-	
42,291	Use of the Capital Receipts Reserve to finance new capital expenditure	31,695
51,799	Capital grants and contributions credited to the CIES that have been applied to capital financing	96,827
168,222	Statutory provision for the financing of capital investment charged against the General Fund	141,495
394,535	Capital expenditure charged against the General Fund	221,102
656,847	**Total Capital Financing applied in year**	**491,119**
11,149,738	**Balance at 31 March**	**10,627,979**

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

2016-17	**Pensions' Reserve**	**2017-18**
£		**£**
(12,190,000)	**Balance at 1 April**	**(14,888,000)**
(1,783,000)	Actuarial gains or (losses) on pensions assets and liabilities	1,684,000
(1,891,681)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(2,449,895)
976,681	Employer's pension contributions and direct payments to pensioners payable in the year	1,001,895
(14,888,000)	**Balance at 31st March**	**(14,652,000)**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year eg annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2016-17	**Accumulated Absences Account**	**2017-18**
£		**£**
(243,907)	**Balance at 1 April**	**(223,980)**
243,907	Settlement or cancellation of accrual made at the end of the preceding year	223,980
(223,980)	Amounts accrued at the end of the current year	(256,312)
19,927	Amounts by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable on a salary basis in accordance with statutory requirements	(32,332)
(223,980)	**Balance at 31st March**	**(256,312)**

Note 21 Note to the Expenditure and Funding Analysis

Adjustments from the General Fund to arrive at the Expenditure and Funding Analysis Amounts

2017-18 £	Adjustments for Capital Purposes (Footnote 1)	Net change for the Pensions Adjustments (Footnote 2)	Other Differences (Footnote 3)	**Total Adjustments**
Conservation of the Natural Environment	31,731	250,904	7,831	**290,466**
Conservation of the Cultural Heritage	0	25,800	797	**26,597**
Recreation Mgt & Transport	402,684	74,545	2,803	**480,032**
Promoting Understanding	486,463	108,979	3,591	**599,033**
Rangers, Estates Services & Volunteers	26,461	127,529	3,987	**157,977**
Development Control	395	99,152	3,145	**102,692**
Forward Planning & Communities	0	71,784	2,048	**73,832**
Support Services	(324,703)	302,411	8,132	**(14,160)**
Net Cost of Services	**623,031**	**1,061,104**	**32,334**	1,716,469
Other Income & Expenditure: Expenditure and Funding Analysis	59,513	400,000	0	459,513
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**682,544**	**1,461,104**	**32,334**	**2,175,982**

2016-17 £	Adjustments for Capital Purposes (Footnote 1)	Net change for the Pensions Adjustments (Footnote 2)	Other Differences (Footnote 3)	**Total Adjustments**
Conservation of the Natural Environment	142,985	90,178	(4,362)	**228,801**
Conservation of the Cultural Heritage	0	12,772	(597)	**12,175**
Recreation Mgt & Transport	259,272	27,283	(1,646)	**284,909**
Promoting Understanding	(563,132)	39,316	(2,129)	**(525,945)**
Rangers, Estates Services & Volunteers	(20,960)	53,146	(2,406)	**29,780**
Development Control	494	41,373	(2,065)	**39,802**
Forward Planning & Communities	0	29,316	(1,352)	**27,964**
Support Services	(16,295)	188,936	(5,369)	**167,272**
Net Cost of Services	**(197,636)**	**482,320**	**(19,926)**	**264,758**
Other Income & Expenditure: Expenditure and Funding Analysis	137,529	435,000	0	572,529
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**(60,107)**	**917,320**	**(19,926)**	**837,287**

Footnote 1
Adjustments for Capital purposes: for the Net Cost of Services, this column adds in depreciation and impairment, and any revaluation gains and losses chargeable to the CIES. In respect of Other Income & Expenditure, this comprises adjustments not allowable under generally accepted accounting principles, either operating expenditure (See Note 8) – an adjustment for the gain or loss on the disposal of a non-current asset compared to its net book value; or a fair value adjustment; Financing & investment (see Note 9) – deductions for the statutory charges for capital financing (minimum revenue provision and other revenue contributions); and Taxation and non-specific grant income – the removal of capital grants.

Footnote 2
Adjustments for the removal of employers' pension cash contributions and the addition of employee benefit pensions' related expenditure and income: for the Net Cost of Services, this column removes the employer pension cash contributions made by the Authority as required by statute, and replaces with a current and past service cost figure assessed by the actuary. In respect of Other Income & Expenditure, this comprises the net interest cost of the defined benefit liability

Footnote 3
Other differences , in this case the adjustment reflecting the difference between staff salaries paid in cash during the year, and the adjustment required to reflect unused leave and flexi-hours carried forward by staff.

Expenditure and Income analysed by Nature

Expenditure	**2016-17**	**2017-18**
Employee expenses	7,264,957	8,137,764
Other service expenses	5,969,764	4,758,234
Depreciation, amortisation, impairment	(407,568)	1,014,984
Interest Payments	459,638	423,088
Loss on the disposal of fixed asset	0	0
Total Expenditure	**13,286,791**	**14,334,070**
Income		
Fees, charges, and other service income	(1,985,021)	(2,089,147)
Grants	(2,540,453)	(2,715,256)
Government Grants	(8,298,055)	(8,015,556)
Donations	(54,688)	(21,768)
Interest & Investment Income	(38,186)	(51,179)
Gain on the disposal of fixed asset	(24,562)	(14,511)
Total Income	**(12,940,965)**	**(12,907,417)**
(Surplus) Deficit on the Provision of Services	**345,826**	**1,426,653**

Note 22 Acquired and Discontinued Operations

There were no acquisitions or discontinuation of operations during the year.

Note 23 Members' Allowances

The following amounts were paid to the 30 Members of the Peak District National Park Authority as allowances in the year ended 31st March 2018.

2016-17		2017-18
£		£
52,337	Basic Allowance	49,636
18,053	Special Responsibility Allowance	17,798
10,127	Travel and Subsistence	9,891
80,517		**77,325**

Further information on Members' Allowances and payments to individual Members is published annually on our website, or can be obtained upon request from Democratic Services, Aldern House, Baslow Rd, Bakewell, DE45 1AE (Telephone 01629 816200).

Note 24 Employee Remuneration

The number of employees whose remuneration in the year, excluding employer pension contributions, was £50,000 or more in bands of £5,000 were as follows:

	Number of Employees	
Payment Range	**2016-17**	**2017-18**
£50,000 - £54,999	1	1
£55,000 - £59,999	1	1
£60,000 - £64,999	1	1
£64,999 - £69,999	0	0
£70,000 - £74,999	0	0
£75,000 - £79,999	0	0
£80,000 - £84,999	1	0
£85,000 - £89,999	0	1

The remuneration for individual senior employees in this category is shown in the table below (with previous year in brackets):–

Job Title	Salary	Benefits in Kind	Subtotal	Employers Pension contributions	Total Remuneration
Chief Executive	£88,443 *(£84,992)*	£0 *(£0)*	**£88,443** ***(£84,992)***	£16,424 *(£15,145)*	**£104,867** ***(£100,137)***
Director of Commercial Development & Outreach	£61,716 *(£61,105)*	£0 *(£0)*	**£61,716** ***(£61,105)***	£11,461 *(£10,889)*	**£73,177** ***(£71,994)***
Director of Conservation & Planning	£58,316 *(£56,055)*	£0	**£58,316** ***(£56,055)***	£10,829 *(£9,989)*	**£69,145** ***(£66,044)***
Director of Corporate Strategy & Development	£52,359 *(£51,669)*	£0 *(£0)*	**£52,359** ***(£51,669)***	£9,723 *(£9,045)*	**£62,082** ***(£60,714)***

During the year decisions relating to the termination of contracts of staff were as follows:-

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	2016/17	**2017/18**	**2016/17**	**2017/18**	**2016/17**	**2017/18**	**2016/17**	**2017/18**
£0-£20,000	2	2	1	1	3	3	28,270	36,621
£20,001-£40,000	1	0	0	0	1	0	20,394	0
£40,001 - £60,000	1	0	0	0	1	0	51,159	0
Total	**4**	**2**	**1**	**1**	**5**	**3**	**99,823**	**36,621**

All voluntary termination of contracts were based on the Authority's Managing Change policy. All payments were calculated according to the statutory requirement with no enhancements.

