

Public Document Pack

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



Our Ref: A.1142/2386

Date: 11 July 2019

**NOTICE OF MEETING**Meeting: **National Park Authority**Date: **Friday 19 July 2019**Time: **10.00 am**Venue: **The Board Room, Aldern House, Baslow Road, Bakewell**SARAH FOWLER
CHIEF EXECUTIVE**AGENDA**

1. **Apologies for Absence**
2. **Urgent Business**
3. **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.
4. **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.

FOR INFORMATION

5. **Authority Chair Update**
6. **Chief Executive's Report (SF) (Pages 5 - 6)**

FOR DECISION

7.	Programmes and Resources Committee Work Plan 2019-20 <i>(Pages 7 - 8)</i>	10 mins
8.	External Audit 2018/19 Annual Report <i>(Pages 9 - 10)</i>	30 mins
9.	Statement of Accounts 2018-19 (A.137/21/PN) <i>(Pages 11 - 78)</i> Appendix 1 Appendix 2	20 mins
10.	2018/19 Annual Governance Statement (JS) <i>(Pages 79 - 90)</i> Appendix 1	20 mins
11.	Internal Audit Plan 2019/20 <i>(Pages 91 - 96)</i> Appendix 1	10 mins
12.	National Park Grant Funding Agreement (PN) <i>(Pages 97 - 130)</i> Appendix 1	15 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 www.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The Local Government Act 1972 requires that the Authority shall list any unpublished Background Papers necessarily used in the preparation of the Reports.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 Democratic Services on 01629 816200, ext 362/352. E-mail address: democraticservices@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 www.peakdistrict.gov.uk or on request from Democratic Services 01629 816362, email address: democraticservices@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: National Park Authority Members

Constituent Authorities
Secretary of State for the Environment
Natural England

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6. CHIEF EXECUTIVE’S REPORT (SF)

1. Purpose of the report

To up-date members of key activities since the previous Authority meeting.

2. Recommendation

1. To note the report.

3. Up-date

Our Achievements in 2018/19. This reports our progress and achievements of 2018/19, which was the final year of our Corporate Strategy 2016-19. Printed copied will be available at the Authority meeting and is available online. This year we have not included a look forward section overviewing our priorities for the next year as this is covered in our new [Corporate Strategy 2019-24 which has already been approved by member](#) (minute reference 43/18.) In line with a move to more digital availability of reports, we intend to print fewer copies of the report next year. If a Member would like a printed copy of the report next year 2019/20 please advise Democratic and Legal Support Team by the end of October 2019

Government responds to House of Lords report on the Rural Economy – 3rd July 2019. On rural proofing, the report states that Defra will establish a Rural Affairs Board to support and steer work on rural proofing and the government has stated it believes that Local Enterprise Partnership and the Local Industrial Strategies will be the key structures for facilitating local, place-based delivery of a national rural strategy. On the Shared Prosperity Fund (SPF) the report makes no commitment to dedicated/ring-fenced funding within the SPF for rural economies and communities. On housing, the report confirms there will not be a presumption in favour of home construction in protected landscapes. It states an expectation that local planning authorities will use the government’s optional technical standards for accessible and adaptable housing.

Tourism sector deal launched by Government – 28 June 2019: The Tourism Sector Deal sets out how the government and industry will work in partnership to boost productivity, develop the skills of the UK workforce and support destinations to enhance their visitor offer. In the words of Visit Britain “This is a game-changer for tourism, spelling a step-change in how we underpin the success of tourism for a generation, moving it to the top table as a leading industry for the UK Government’s future economic planning.” Highlights of the deal include creating a new independent tourism data hub; piloting up to five new Tourism Zones; and joint working to ensure support for the Government’s ambition to make the UK the most accessible tourism destination in Europe. The report also recognises that covering nearly 25 per cent of England, England’s National Parks and Areas of Outstanding Natural Beauty are pivotal to the UK’s tourism offer by helping to disperse tourism across the country and attract international visitors and our work to curate the English National Park Experience Collection.

Report Author, Job Title and Publication Date

Sarah Fowler, Chief Executive, 11 July 2019
sarah.fowler@peakdistrict.gov.uk

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7. PROGRAMMES AND RESOURCES COMMITTEE WORK PLAN 2019-20

1. Purpose of the report

To consider and approve the work plan for the Programmes and Resources Committee for 2019-2020.

Key Issues

- **One of the first tasks for the newly formed Programmes and Resources Committee is to have a confirmed annual work programme for the Committee. It was agreed at the Authority meeting on 24 May that this annual programme would be set by the Authority and would compose of four themes.**
- **It is recommended that the themes for this first year of the Committee would be areas where members on the previous Audit, Resources and Performance Committee have said they want to see progress on and areas that fit with the year 1 strategic interventions of the Corporate Strategy 2019-24.**

2. Recommendations

- 1. Members are asked to approve the following four themes for the annual programme plan for the Programmes and Resources Committee:**
 - **climate change;**
 - **volunteering;**
 - **landscape programmes monitoring and delivery;**
 - **recreation hubs and visitor engagement.**

How does this contribute to our policies and legal obligations?

- 3. The proposed work programme supports delivery of the 2019-24 Corporate Strategy.**

Background Information

- 4. The Governance Review Working Group report to the 24 May 2019 Authority meeting recommended the creation of a new Committee to oversee the review process for strategic policy documents, programme development and take responsibility for HR and other resources decisions.**
- 5. This Committee was confirmed at the Authority meeting on 5 July 2019 as the Programmes and Resources Committee and its first meeting is on 4 October 2019. This Committee replaces the Audit, Resources and Performance Committee.**
- 6. It was agreed that the Programmes and Resources Committee will deliver a work plan for the oversight of 3-4 major development programmes for the year that help deliver the strategic interventions of the Corporate Strategy.**
- 7. Over the previous year the Audit, Resources and Performance Committee have taken oversight of the performance of delivery against the Corporate Strategy. There have been a handful of topics during discussion on performance where members have either sought to encourage action and/or to be engaged in the development of some of our strategic activities.**

Proposals

- 8. The proposed work plan for 2019/20 for the Programmes and Resources Committee therefore draws from these items above and recommends the 4 themes for the work**

plan is as follows:

- Climate change
- Volunteering
- Landscape programmes monitoring and delivery
- Recreation hubs and visitor engagement

Are there any corporate implications members should be concerned about?

Financial:

9. The proposed work programme supports delivery of the 2019-24 Corporate Strategy and the implications on resources will be identified and considered as the programmes are developed.

Risk Management:

10. The proposed work programme supports delivery of the 2019-24 Corporate Strategy.

Sustainability:

11. There are no sustainability issues to highlight.

Equality:

12. There are no significant equality issues.

13. Background papers (not previously published)

None.

14. Appendices - None

Report Author, Job Title and Publication Date

Sarah Fowler, Chief Executive, 10 July 2019
sarah.fowler@peakdistrict.gov.uk

8. EXTERNAL AUDIT 2018/19 ANNUAL REPORT (A137/21/DH)

1. Purpose of the report

This report asks Members to consider the External Auditors' (Mazars) 2018/19 annual report. John Pressley, of Mazars 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 2018/19 financial statements.**
- **The External Auditor will also report that the Annual Governance Statement for 2018/19 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 Appendix A of Annex A 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 Appendix A of Annex A to be signed by 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 outcomes, as set out in the Corporate Strategy, by making sure the Authority is an agile and efficient organisation. 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 National Park Authority work programme.

Proposals

5. The full report for consideration is given at Annex A, a copy of which is to follow.
6. The auditor plans to issue an audit report that includes an unqualified opinion on the financial statements subject to the National Park Authority considering this report, approving the financial statements and receiving the letter of management

representation at Appendix A of Annex A.