Note 25 External Audit Cost

Fees paid to KPMG LLP for audit services were as follows:-

	2016-17 £	2017-18 £
External audit services as appointed auditor	13,259	13,259
Fees in respect of statutory inspection	0	0
Fees payable for certification of grant claims and returns	0	0
Fees payable in respect of any other services provided by the appointed auditor	0	0
Total	**13,259**	**13,259**

Note 26 Grant Income

The Authority credited the following grants, contributions and donated assets to the Comprehensive Income & Expenditure Statement in 2017/18, with amounts over £10,000 only shown:-

2016-17 £		2017-18 £
	Revenue Grants Credited to Services	
0	Visit Peak District – Pedal Peak Business Initiative	41,458
19,747	Dept of Culture, Media & Sport - Discover England Project	257,476
187,036	DEFRA – Environmental Stewardships	205,004
35,495	MHCLG – Neighbourhood Planning Grants	35,485
0	MHCLG – Communities Fund Grant	24,612
44,499	English Heritage – Archaeology Projects	26,398
94,747	Environment Agency – Moors for the Future / MoorLIFE Project	114,996

33,879	Natural England - Pennine Way Ranger	30,579
1,432,745	Natural England – Moors for the Future / MoorLIFE work	687,569
22,400	Natural England – Pennine Bridleway	0
160,406	Heritage Lottery Fund – MFF Community Science Project	174,215
38,867	Heritage Lottery Fund – South West Peak Project	214,742
0	RSPB - Moors for the Future / MoorLIFE work	37,140
23,600	Derbys County Council – Rights of Way	20,000
0	Derbys County Council – Rights of Way Moors for the Future / MoorLIFE work	15,000
17,760	Staffs County Council – Better Outside Project	0
0	Derbys Dales DC – Pedal Peak Business Initiative	12,152
0	7 Other National Parks – Discover England Project	45,000
20,000	Tarmac Ltd – Conservation Volunteers Project	20,000
26,534	The Woodland Trust – Clough Woodlands	0
174,318	Private Landowners - Moors for the Future / MoorLIFE work	95,309
102,000	United Utilities – Joint Ranger Costs	88,882
116,032	United Utilities – Moors for the Future / MoorLIFE Project	158,877
47,672	Severn Trent Water - Joint Ranger Costs	48,147
146,350	Severn Trent Water – MFF/MoorLIFE Project	160,928
50,000	Severn Trent Water – Car Park	50,000
14,926	Severn Trent Water - Operating Costs at Upper Derwent Visitor Centre	14,094
36,000	Yorkshire Water - Joint Ranger Costs	36,360
211,037	Yorkshire Water - Moors for the Future / MoorLIFE Project	372,233
17,533	National Trust – Moorland Discovery Project	15,959
172,430	National Trust - Moors for the Future / MoorLIFE Project	41,646
948,951	European Life Funding – MoorLIFE Project	960,037
21,550	OFGEM – Aldern House / North Lees Farmhouse Biomass Boilers	21,182
195,983	Other Revenue Grants each under £10,000	209,665
4,412,497	**Total**	**4,235,145**

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:-

2016-17		**2017-18**
£		**£**
	Grants Received in Advance	
25,712	English Heritage – Ecton Mine Project	15,715

47,520	National Trust – Moors for the Future Project / MoorLIFE Project	38,518
28,603	Environment Agency – Moors for the Future Project / MoorLIFE Project	13,609
36,942	RSPB – Moors for the Future Project / MoorLIFE Project	20,884
38,296	Natural England – Moors for the Future Project / MoorLIFE Project	20,684
19,396	Yorkshire Wildlife Trust - Moors for the Future Project / MoorLIFE Project	18,595
27,857	Sheffield City Council – Moors for the Future Project / MoorLIFE Project	27,857
353,053	Severn Trent Water – Moors for the Future Project / MoorLIFE Project	455,133
542,624	Yorkshire Water – Moors for the Future Project / MoorLIFE Project	581,955
200,337	United Utilities – Moors for the Future / MoorLIFE Project	432,579
1,682,942	European Life Grant – MoorLIFE2020	722,905
64,626	Other Revenue Grants received in advance each under £10,000	70,657
3,067,907	**Total**	**2,419,091**

Note 27 Related Party Transactions

The Authority is required to disclose any material transactions with related parties that are not disclosed elsewhere in the accounts. The UK government, operating through the Department for the Environment, Food and Rural Affairs (DEFRA) and the Ministry of Housing, Communities & Local Government (MHCLG) has significant influence over the general operations of the Authority and is responsible for providing the statutory framework within which the Authority operates, provides the majority of funding in the form of grants, and prescribes the terms of many of the transactions that the Authority has with other parties.

The Authority engages in a variety of formal and informal partnerships, and may contribute to those organisations financially to help further National Park purposes. It does not have control of those bodies. The Authority is a Member of National Parks Partnerships LLP, a body constituted to further the sponsorship ambitions of National Parks, and the Chair of the Authority is the Member representative. The Chair of the Authority is also a Director of National Parks UK Ltd and National Parks England Ltd, which are companies limited by guarantee furthering the interests of the UK National Parks and English National Parks respectively; the Authority has joint ownership with the other National Parks of these companies. There are no other related parties with joint control or significant influence, subsidiaries, associates, or joint ventures in which the Authority is a venturer. All Members and Chief Officers of the Authority are deemed to be key management personnel and are required to disclose any financial transactions with the Authority, other than those received as part of normal conditions of employment or approved duties, in the Members' Register of Financial and Other Interests which is open to public inspection; this disclosure also applies to their involvement with entities which they may have significant influence over. The current Chief Executive was a board member of the Derbyshire Wildlife Trust, with which body the Authority charged £8,636 for goods and services provided during the year. One Member was charged consultancy support for a farm grant application of £120 during the year; one Member provided land for temporary use at a cost of £780 and whose spouse also charged the Authority for Health & Safety training totalling £1,175 during the year. One Member is a committee member of a village hall charity to which the Authority paid £702 for hall hire during the year. One Member has a writing business to which the Authority paid £10 for a publication during the year. One Member received a farm grant of £2,218 during the year. One member is a School governor to which school the Authority paid £18 and received income of £432 during the year. In summary during the normal course of business the following significant transactions were made between the Authority and other related parties:

	Income		**Expenditure**	
		Outstanding		***Outstanding***
	£	***£***	**£**	***£***
Government Bodies – other	1,403,054	*1,118,693*	-	-
Other Local Authorities	68,344	*49,833*	267,066	*63,536*
Other National Parks	63,596	-	19,461	-
National Parks UK Ltd	3,409	-	25,130	*3,240*
National Parks Partnership LLP	-	-	-	-
National Parks England Ltd	-	-	19,350	-
Rural Development Funds	41,458	-	-	-
European Funds	960,037	-	-	-
Water companies	1,102,626	*554,245*	207,127	*70,245*
Lottery	387,636	*64,315*	-	-
OFGEM	21,182	*7,387*	-	-
Tarmac PLC	20,000	-	-	-
RSPB	58,538	*34,701*	24,733	*5,834*
National Trust	60,394	*10,240*	26,150	*420*
Total	**4,190,274**	***1,839,414***	**589,017**	***143,275***

Note 28 Capital Expenditure

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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.