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 £10,208 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 2018/19 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 (Mazars) 2018/19 Annual Report. (To follow)

Appendix A of Annex A - Letter of management representation. (To follow)

Report Author, Job Title and Publication Date

David Hickman, Director of Corporate Strategy and Development, 11 July 2019

9. **STATEMENT OF ACCOUNTS 2018-19 (A.137/21/PN)**

Purpose of the Report

1. To seek approval for the audited Statement of Accounts for 2018-19.

Recommendation

2. **1. That the audited Statement of Accounts for 2018-19 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 2015 requires the Statement of Accounts to be approved by Members by 31st July of each year. The draft accounts were signed and authorised for issue by the Chief Finance Officer on the 31st May, and were available on the website from that day. 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 the Authority meeting 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 the 17th May, and the final audited accounts reflect that position, with a number of small changes following final reserve, revenue and capital financing adjustments, resulting in a slightly higher overall cash reserve balance than reported in the outturn.

Reserve	May Outturn	Final Accounts	Variance plus (minus)	Comments
General Reserve	1,005,462	657,402	(348,060)	The main difference is the transfer of the £350,000 contingency for Moorlife into the Matched Funding Reserve as per the outturn report paragraph 10 (a)
Capital Reserve	1,361,732	1,363,897	2,165	Correction - vehicle disposals added to Capital Reserve
Specific Reserves	3,870,482	4,229,088	358,606	The main difference being the £350,000 above add to the Matched Funding Reserve.
Restricted Funds	124,430	118,968	(5,462)	Correction – S.106 provision was for a higher sum from the restricted reserve
Total	6,362,106	6,369,355	7,249	

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. Because of the very short timescales between drafting the accounts, auditing the accounts, and providing the audit opinion, any further changes required in order to allow the auditors to issue their opinion, will be updated and tabled at the Authority meeting, .

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 17th 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

11. **Appendices**

Appendix 1 – Statement of Accounts for Financial Year 1 April 2018 – 31 March 2019
Appendix 2 – Amendments to Draft Accounts

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

Philip Naylor, Chief Finance Officer, 11 July 2019



Statement of Accounts for the Financial Year

1st April 2018 to 31st March 2019

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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 2019

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 give a true and fair view of the financial position of the National Park Authority as at 31st March 2019 and its income and expenditure for the year ended 31st March 2019.

Philip Naylor
Chief Finance Officer to the Authority
31st May 2019

Peak District National Park Authority

Annual Accounts for the Year Ended 31st March 2019

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 24 – 55, form part of the financial statements. The figures are rounded up to the nearest pound. The accounts comprise the following principal statements:-

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 Statement

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 2018-19 the funding was set at £6,585,575 (£6,474,218 in 2017-18). 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 £147,775, with a £230,533 net transfer into earmarked reserves, and the sale of a number of assets during the year contributed to a £74,522 increase in the Capital Reserve, required to finance the forward Capital Programme. The General reserve decreased by £13,089 whilst the Restricted reserves decreased by £144,191.

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 car parks.

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 2019 shows a liability of £20.465m, an increase of £5.813m compared to the liability of £14.652m for the preceding year (representing a pension liability which is considered to be covered by pension scheme assets up to 72% rather than 78% 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 2018-19 financial year the Authority set a borrowing limit (the "authorised" limit) of £2.0m. The Authority's external borrowing as at 31st March 2019 was £446,937. The Authority's Capital Financing Requirement, i.e. its underlying need to borrow for capital purposes, was £1,143,308 at 31/03/2019 (£1,074,651 at 31/03/2018). 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 February 2nd 2018 the Authority approved the 2018/19 Budget and the variances from the previous year were mainly in line with budget expectation and allocations. A more detailed financial commentary on the 2018/19 results can be found in the outturn report which was reported to Audit, Resources and Performance Committee on the 17th May 2019; 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)		
Estates Management	+51	Project costs at North Lees estate and maintenance of septic tanks and water supplies at Warslow Estate
Conservation & Environment Projects	+245	Higher core team costs for the Moors for the Future team (£79k) plus the restoration costs of Moss Rake East Quarry, financed by S.106 reserve monies.
Car Parks & Concessions	-143	A combination of higher income in 2018-19 and reduced expenditure arising from the one off effect of impairment / and downward revaluations in 2017/18
Visitor Centres	-586	The one off effect in 2017/18 of the downward revaluation of Castleton Visitor Centre
Outreach	-143	Engagement work is now carried out by the Rangers teams in 2018/19
Estates Workers	+96	The additional cost of the enhanced maintenance team
Development Planning	+58	Increased staff cost and reduced income compared to previous year
Planning Policy	+72	The one off effect of New burdens government grant in 2017/18
Headquarters Building	+218	The one off effect of reversal of a previous downward revaluation in 2007/8, caused by an upward revaluation in 2017/18
Information Mgt.	+62	Software licence purchases
Balance Sheet		
Long Term Assets	+1,489	Capital additions of some £524k (mainly enhancement of tenanted farms, vehicle purchases, headquarters alterations, and IT expenditure); a donated asset of £625k; asset valuation increases of £1,228k; disposals of £140k; depreciation of £587k;
Current Assets	-626	Current Assets have decreased, mainly a reduction in cash levels of £1,903k, offset by an increase in debtors of £1,069k, an increase in stock of £53k and an increase in assets held for sale of £154k.
Current Liabilities	+432	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.
Long Term Liabilities	-5,404	the impact of the actuarial estimates used to provide notional figures to comply with International Accounting Standard 19 – Retirement Benefits - (see Note 32) increased the long term liabilities by £5.813k, offset by a £369k reduction in Grant Receipts in Advance as the grants were accounted for during the 18/19 year to finance the underlying projects the grants were received for. Long term loan principal outstanding fell by £40k also.
Useable Reserves	+147	The Authority's useable reserves increased by £147k, with a £230k net transfer into earmarked reserves; the sale of a number of assets increased the Capital Reserve by £74k, required to finance the forward Capital Programme; the General reserve decreased slightly by £13k whilst the Restricted reserves decreased by £144k (Moss Rake East quarry restoration using S.106 funds).

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

The Development and Performance of the Authority in the 2018-19 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 2018-19, 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/s29744/HW%20Quarter%204%20and%20Year%20End%202018-19%20Corporate%20Performance%20Report.pdf>
- <https://democracy.peakdistrict.gov.uk/documents/s29745/HW%20Q4%20Appendix%201%202018-19.pdf>
- <https://democracy.peakdistrict.gov.uk/documents/s29748/Appendix%202.pdf>
- <https://democracy.peakdistrict.gov.uk/documents/s29747/HW%20Q4%20Appendix%203%202018-19%20Q4%20Complaints%20and%20FOI.pdf>

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

- <https://democracy.peakdistrict.gov.uk/ecSDDisplayClassic.aspx?NAME=SD3174&ID=3174&RPID=503273897&sch=doc&cat=13582&path=13348%2c13582>

The quarterly performance monitoring report summarises progress into three categories:- priorities achieved; priorities almost achieved, and 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 2018/19 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 2018/19 identifies 9 issues for improvement action. The Chief Finance Officer has reviewed the statements on governance for the 2018/19 year, and these issues, alongside their impact on the reported financial statements. There are two issues identified which may have a future impact on the Authority's resources; the first is the impact of any recommendations in the Glover Review of National Parks which is anticipated to be published in late 2019, and the second is the impact of the next Spending Review period, starting in the 2020/21 financial year, with whatever National Park Grant funding horizon is decided from central government.

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. Four 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, the third was a £657,000 project for Stage 1 of Miller's Dale station (ARP Minute 21/18 16 March 2018), of which project the conversion of the station buildings into a café has been completed in 2018/19, and the fourth is approval of up to £450,000 of borrowing for replacement of the vehicle fleet. 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 2019 Authority report, rising from £2m in 2018/19 to £3m in 2020/21. 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. 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 2018/19 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, and our financial planning is based on this settlement letter. The Government has announced a “Hobhouse” review (the “Glover Review”) into the funding and status of National Parks (in the positive context of Defra’s 25 year plan) and the outcome of this review is awaited.