2016-17		**2017-18**
£		**£**
770,299	**Opening Capital Financing Requirement**	**967,171**
	Capital Investment	
597,406	Land & Buildings	101,663
156,852	Vehicles, Plant & Equipment	294,267
71,386	Community Assets	183,142
0	Infrastructure Assets	0
28,075	Intangible Assets	19,527
0	Revenue Expenditure Funded from Capital under Statute	0
853,719	**Total**	**598,599**
	Sources of Finance	
(42,291)	Capital Receipts	(31,695)
(51,799)	Government Grants and other contributions	(96,827)
	Sums set aside from Revenue	
(394,535)	Direct Revenue Contributions	(221,102)
(168,222)	Minimum Revenue Provision for repayment of principal	(141,495)
967,171	**Closing Capital Financing Requirement**	**1,074,651**

	Explanation of Movements in year	
0	Increase in underlying need to borrow (supported by government financial assistance)	0
0	Expenditure financed from new external borrowing (not supported by government financial assistance)	0
365,094	Expenditure not supported by government financial assistance financed from internal funds	248,975
0	Use of Capital Receipts to reduce CFR	0
(168,222)	Minimum Revenue Provision	(141,495)
0	Assets acquired under finance leases	0
196,872	**Increase (Decrease) in Capital Financing Requirement**	**107,480**

Note 29 Statement of Capital Charges charged to Revenue

The following statement shows the amount of capital charges calculated and charged to services, comprising depreciation, upwards and or downwards revaluation and/or impairment of the Authority's fixed assets.

2016-17 £		**2017-18 £**
	Conservation of the Natural Environment	
1,355	Forestry & Tree Mgt	(9,582)
12,745	Moors Project	19,618
47,897	Estates Management	91,512
61,997		101,548
	Recreation Management	
11,987	Campsites, Hostels & Barns	48,242
76,982	Access, Walking and Riding Routes	71,353
176,281	Car Parks & Concessions	262,583
6,821	Cycle Hire	6,972
20,516	Toilets	20,174
292,587		409,324
	Promoting Understanding	
25,903	Visitor Centres	608,642
832	Environmental Education	713
26,735		609,355
	Rangers, Estate Service & Volunteers	
35,595	Rangers	57,624
13,132	Conservation Volunteers	15,661
307	Estate Workers	292
49,034		73,577
	Development Control	
494	Development Control	395
	Service Management and Support Services	
2,859	Vehicles	2,520
51,424	Headquarters Premises	(138,033)
93,881	Capitalised IT Expenditure	97,794
148,164		(37,719)
579,011	**Total**	**1,156,480**

Note 30 Leases

The Authority does not have any finance leases so the notes below refer only to operating leases. As such the liability for future rentals, or any asset value, is not shown in the balance sheet.

During the year ended 31st March 2017 the Authority made the following payments for operating leases, as lessee, which were charged to revenue:

	2016-17	2017-18
	£	£
Vehicles	0	0
Premises	36,766	41,486
Total	**36,766**	**41,486**

Future rental obligations are as follows:-

	2018-19	2nd – 5th year	6th year onwards	Total
	£	£	£	£
Vehicles	0	0	0	0
Premises	42,682	179,439	47,125	269,246
Total	**42,682**	**179,439**	**47,125**	**269,246**

Vehicles –The Authority continued in 2017-18 with the fleet management policy and again had no vehicle leases in operation.

Premises - The revenue charge reports the total lease payments (excluding arrears payments), with future rental obligations reflecting anticipated changes within the years reported. The future charges also include a nominal increase year on year to accommodate rent reviews.

The lease income includes changes arising from completed agreements within the property portfolio as per the asset management strategy.

The Authority collected the following rentals in 2017/18 from its assets as lessor:-

	2016-17	2017-18
	£	£
General Rents	5,960	2,558
Agricultural	109,686	117,463
Residential Rents	64,799	83,318
Business Rents	40,277	40,106
Agricultural Licences	15,485	14,916
Business Licences	42,376	37,038
Total	**278,583**	**295,399**

The table below shows in aggregate the minimum expected lease payments for non-cancellable operating leases. Residential rents and agricultural licences have been excluded from these disclosures because they do not fit a non-cancellable operating lease as defined in the Code of Practice on Local Authority Accounting.

The year on year increases have been retained and calculated according to expected returns as advised by the Authority's Property Service. There have been no changes to the method of calculation.

	1st Year 2018-19	2nd to 5th year 2019-2022	5+yrs 2023+	Total
General Rents	7,673	32,255	8,471	**48,399**
Agricultural Rents	119,812	503,696	132,283	**755,791**
Residential Rents	-	-	-	**-**
Business Rents	40,908	171,978	45,166	**258,052**
Agricultural Licences	-	-	-	**-**
Business Licences	37,779	158,824	41,711	**238,314**
Total	**206,172**	**866,753**	**227,631**	**1,300,556**

Note 31 Heritage Assets

Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture. The accounting standard (FRS 30) has been introduced in order to move these assets onto a valuation basis on the Balance Sheet, rather than as currently, a historic cost basis; the predominant reason for the introduction of the change is to ensure that items held within Local Authority museum and gallery collections are properly reflected in valuation terms on the Balance Sheet. The standard also allows a Local Authority to move other Community Assets, which are currently accounted for on the same historic cost basis, onto a valuation basis. Notwithstanding its historical or other heritage qualities, any asset used by an organisation in its operations is still required to be accounted for as an operational asset, and not as a heritage asset; it is therefore accounted for as set out in the Summary of Accounting policies note paragraph 2.19.

Whilst some of the Authority's properties may contain historical, geophysical or environmental qualities which could meet some of the criteria relating to heritage assets, it is considered that they are owned primarily to achieve the Authority's operational purposes (the conservation and enhancement of the natural environment and cultural heritage) and these assets are accounted for as operational assets and valued and depreciated accordingly. Where the assets meet the definition of Community Assets they remain within this asset category. The Authority therefore is not recognising any of its assets within the Heritage asset category. The Authority's Community assets are property holdings - predominantly the Warslow Moors Estate – and the Authority does not intend to take the option of valuing these assets and they are expected to remain within the Balance Sheet at their historic cost.

Note 32 Defined Benefit Pension Scheme

All entries made in the Comprehensive Income & Expenditure Account and Balance Sheet relating to pensions are shown together in this note. As part of the terms and conditions of employment the Authority offers retirement benefits. Although these benefits will not actually be payable until the employees retire, the Authority has a commitment to make these payments, which needs to be disclosed at the time that the employees earn this entitlement. The Authority operates only one pension scheme, the Local Government Pension Scheme administered by Derbyshire County Council; this is a funded scheme, with the Authority and employees paying contributions calculated at a level intended to balance the pensions' liabilities with investment assets. The principal risks to the Authority of the scheme are the longevity assumptions of members, statutory or structural changes to the scheme, changes to inflation, bond yields (used to measure the value of future liabilities) and the performance of investments (predominantly equity based).