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 2018/19, 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 2018/19 financial year and its position at the year-end of March 2019. 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 (2018/19), 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 or net realisable value. The cost of inventories is assigned using the average costing formula.

3.16.2 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.

3.16 Leases

3.16.1 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.

3.16.2 The Authority as Lessee, Finance Leases: 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.

3.16.3 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.

3.16.4 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.

3.16.5 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. Comprehensive Income and Expenditure Statement

2017/18			
Gross Expenditure	Income	Net Expenditure	
£	£	£	
574,037	(23,042)	550,995	Conservation of the Natural Environment
43,551	(18,637)	24,914	Natural Environment & Rural Economy
563,366	(457,659)	105,707	Woodlands
3,436,155	(3,111,333)	324,822	Estates Management
4,617,109	(3,610,671)	1,006,438	Conservation & Environment Projects
			Conservation of Cultural Heritage
173,778	(89)	173,689	Historic Buildings & Village Management
60,736	(11,768)	48,968	Archaeology
0	(0)	0	Cultural Heritage Projects
234,514	(11,857)	222,657	
			Recreation Management & Transport
257,737	(290,860)	(33,123)	Cycle Hire
470,552	(100,075)	370,477	Access, Walking & Riding Routes
363,001	(370,430)	(7,429)	Car Parks & Concessions
170,584	(29,038)	141,546	Toilets
102,592	(101,118)	1,474	Campsites, Hostels & Barns
81,722	(51,245)	30,477	Recreation & Transport Projects
1,446,188	(942,766)	503,422	
			Promoting Understanding
1,328,904	(439,167)	889,737	Visitor Centres
270,816	(1,190)	269,626	Communications and Design Services
249,945	(106,194)	143,751	Outreach
434,504	(388,113)	46,391	Promoting Understanding Projects
2,284,169	(934,664)	1,349,505	
			Rangers, Estates Service & Volunteers
953,898	(201,425)	752,473	Rangers
102,864	(43,384)	59,480	Countryside Volunteers
195,940	(75)	195,865	Property Team
58,090	(522)	57,568	Estates Workers
1,310,792	(245,406)	1,065,386	

2018/19			
Gross Expenditure	Income	Net Expenditure	
£	£	£	
557,139	(33,133)	524,006	
70,346	(31,447)	38,899	
637,200	(479,891)	157,309	
4,848,944	(4,279,440)	569,504	
6,113,629	(4,823,911)	1,289,718	
208,000	(10,729)	197,271	
51,256	(5,263)	45,993	
0	(0)	0	
259,256	(15,992)	243,264	
268,903	(285,184)	(16,281)	
486,166	(82,218)	403,948	
256,964	(407,342)	(150,378)	
198,181	(32,746)	165,435	
98,591	(124,276)	(25,685)	
62,786	(45)	62,741	
1,371,591	(931,811)	439,780	
857,714	(554,260)	303,454	
263,757	(1,363)	262,394	
611	(0)	611	
1,013,835	(936,220)	77,615	
2,135,917	(1,491,843)	644,074	
1,035,586	(291,190)	744,396	
139,096	(49,728)	89,368	
193,793	(42)	193,751	
184,014	(30,147)	153,867	
1,552,489	(371,107)	1,181,382	

2017/18			Comprehensive Income & Expenditure Account (Continued)	2018/19		
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
887,965	(379,271)	508,694	Development Planning	913,033	(345,918)	567,115
887,965	(379,271)	508,694	Development Planning	913,033	(345,918)	567,115
151,076	(0)	151,076	Forward Planning & Communities	223,440	(0)	223,440
332,481	(0)	332,481	Planning Policy	342,177	(0)	342,177
154,891	(42,513)	112,378	Strategy	174,234	(50,435)	123,799
638,448	(42,513)	595,935	Community Development	739,851	(50,435)	689,416
89,297	(53,647)	35,650	Corporate Management & Support Services	301,851	(47,934)	253,917
283,274	(9,834)	273,440	Headquarters Building	287,896	(11,488)	276,408
236,939	(62)	236,877	Legal Services	267,355	(62)	267,293
624,192	(11)	624,181	Democratic Services & Members	698,441	(12,123)	686,318
439,053	(16,648)	422,405	Information Management	453,780	(16,154)	437,626
290,143	(4,485)	285,658	Customer & Business Support Team	317,682	(1,842)	315,840
198,214	(1)	198,213	Finance	250,326	(55,257)	195,069
264,208	(18,846)	245,362	Corporate Management	269,917	(16,823)	253,094
25,477	(0)	25,477	Human Resources	94,101	(0)	94,101
41,000	(0)	41,000	Non-Distributed Costs	315,000	(0)	315,000
2,491,797	(103,534)	2,388,263	Past Service Cost (Gain)	3,256,349	(161,683)	3,094,666
13,910,982	(6,270,682)	7,640,300	Total Cost of Services	16,342,115	(8,192,700)	8,149,415
0	(14,511)	(14,511)	Other Operating Expenditure (Note 8)	0	(33,345)	(33,345)
423,088	(51,179)	371,909	Financing and Investment Income (Note 9)	447,287	(60,672)	386,615
0	(0)	0	Surplus or deficit on discontinued operations (Note 22)	0	(0)	0
0	(6,571,045)	(6,571,045)	National Park Grant, non-specific grant and capital income (Note 10)	0	(7,283,787)	(7,283,787)
14,334,070	(12,907,417)	1,426,653	(Surplus) or Deficit on Provision of Services	16,789,402	(15,570,504)	1,218,898
876,013	(0)	876,013	(Surplus) or deficit on revaluation of Property, Plant & Equipment assets	0	(1,191,897)	(1,191,897)
0	(1,697,104)	(1,697,104)	Actuarial (gains) losses on pension assets / liabilities	4,082,598	(0)	4,082,598
876,013	(1,697,104)	(821,091)	Other Comprehensive (Income) Expenditure (Note 5)	4,082,598	(1,191,897)	2,890,701
15,210,083	(14,604,521)	605,562	Total Comprehensive (Income) Expenditure	20,872,000	(16,762,401)	4,109,599

5. Movement in Reserves Statement 2018/19

	General Fund Balance	Capital Receipts Reserve	<u>Total Usable Reserves</u>	Un-usable Reserves	<u>Total Authority Reserves</u>
	£	£	£	£	£
Balance at 31st March 2018	4,932,205	1,289,375	6,221,580	2,820,664	9,042,244
<u>Movement in reserves during 2018/19 year</u>					
Total Comprehensive (Expenditure) & Income	(1,218,898)	0	(1,218,898)	(2,890,701)	(4,109,599)
Adjustments between accounting basis & funding basis under regulations (Note 6)	1,292,151	74,522	1,366,673	(1,366,673)	0
Net Increase (Decrease) in 2018/19	73,253	74,522	147,775	(4,257,374)	(4,109,599)
Balance at 31st March 2019	5,005,458	1,363,897	6,369,355	(1,436,710)	4,932,645

Previous Year 2017/18

	General Fund Balance	Capital Receipts Reserve	<u>Total Usable Reserves</u>	Un-usable Reserves	<u>Total Authority Reserves</u>
	£	£	£	£	£
Balance at 31st March 2017	4,182,876	1,188,163	5,371,039	4,276,767	9,647,806
<u>Movement in reserves during 2017/18 year</u>					
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