Comprehensive Income and Expenditure Account

The cost of retirement benefits is recognised in the Total Cost of Services when they are earned by employees, rather than when the Authority makes its statutory payments to the Pension Fund, which are determined by the Scheme's Actuary. The charge which needs to be accounted for against government grant however is the actual cash paid to the Pension Fund during the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the CIES and the General Fund Balance via the Movement in Reserves Statement during the year:-

2016-17 £			2017-18 £
	Cost of Services		
1,391,000	Current Service cost		2,022,000
0	Curtailments / Settlements		0
68,000	Past Service cost (gain)		41,000
1,459,000			2,063,000
	Financing & Investment Income & Expenditure		
435,000	Net Interest Expense	Note 9	400,000
1,894,000	Total Chargeable to Surplus or Deficit on the Provision of Services		2,463,000
	Other amount chargeable to the CIES (Re-measurement of plan liabilities)	Note 5	
(7,792,000)	Return on plan assets excluding amount included in net interest expense above		(435,000)
(740,000)	Actuarial (gains) and losses arising on changes in demographic assumptions		(0)
11,049,000	Actuarial (gains) and losses arising on changes in financial assumptions		(1,260,000)
(734,000)	Other Experience		11,000
1,783,000	Total Re-measurements		(1,684,000)
1,783,000	**Total Charged to the Comprehensive Income & Expenditure Account**		**(1,684,000)**
	Movement in Reserves Statement		
(1,894,000)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services		(2,463,000)

	Employers' Contributions payable	
976,681	Actual amount charged against the General Fund balance for pensions in the year	1,001,895

Balance Sheet

The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31st March 2018 are as follows:

2013-14	2014-15	2015-16	2016-17		2017-18
£	£	£	£		£
(49,002,000)	(58,268,000)	(54,366,000)	(65,737,000)	Estimated Liabilities in scheme	(66,819,000)
38,451,000	42,519,000	42,176,000	50,849,000	Estimated Assets in scheme	52,167,000
(10,551,000)	**(15,749,000)**	**(12,190,000)**	**(14,888,000)**	**Net Asset (Liability)**	**(14,652,000)**
78%	73%	78%	77%	% Funded	78%

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total liability of £14.652m has a substantial impact on the net worth of the Authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains sound as the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary in triennial valuations of the scheme. Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

Analysis of Present Value of Scheme Liabilities

	£
Opening Balance 1st April 2017	**65,737,000**
Current Service cost	2,022,000
Interest Cost	1,716,000
Contributions from scheme participants	338,000
Re-measurement (Gains) and losses:-	
-changes in demographic assumptions	0
-changes in financial assumptions	(1,260,000)
-Other	11,000
Past Service Cost	41,000
Curtailment (gains) losses	0
Benefits paid	(1,786,000)
Closing Balance 31st March 2018	**66,819,000**

Analysis of Value of Scheme Assets

	£
Opening fair value 1st April 2017	**50,849,000**
Interest income	1,316,000
Re-measurement gain (loss):-	
Return on plan assets excluding amount in net interest expense charged to CIES	435,000
Other	0
Contributions from employer	1,015,000
Contributions from employees into the scheme	338,000
Benefits paid	(1,786,000)
Closing fair value 31st March 2018	**52,167,000**

Analysis of Pension Fund Assets

Asset Category	Period Ended 31st March 2018				Period Ended 31st March 2017			
	Quoted in active markets £,000	Not Quoted in active markets £,000	Total £,000	% of Total Assets	Quoted in active markets £,000	Not Quoted in active markets £,000	Total £,000	% of Total Assets
Equity Securities:								
Consumer	3,353.3	0	3,353.3	6	3,876.4	0	3,876.4	8
Manufacturing	4,581.2	0	4,581.2	9	4,553.6	0	4,553.6	9
Energy/Utilities	2,854.7	0	2,854.7	5	3,070.5	0	3,070.5	6
Financial institutions	3,611.5	0	3,611.5	7	3,643.8	0	3,643.8	7
Health & Care	1,799.4	0	1,799.4	3	2,022.6	0	2,022.6	4
Information Technology	1,550.6	0	1,550.6	3	1,293.1	0	1,293.1	3
Other	5,944.1	0	5,944.1	11	5,595.2	0	5,595.2	11
Debt Securities:								
Corporate Bonds (Investment Grade)	0	4,109.5	4,109.5	8	0	3,080.1	3,080.1	6
Corporate Bonds (non-Investment Grade)	0	0	0	0	0	0	0	0
UK Government	4,931.6	0	4,931.6	9	5,346.8	0	5,346.8	11
Other	812.9	0	812.9	2	931.1	0	931.1	2
Private Equity:								
All	709.0	345.8	1,054.8	2	699.5	168.7	868.2	2
Real Estate:								
UK property	-	3,432.0	3,432.0	7	-	3,254.3	3,254.3	6
Overseas Property	0	0	0	0	0	0	0	0
Investment Funds & Unit Trusts:								
Equities	9,927.9	0	9,927.9	20	10,075.2	0	10,075.2	20
Bonds	0	0	0	0	0	0	0	0
Hedge Funds	0	0	0	0	0	0	0	0
Commodities	0	0	0	0	0	0	0	0
Infrastructure	800.7	896.4	1,697.1	3	583.1	311.3	894.4	2
Other	0	0	0	0	0	0	0	0
Derivatives:								
Inflation	0	0	0	0	0	0	0	0
Interest Rate	0	0	0	0	0	0	0	0
Foreign Exchange	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Cash & Cash Equivalents:								
All	0	2,506.4	2,506.4	5	0	2,343.7	2,343.7	5
Totals	**40,876.9**	**11,290.1**	**52,167.0**	**100**	**41,691**	**9,158**	**50,849**	**100**

The Authority's scheme has been assessed by Hymans Robertson LLP, using the methodology required by IAS 19, based on the current valuation which was based on information as at 31st March 2018. The actuaries have relied upon mortality assumptions based on a bespoke set of "VitaCurves" specifically tailored to fit the membership profile of the Fund, in line with the 2013 model published by the Continuous Mortality Investigation (CMI):-

	Illustrative example: life expectancy currently aged 65	**April 2017 assumption**	**March 2018 assumption**
Current Pensioners	Males normal health	21.9	21.9
	Females normal health	24.4	24.4
Future Pensioners	Males normal health	23.9	23.9
	Females normal health	26.5	26.5

The main assumptions used in their calculations have been

2016-17		**2017-18**
%		%
2.9	Rate of increase in salaries	2.9
2.4	Rate of increase in pensions	2.4
2.6	Discount rate for scheme liabilities	2.7

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible, with a view to achieving a funding level of 100%, and the scheme is valued formally every three years. The employer's contributions for 2018/19 are expected to be in the region of £932,000. The projected current service cost for 2018/19 is estimated to be £1,956,000.

The estimation of the scheme obligations is sensitive to the actuarial assumptions set out above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes, while all other assumptions remain constant. In practice some of the assumptions may be inter-related.

Change in assumption at March 2018	**Approximate % increase to Employer liability**	**Approximate monetary amount £,000**
0.5% decrease in Real Discount Rate	10	6,554
1 year increase in member life expectancy	3-5	-
0.5% increase in the Salary increase Rate	1	750
0.5% increase in the Pension increase Rate	9	5,731

Note 33 Risks Arising from Financial Instruments

The Authority has a number of exposures to risks arising from financial instruments.