6. Balance Sheet as at 31st March 2019

2017-18 £		Notes	2018-19 £
	Property, Plant & Equipment		
17,492,310	- Land & Buildings	11	18,969,474
1,126,029	- Vehicles, Plant & Equipment	11	1,071,985
169,290	Intangible Assets	12	235,028
0	Long Term Investments		0
0	Long Term Debtors		0
18,787,629	Total Long Term Assets		20,276,487
226,280	Inventories	13	280,913
2,441,685	Short Term Debtors	14	3,510,853
16,000	Assets held for Sale	16	169,500
7,108,739	Cash & Cash Equivalents	15	5,205,164
9,792,704	Total Current Assets		9,166,430
(259,758)	Cash & Cash Equivalents	15	(219,187)
(12,735)	Short Term Borrowing	35	(26,995)
(1,478,222)	Short Term Creditors	17	(1,054,554)
(256,312)	Accumulated Absences	20	(274,386)
(2,007,027)	Total Current Liabilities		(1,575,122)
(459,971)	Long Term Borrowing	35	(419,942)
(14,652,000)	Other Long Term Liabilities	32	(20,465,000)
(2,419,091)	Grants Receipt in Advance	26	(2,050,208)
(17,531,062)	Total Long Term Liabilities		(22,935,150)
9,042,244	TOTAL NET ASSETS		4,932,645
	Financed by:		
	<u>Usable Reserves</u>		
670,491	General Reserve		657,402
263,159	Restricted Funds	7	118,968
3,998,555	Specific Reserves	7	4,229,088
4,932,205	General Fund Balance	1	5,005,458
1,289,375	Capital Receipts Reserve	19	1,363,897
6,221,580			6,369,355
	<u>Unusable Reserves</u>		
7,100,997	Revaluation Reserve	20	8,099,851
10,627,979	Capital Adjustment Account	20	11,202,825
(14,652,000)	Pensions' Reserve	20	(20,465,000)
(256,312)	Accumulated Absences Account	20	(274,386)
2,820,664			(1,436,710)
9,042,244	Total Reserves		4,932,645

7. Cashflow Statement

2017-18 £		2018-19 £
	<u>Operating Activities</u>	
(295,398)	Rents	(311,482)
(1,389,795)	Charges for Goods and Services	(2,295,021)
(4,026,434)	Grants and Partnership Income	(3,542,902)
(6,474,218)	National Park Grant and Levies	(6,585,575)
(51,179)	Interest Received	(60,672)
(0)	Discontinued Operations	(0)
(12,237,024)	Cash Inflows	(12,795,652)
7,044,328	Employment Costs	7,703,363
4,803,807	Payments for Goods and Services	6,287,977
163,104	Other Costs	232,101
23,088	Interest Paid	33,287
0	Discontinued Operations	0
12,034,327	Cash Outflows	14,256,728
(202,697)	Operating Activities Net Cash Flow	1,461,076
	<u>Investing Activities</u>	
644,686	Purchase of Property, plant and equipment and intangible assets	593,328
0	Purchase of Investments	0
(132,907)	Sale of Property, plant and equipment and intangible assets	(143,957)
(96,827)	Capital Grants received	(73,212)
0	Discontinued Operations	0
414,952	Investing Activities Net Cash Flow	376,159
	<u>Financing Activities (Note 38)</u>	
24,600	Repayments of amounts borrowed	25,769
0	New Loans	0
0	Discontinued Operations	0
24,600	Financing Activities Net Cash Flow	25,769
236,855	Net (Increase) Decrease in Cash and Cash equivalents	1,863,004
7,085,836	Cash and Cash Equivalents at the beginning of the Reporting Period (Note 15)	6,848,981
(236,855)	Net Increase (Decrease) in Cash and Cash equivalents as above	(1,863,004)
6,848,981	Cash and Cash Equivalents at the end of the Reporting Period (Note 15)	4,985,977