£	Long Term				Current		
	31st March 2016	31st March 2017	31st March 2018		31st March 2016	31st March 2017	31st March 2018
Investments							
Loans and receivables	0	0	0		6,212,446	7,085,836	6,848,981
Debtors							
Financial assets carried at contract amounts	0	0	0		2,621,478	2,323,680	2,307,049
Total Debtors & Investments	**0**	**0**	**0**		**8,833,924**	**9,409,516**	**9,156,030**
Borrowings							
Financial liabilities at amortised cost	(497,306)	(472,706)	(459,971)		(61,864)	(24,600)	(12,735)
Total Borrowings	**(497,306)**	**(472,706)**	**(459,971)**		**(61,864)**	**(24,600)**	**(12,735)**
Creditors							
Financial liabilities at amortised cost	0	0	0		(1,099,146)	(1,519,585)	(1,133,106)
Total Creditors	**0**	**0**	**0**		**(1,099,146)**	**(1,519,585)**	**(1,145,841)**

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. The fair values of loans, provided by PWLB, are reported in Note 35. Short term debtors and creditors are carried at cost as this is a fair approximation of their value. The risks and mitigating actions are described below.

Credit Risk

This is defined as the possibility that one party to a financial instrument will fail to meet its contractual obligations causing a loss for the other party. The Balance Sheet contains two items of this nature, Debtors (Note 14) and Cash and Cash Equivalents (Note 15). The Debtors figure contains £1,341,576 of debt from government agencies, Local Authorities and other public bodies. These funds are owed because of projects the Authority undertakes either in partnership or as a result of grant aid. The risks of non payment are assessed as relatively low as project outcomes and eligibility rules are believed to have been met for funds expended during 2016-17. The Debtors figure of £1,127,166 relating to bodies external to government arises from a combination of normal business activity and one-off projects. The bad debts provision of £27,057 is regarded as sufficient mitigation of the risks of general debts not being paid, representing 15% of debt outstanding over 4 months in age. The provision is reviewed annually and an increase is not considered to be required. All Short Term investments, in accordance with the Authority's Treasury Mgt Policy, are invested with North Yorkshire County Council under a Service Level Agreement. The risk of North Yorkshire County Council failing to meet its contractual obligations under this agreement is judged to be low. The Authority has adopted North Yorkshire County Council's Treasury Management Policy at its March 2018 meeting. The Authority's Treasury Management Policy emphasises that the security of its cash resources is the primary objective of its Treasury Management, over and above the need to obtain a reasonable investment return.

Liquidity Risk

This is defined as the possibility that the Authority might not have the funds available to meet its commitment to make payments. The Balance Sheet shows that the Authority has sufficient cash to finance its current liabilities, and the Treasury Mgt Policy allows the Authority to borrow to finance its working capital needs if necessary. In practice this has not been needed as Defra allow National Park Grant to be drawn down quarterly based on cashflow forecasts, and these forecasts include prudent contingencies for working capital. For its capital resources the Authority is able to draw on long term loans from the Public Works Loan Board.

Market Risk

This is defined as exposure to movement in prices arising from market conditions.

The Authority does not have any investment in equity shares.

The Authority has some exposure to exchange rate risk because of a European funded grant project, which is paid retrospectively in euros.

The exposure relates to the Moorlife 2020 project, which is a five year project with 75% grant aid from the European Commission of €11,984,887, starting in 2016/17. The project therefore has an element of exchange rate risk depending upon the exchange rate of the euro against sterling, at key points in the five year project. Sterling expenditure on the project is converted monthly by the Commission at the exchange rate on the first working day of the calendar month, which then represents the project expenditure for the year denominated in euros, from which the appropriate % of grant aid is derived in euros. The grant is drawn down in four stages, and the date on which the euro grant is drawn down and paid over determines the value of sterling income received. The first tranche (40%) of the grant, €3,595,466, was paid in advance in October 2015.

A financial risk to the Authority is identified if sterling strengthens significantly against the euro during the project, considered to be in the region of £1.5m at its maximum. The risk will therefore be mitigated by adjusting the overall sterling budget of the project (downwards by up to £1.5m), and considering how forward exchange contracts might be used to give greater certainty over future transaction exchange rates. A further risk was identified as a result of “Brexit” and specific assurances have been sought that the project would be covered by the Chief Secretary to the Treasury’s guarantee that such projects would be underwritten by the UK government. A letter from Defra’s Permanent Secretary was received on the 9th February 2016, to this effect.

In terms of interest rate risk, the unprecedented reduction in variable interest rates during the 2008-09 year and continuing very low base rates has had a large impact on the rate of interest earned on surplus funds during the year. Budgetary assumptions have been adjusted assuming these low variable interest rates would prevail. There is not therefore considered to be a significant risk in the Authority’s financial position arising from changes in variable interest rates, other than continuing pressure on budgets because of the depressed receipts. The Authority’s long term borrowings are at a fixed rate of interest, and it is the Authority’s policy to manage these risks by monitoring prevailing long term interest rates, ensuring that exposure to uncompetitive interest rate payments is minimised where possible. The timing of capital investment and raising of loan finance is also reviewed and forecast, in order to take advantage of interest rates which compare favourably against long term averages; the Capital Financing Requirement (CFR) is also managed in the short term with internal use of funds. Of the £1,074,651 CFR £472,706 is financed from external fixed rate debt, with £601,945 at risk of interest rate fluctuations, and it is considered that there is a reasonable risk in continuing to finance this from internal funds while the markets are still pricing medium term interest rates at low levels.

Note 34 Prior Year Adjustments

There have been no prior year adjustments.

Note 35 Loans

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

31 March 2017 £	Analysis by Type of Loan	31 March 2018 £
24,600	Public Works Loan Board	12,735
24,600	**Total**	**12,735**

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

31 March 2017 £	Analysis by Type of Loan	31 March 2018 £	Ave. Interest Rate %
472,706	Public Works Loan Board	459,971	4.7
472,706	**Total**	**459,971**	
	Analysis by maturity		
25,769	Between 1 and 2 years	40,029	4.7
84,896	Between 2 and 5 years	88,933	4.7
170,634	Between 5 and 10 years	178,748	4.7
191,407	Between 10 and 15 years	152,261	4.7
0	Between 15 and 20 years	0	-
0	Between 20 and 25 years	0	-
472,706		**459,971**	**4.7**

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

31 March 2017		31 March 2018
658,375	**PWLB Fair Value**	**597,550**
	Balance Sheet Carrying Value	
24,600	Under 1 year	12,735
472,706	Between 1 and 30 years	459,971
497,306		**472,706**

The Fair Value is more than the carrying amount at 31st March 2018 because the fixed rate loan interest payable on existing loans is higher than the rates available for similar loans at that date. This Fair Value is derived by discounting the current fixed repayments remaining on the loan using the interest rates available at Balance Sheet date, with the result that if the Authority requested an early repayment of the loan, the lower interest rates prevailing at Balance Sheet date would result in the PWLB requesting a higher current value for the repayment than the amount outstanding shown in the Balance Sheet. The Authority has one long term loan only:-

- a 25 year PWLB loan, repayable using the annuity method of repayment, with fixed half-yearly payments including principal and interest. The loan was taken out on 30/10/06 at a fixed rate of 4.7% with a final payment 30/09/2031.

Note 36 Impact of Accounting Changes

Under the Code, the Authority is required to disclose details on the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code. The new and updated standards introduced by the Code that will need to be adopted by the Authority in 2018/19 are:

- IFRS 9 Financial Instruments – amendments are likely to be applied from 1st April 2018. This includes a single classification approach for financial assets, a different model for impairment, and new provisons on hedge accounting, but the differences may be small for Local Authorities.
- Clarifications to IFRS 15 Revenue from Contracts with Customers – will be adopted from 1st April 2018 and addresses inconsistent practices in revenue recognition, although its application is likely to be limited for this Authority.
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative – will require the Authority to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities.

In addition,

- IFRS 16 – Leases is anticipated to apply from 1st April 2019, and establishes a new model for accounting for leases of substantial long term leased assets. The likely impact is that leases classified as operating leases may need to be re-classified in a similar way to finance leases currently.

Note 37 Reconciliation of Operating Activities in Cash Flow Statement to Revenue Expenditure

2016-17 £		£	2017-18 £
345,826	**(Surplus) Deficit on Income & Expenditure Account**		**1,426,653**
(837,287)	Adjustments between accounting basis and funding basis (Note 6)	(2,175,982)	
466,049	Transfers to (from) earmarked reserves (Note 7)	726,689	(1,449,293)
(25,412)	**(Increase)/Decrease in General Reserve Balance for the year**		**(22,640)**
(168,222)	Minimum / Voluntary Revenue Provision	(141,495)	
(456,534)	Contributions (to)/from Reserves	(671,689)	
(9,515)	Contributions (to)/from Restricted Funds	(55,000)	
(278,214)	(Increase)/Decrease in Creditors	298,789	
66,151	(Increase)/Decrease in Advance Income	656,153	
(153,306)	Increase/(Decrease) in Debtors	(97,098)	
(6,989)	Increase/(Decrease) in Stock	51,385	
(394,535)	Revenue Contribution to Capital Expenditure	(221,102)	
(1,401,164)			**(180,057)**
(1,426,576)	**Net Cash Flow Operating Activities**		**(202,697)**

Appendix 2

Amendments to draft Accounts

Amendments made are shown below; where applicable the highlights show the revised figure.

1. Note 26 total for 2016/17 Grant Income is incorrect.

Amended:

~~4,405,497~~	**4,412,497**

2. Note 25 the audit fee for 2017-18 should not include the rebate given in-year.

	2016-17	***2017-18***
	£	**£**
External audit services as appointed auditor	13,259	~~11,289~~13,259
Fees in respect of statutory inspection	0	0
Fees payable for certification of grant claims and returns	0	0
Fees payable in respect of any other services provided by the appointed auditor	0	0
Total	**13,259**	**~~11,289~~13,259**

3. A number of presentational corrections have been made passim e.g. numbering, capitals, abbreviations etc

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9. **2017/18 ANNUAL GOVERNANCE STATEMENT(JS)**

1. **Purpose of the report**

Members are asked to review and approve the audited Annual Governance Statement for 2017/18.

Key Issues

- **Each year the Authority reviews its performance against the Code of Corporate Governance and in doing this reviews the effectiveness of its governance arrangements including the system of internal control. The results of this feed into the Authority's Annual Governance Statement at Appendix 1.**
- **This review takes into account 'assurances' received during the year.**
- **The Annual Governance Statement highlights areas for further action in accordance with our approach to achieve continuous performance improvement.**
- **The External Auditor has given a satisfactory conclusion with no issues highlighted following the Auditors' assessment of the Annual Governance Statement.**

2. **Recommendations**

1. **To approve the audited Annual Governance Statement for 2017/18 for sign off by the Chief Executive Officer and the Chair of Audit Resources & Performance Committee.**

How does this contribute to our policies and legal obligations?

3. Regulation 6 of the Accounts and Audit Regulations (2015) requires relevant bodies to conduct a review at least once a year of the effectiveness of its system of internal control and Members must approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, at the same time as the statement of accounts is approved under Regulation 12(2). To comply with the Regulations the Authority published an unaudited version of the Statement before the required deadline of 31 May which was introduced in 2018. This report now asks the Committee to approve the audited version before it is published in accordance with the Regulations.

4. The Department for Communities and Local Government has clarified that 'proper practice' in relation to internal control relates to guidance produced by CIPFA (Chartered Institute of Public Finance and Accountancy) and SOLACE (Society of Local Authority Chief Executives). This guidance is found in the CIPFA/SOLACE publication titled 'Delivering Good Governance in Local Government Framework' which was updated in February 2016. Members approved our revised Code of Corporate Governance which reflected this guidance at the Authority meeting held on 3 February 2017 (Minute no. 5/17 refers)

5. This guidance has been supplemented and updated by: the CIPFA statement on the Role of the Chief Financial Officer (02/2016); the CIPFA statement on the Role of the Head of Internal Audit (2010); and the CIPFA delivering good governance addendum (2012). Since 2014/15 we have also been required to include a statement on our assessment of performance against CIPFA's Code of Practice on Managing the Risk of

Fraud and Corruption.

6. A review of our performance against the Authority's Code of Corporate Governance feeds into this Annual Governance Statement and is part of our work to ensure the Authority has a solid foundation supporting achievement of our four cornerstones and four directional shifts as detailed in our 2017/18 Performance and Business Plan. Obtaining a satisfactory External Audit conclusion on value for money through an assessment of the Annual Governance Statement is a corporate indicator.

Background Information

7. The review of effectiveness of our governance framework, including the system of internal control, is informed by assurances from Officers and Members within the Authority who have responsibility for the development and maintenance of the governance environment (including financial controls, risk management and performance management processes, compliance with advice on legislation and regulations), Internal and External Audit reports and opinions, comments made by other agencies and inspectorates as well as feedback from customers and stakeholders.

8. The 2017/18 annual assurance report from our Internal Auditor states: "the overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating in the Authority is that it provides Substantial Assurance. There are no significant control weaknesses which in the opinion of the Head of Internal Audit need to be considered for inclusion in the Annual Governance Statement."

9. The review of effectiveness is continual throughout the year as evidenced by some of the action taken during the year but a more formal assessment takes place each year in the preparation for this statement. In accordance with the Authority's Code of Corporate Governance a meeting was held on 30 April 2018 to:

   a) Review our performance against our action statements of commitment in our Code of Corporate Governance and highlight what we have done in the 2017/18 year which contributes to achieving our outcome of 'good governance'

   b) Identify any further action needed for the forthcoming year in accordance with our approach to ensure continuous performance improvement.

10. The meeting involved the Chief Executive (Head of Paid Service), the Chief Finance Officer and Head of Finance, Director of Corporate Strategy and Development, Director of Conservation and Planning, Director of Commercial Development and Outreach, Chair of Audit Resources and Performance Committee, the Head of Law and Monitoring Officer and the Deputy Monitoring Officer.

11. It was agreed that the outputs of our review in terms of improvement action for the forthcoming year would be reflected in the 2017-18 Annual Governance Statement. These are recorded in Appendix 1 against the 7 core principles of our Code of Corporate Governance. A full record of the review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework can be obtained from the Head of Law & Monitoring Officer or can be found at:

    http://www.peakdistrict.gov.uk/publications/operationalpolicies

12. The full review has not been included in the Annual Governance Statement in order to provide a briefer document but a detailed review of performance against our Code of

Corporate Governance has been published on the Authority Website.

Proposals

13. The proposed Annual Governance Statement for 2017/18 is given in Appendix 1 for Members' consideration and approval. This statement has been audited by our External Auditors from KPMG to inform their conclusions. The External Auditor has given a satisfactory conclusion with no issues highlighted following their assessment of the Annual Governance Statement.

14. As part of reviewing performance and assurances received no significant issues have been identified and the arrangements in place continue to be regarded as fit for purpose in accordance with the governance framework. However over the coming year we will take steps to address a number of issues identified during our review of effectiveness to further enhance our governance arrangements, these are set out in the table at the end of the Appendix.

Are there any corporate implications members should be concerned about?

Financial:

15. There are no additional financial issues to highlight.

Risk Management:

16. The system of internal control is a significant part of our governance framework and is designed to manage risk to a reasonable level and not provide absolute assurance of effectiveness so Members need to be aware that problems can still arise. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies and outcomes, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage these risks efficiently, effectively and economically.

Sustainability:

17. There are no issues to highlight.

Equality:

18. There are no issues to highlight.

19. Background papers (not previously published)

An electronic file of documents has been prepared relevant to the Statement consisting of Authority and Committee reports and other supporting records to evidence the review of effectiveness made in the Statement.

20. Appendices

Appendix 1 - : 2017/18 Annual Governance Statement.

Report Author, Job Title and Publication Date

Jason Spencer, Democratic Services Manager, 12 July 2018
jason.spencer@peakdistrict.gov.uk

2017/18 Annual Governance Statement

Scope of Responsibility

The Peak District National Park Authority ('the Authority') is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which include arrangements for the management of risk.

The Authority approved and adopted a Code of Corporate Governance in February 2017 which is consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives) Framework *Delivering Good Governance in Local Government* published in April 2016. The Code is reviewed annually and if needed updated appropriately including taking into account guidance such as the CIPFA statement on the Role of the Chief Financial Officer (2010), the CIPFA statement on the Role of the Head of Internal Audit (2010) and the CIPFA code of practice on Managing the Risk of Fraud and Corruption (2014). A copy of the Authority's Code of Corporate Governance can be obtained from the Monitoring Officer at Aldern House, Baslow Road, Bakewell, DE45 1AE or can be found on our website at:

http://www.peakdistrict.gov.uk/publications/operationalpolicies.

The following statement reports on the outcome of the review of the effectiveness of the Authority's governance arrangements, and also meets the requirements of the Accounts and Audit Regulations 2015.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, for the direction and control of the Authority and its activities through which it accounts to, engages with and leads its National Park 'community' (locally, regionally and nationally). It enables the Authority to monitor the achievement of its strategic outcomes and objectives and to consider whether these objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on going process designed to identify and prioritise the risks to the achievement of the Authority's policies and outcomes, to evaluate the likelihood and potential impact of those risks being realised, and to manage these risks efficiently, effectively and economically.

The elements of the governance framework identified in our Code of Corporate Governance have been in place at the Authority for the year ended 31 March 2018 and up to the date of finalising this statement on 25 May 2018 for publication by the end of May 2018. The statement will be revised prior to reporting to Members of the Audit Resources and Performance Committee in July 2018 to reflect any significant changes which may occur prior to that date.

The Governance Framework

The Authority's corporate governance framework as enshrined in our Code of Corporate Governance helps us to ensure that the principles of good governance are embedded in all aspects of our work. The key aspects of the corporate governance framework include:

(a) The Authority's work, in pursuing its statutory purposes and duty, is governed by a number of key policies and plans including the Defra (Department for Environment, Food and Rural Affairs) circular, the National Park Grant Memorandum, the 8 Point Plan for England's National Parks and the recently published 25 Year Plan to Improve the Environment. The Authority communicates its vision and intended outcomes for the National Park working with partners over a 5-10 year period, through the National Park Management Plan (NPMP). This is reviewed every 5 years and is supplemented by a number of key National Park strategies and action plans also working with partners. We have published our final annual report (reporting on the 2016/17 year) for the 2012-17 NPMP – this has included progress against our 5 signature programmes to support delivery of the whole plan and to aid communication with stakeholders. A partnership protocol is in place to support our work with partners. Progress against the NPMP is monitored by a stakeholder Advisory Group which is independently chaired. During 2017/18 work has continued on reviewing the NPMP so that a new plan is in place for 2018 to 2023. The revised NPMP was approved by the Authority in May 2018.

(b) The Authority's contribution to achieving the NPMP outcomes is described in our corporate objectives. 2017/18 was another transitional year for the Authority as we continued to implement new staffing structures and implemented our corporate strategy for 2016-2019. In light of a better than expected grant settlement our focus for 2017/18 was to continue our strong record of delivery and to invest in and organise ourselves, so we have a sound platform in place to support a sustained and enhanced delivery moving forward. During 2017/18 work started on developing and consulting on a new Corporate Strategy.

(c) The Performance and Business Plan provides an annual work plan for the Authority showing priorities for action in the forthcoming year, measures of success, targets for performance and allocation of resources. The agreement of this follows a detailed planning process aimed at ensuring the economical, effective and efficient use of resources. We have set realistic, yet ambitious, targets to support our mission to inspire millions of people so together we will protect and care for our National Park for the enjoyment of all.

(d) During 2017/18 the corporate strategy has provided a steer for leading and managing change in light of external pressures on the Authority and has guided our budget planning process. While the corporate strategy continues to shift the organisation in accordance with our financial strategy to diversify our sources of funding so that we maximise opportunities for commercialisation, giving, sponsorship and external grant funding whilst reducing costs and reliance on our core Defra grant, a significant focus during 2017/18 was be to embed the new leadership structure and implement the new organisational design principles throughout the Authority.

(e) Following the adoption of the Authority's Core Strategy in October 2011, work has continued to complete both Development Management Policies and detailed guidance on sustainable buildings and renewable energy, and other technical design guidance. Collectively the suite of policies and supplementary guidance will form the Authority's Local Development Plan which will provide a basis for greater clarity and certainty in decision making over the next 10-15 years. A draft set of development management policies have formed the basis of detailed discussions on the full document with members and other stakeholders prior to the formal agreement of this important Development Plan Document (DPD).

(f) Our seven principles set our ways of working in terms of how we engage with people, both resident and non-resident and will be reflected in our new Corporate Strategy.

(g) The Authority's performance management framework ensures that:

- the 'golden thread' is in place with all individual work programmes linked through the service planning process to achieving corporate objectives/priority focus and National Park Management Plan outcomes
- measures of success are identified and targets set for performance
- resources are allocated to priorities
- risks to achieving corporate objectives are considered and mitigating action identified at corporate and service levels
- performance and the changes to risks are monitored regularly throughout the year
- areas for performance improvement are identified and addressed both in the short term and as part of medium term performance improvement planning. This includes addressing issues arising from strategic, value for money and scrutiny reviews, and external/internal audit and inspection reports.

(h) The Authority's Standing Orders, and other procedures describe how the Authority operates and how decisions are made. They also define the terms of reference for committees and the Authority meeting including the role of the Audit Resources and Performance Committee for standards issues. The prime objectives are to operate effectively, efficiently, transparently, accountably and within the law. Our Standing Orders are supplemented by:

- Scheme of Delegation (which is regularly reviewed)
- Codes of Conduct and guidance for Officers and Members
- Policies and Procedures including the Anti-Fraud and Corruption Policy and the Confidential Reporting (whistle blowing) Policy
- Protocols on (i) Member/Officer Relations, (ii) Monitoring Officer and (iii) Development Control and Planning
- Complaints procedures
- Our scrutiny process led by Members

(i) Arrangements are in place to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful. These include:

- requirement in our financial regulations and Standing Orders for technical advice to be sought including legal and financial advice from the Monitoring Officer and Chief Financial Officer
- reports for decisions including reference to relevant policies and procedures
- professional expertise and knowledge of staff employed by the Authority
- professional expertise of contractors and consultants where not available in house
- scrutiny provided by internal and external auditors. The internal auditor has regular and open engagement across the organisation particularly with managers of the Authority and with Members through the Audit Resources and Performance Committee
- a risk based internal audit strategy and annual plan
- reports from external bodies like the Local Government & Social Care Ombudsman, HM Revenue and Customs, Information Commissioner, Planning Inspectorate
- requirement to comply with relevant codes of practice and conduct mandatory for local authorities
- guidance received from time to time from Defra and other government agencies
- allocation of all income and expenditure to approved cost centres by Finance based on approved delegated decisions and business cases by Resource Management Meeting or Members, either at approval of the budget or during the year

(j) Arrangements are in place for 'whistle blowing' and for receiving and responding to complaints from employees if there are concerns about serious matters that could put the Authority and/or the wider public at risk. These arrangements are described in our 'confidential reporting policy'. This is given to all staff as part of their induction and is publicised through our website section titled 'standards and governance' which can be found at http://www.peakdistrict.gov.uk. The Authority's Complaints procedure provides a facility to those not employed by the Authority to raise their concerns. Both policies were reviewed by Internal Audit in 2015/16 and given substantial assurances.

(k) Financial management includes forward planning of expenditure and resources, budget consultation, budget setting and monitoring and final accounts. The aim is to ensure that these are accurate, include information relevant to the user and are completed to agreed timescales. Financial Regulations - Our reporting arrangements meet the requirements of the CIPFA statement on The Role of the Chief Financial Officer (CFO) in Local Government (2010) with the CFO having independent reporting as necessary to the Chief Executive, Resource Management Meeting and Members even though the post holder sits in the Corporate Strategy and Development Directorate.

(l) Member and staff learning and development needs are identified and met through annual programmes. Our approach to staff development is described in our Learning and Development Policy. Our approach to Member development is described in the Member Learning and Development Framework document approved by the Authority in October 2016. Improvements to our approach on Member development, within resources available, are reported annually to the Authority as part of agreeing the annual programme of development and business events.

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by assurances from Officers and Members within the Authority who have responsibility for the development and maintenance of the governance environment (including financial controls, risk management and performance management processes, compliance with advice on legislation and regulations), internal and external audit reports and opinions, comments made by other agencies and inspectorates as well as feedback from customers and stakeholders.

The review of effectiveness is continual throughout the year as evidenced by some of the action taken during the year but a more formal assessment takes place each year in the preparation for this statement. In accordance with the Authority's Code of Corporate Governance a meeting was held on 30 April 2018 to:

1. Review our performance against our action statements of commitment in our Code of Corporate Governance and highlight what we have done in the 2017/18 year which contributes to achieving our outcome of 'good governance'

2. Identify any further improvement action needed for the forthcoming year

The meeting involved the Chief Executive, Director of Corporate Strategy and Development, Director of Conservation and Planning, Director of Commercial Development and Outreach, Chair of Audit Resources and Performance Committee, Chief Finance Officer (The Head of Finance) and the Monitoring Officer (Head of Law) and her Deputy (the Democratic Services Manager). In carrying out our review we took account of the 'assurances' we have received during the year (and at our meeting) including:

(a) External Audit Annual Audit Letter and unqualified opinion/satisfactory conclusions

(b) Internal Audit reports for 2017/18 including the annual report and assurance opinion. Out of a total of 16 recommendations made over the year: none of them were classed as fundamental; 2 were classed as significant and 2 were classed as meriting attention. The 2017/18 annual assurance report from the internal auditor states: the overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating in the Authority is that it provides Substantial Assurance. There are no significant control weaknesses which in the opinion of the Head of Internal Audit need to be considered for inclusion in the Annual Governance Statement.

(c) Assurances given from 'those charged with governance' including: members of the Leadership Team, Statutory Officers (Head of Paid Service, Chief Finance Officer, Monitoring Officer), Chair of Audit Resources and Performance Committee
(d) Progress against action we identified last year as part of our Annual Governance Statement
(e) The most recent Local Government & Social Care Ombudsman's statistics
(f) Our planning appeals performance and feedback from inspectors' reports
(g) Any feedback from handling complaints, Freedom of Information and Environmental Information enquiries
(h) Reaccreditation for the Investors in People standard
(i) Feedback and lessons learnt from legal proceedings
(j) Confirming, in accordance with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption that the Peak District National Park Authority has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

As part of our continuous improvement approach to our governance arrangements we identified at this meeting further issues to address as recorded below against the 7 core principles of our Code of Corporate Governance. A full record of our review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework can be obtained from the Monitoring Officer at Aldern House, Baslow Road, Bakewell,
DE45 1AE or can be found on our website at

http://www.peakdistrict.gov.uk/publications/operationalpolicies

(A) Core Principle
Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of Law

Issues identified which affect effectiveness

1. Introducing and embedding the Authority's revised vision, mission and seven principles "We always…." will require active management, clear and consistent communications and demonstrate evidence of conformity.

2. The Government launched a 25 year plan to improve the environment on 11 January 2018. The plan proposes a review of National Parks which will look at how designated areas deliver their responsibilities, how they are financed and whether there is scope for expansion. A detailed scope and timetable for the review has not yet been published.

(B) Core Principle
Making sure of openness and comprehensive stakeholder engagement

Issues identified which affect effectiveness

3. Partner organisations fail to engage or fulfil their responsibilities as described in the 2018-2023 National Park Management Plan.

(D) Core Principle
Determining the interventions necessary to optimise the achievement of the intended outcomes.

Issues identified which affect effectiveness

4. There are reputational and financial risks around the Authority being designated under section 62A of the Town and Country Planning Act 1990 because more than 10% of the Authorities decisions on applications for major development were overturned at appeal. The Authority has made representations to the Ministry of Housing, Communities and Local Government to emphasise that this is due to the low number of applications determined rather than the quality of decision making. This risk remains until feedback is received from the Ministry.

5. There remains a risk/concern in relation to meeting the corporate objective of diversifying and growing income. Specifically there remains a risk to the scale and speed of diversification and growth. There is a need for the Strategic Commercial and Outreach Development Plan to set out the process, activities, skills and investment required to deliver the Corporate Strategy plus the potential returns (scale and timeframe) from the implementation of the Plan.

(E) Core Principle
Developing the Authority's capacity including the capability of its leadership and the individuals within it

Issues identified which affect effectiveness

6. The Authority is not able to attract or retain staff with key skills/experience to deliver the Corporate Strategy.

7. There will be a significant turnover of Members currently holding posts that attract a special responsibility allowance who will, according to the Authority's appointment principles, have reached their maximum term of office. This along with a number of ongoing Secretary of State Member vacancies could impact on the capacity of Members.

(F) Core Principle **Managing risks and performance through robust internal control and strong public financial management.**
Issues identified which affect effectiveness 8. Failure to influence the transposing of EU laws and legislation for landscape and the environment into UK law after Article 50 and area of NP land safeguarded in agri-environment schemes reduces because of Brexit uncertainty and continuing issues with Countryside Stewardship.

Significant Governance Issues:

There are no significant issues and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. However over the coming year we will take steps to address the issues identified during our review of effectiveness as detailed above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that have been identified and will monitor their implementation and operation as part of our next annual review.

Signed on behalf of the Peak District National Park Authority

Signed………………………………………………………… Chair of Audit Resources and Performance Committee

Signed ……………………………………………………….. Chief Executive

Publication Date:

30 May 2018 (Draft Statement)

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