8. Notes to the Accounts

Note 1. Expenditure and Funding Analysis

2017/18				2018/19		
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
715,972	290,466	1,006,438	Conservation of the Natural Environment	885,604	404,114	1,289,718
196,060	26,597	222,657	Conservation of the Cultural Heritage	216,527	26,737	243,264
23,390	480,032	503,422	Recreation Mgt & Transport	348,434	91,346	439,780
750,472	599,033	1,349,505	Promoting Understanding	557,767	86,307	644,074
907,409	157,977	1,065,386	Rangers, Estates Services & Volunteers	1,004,418	176,964	1,181,382
406,002	102,692	508,694	Development Control	475,169	91,946	567,115
522,103	73,832	595,935	Forward Planning & Communities	621,355	68,061	689,416
2,402,423	(14,160)	2,388,263	Corporate Management & Support Services	2,589,505	505,161	3,094,666
5,923,831	1,716,469	7,640,300	Net Cost of Services	6,698,779	1,450,636	8,149,415
(6,673,160)	459,513	(6,213,647)	Other Income and Expenditure	(6,772,032)	(158,485)	(6,930,517)
(749,329)	2,175,982	1,426,653	(Surplus) or Deficit	(73,253)	1,292,151	1,218,898
4,182,876			Opening General Fund Balance	4,932,205		
749,329			Surplus (Deficit) on General Fund	73,253		
4,932,205			Closing General Fund Balance at 31st March	5,005,458		

Note 2 Critical Judgements in applying Accounting Policies & Assumptions made about the future and other major sources of estimation uncertainty

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.

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 31/03/19 is £20,465,000, and estimates of the liability in the last five years have ranged between £12,190,000 and £20,465,000.

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 31/03/2019 was £18,969,474. 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. The Authority did however receive a significant legacy in the form of a farm property and land which has been included in the Land & Buildings figure on the Balance Sheet (£625,000).

Note 4 Events after the Balance Sheet Date

The Chief Finance Officer authorised these draft Statement of Accounts for issue on 31st May 2019 and the audited accounts were reported to the Authority for approval on the 19th July 2019. 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 (31/03/19) and up to the authorisation of the accounts (19th July 2019) 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

2017-18		2018-19
£		£
876,013	(Surplus) Deficit arising on revaluation of non-current assets	(1,191,897)
(1,684,000)	Actuarial (Gain) Loss on pension fund assets and liabilities	3,995,000
(13,104)	Other – difference between actuarial and actual charge against government grant	87,598
(821,091)	Total	2,890,701

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.

2018/19	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	2,870,000		(2,870,000)
Pension costs - replacement by employers actual paid contributions in year	(1,139,598)		1,139,598
Holiday Pay – removal of accrual for holiday pay costs leaving actual pay costs paid in year	18,074		(18,074)
Reversal of entries in relation to depreciation and impairment of non-current assets	553,486		(553,486)
Reversal of entries - revaluation gain (loss) on Property, Plant & Equipment	0		(0)
Reversal of entries - amortisation of Intangible assets	33,858		(33,858)
Reversal of entries for carrying value of non-current assets as part of gain / loss on disposal	110,613		(110,613)
Total Adjustments to Revenue Resources	2,446,433		(2,446,433)
Adjustments between Revenue & Capital Resources			
Transfer of non-current asset sale proceeds to the Capital Receipts Reserve	(143,957)	143,957	(0)
Statutory provision for the repayment of debt	(131,650)		131,650
Capital Expenditure financed from revenue balances	(180,463)		180,463
Total Adjustments between Revenue & Capital Resources	(456,070)	143,957	312,113
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure		(69,435)	69,435
Application of capital grants to finance capital expenditure	(698,212)		698,212
Total Adjustments to Capital Resources	(698,212)	(69,435)	767,647
Total Adjustments	1,292,151	74,522	(1,366,673)

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

<u>2017/18</u>	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	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 on 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)

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 1 st April 2017	Transfers Out 2017/18	Transfers In 2017/18	Balance at 31 st March 2018	Transfers Out 2018/19	Transfers In 2018/19	Balance at 31 st March 2019
Minerals Reserve	480,959		27,000	507,959		32,000	539,959
Reducing Resources / Restructuring Reserve	146,693			146,693	(85,641)		61,052
ICT Reserve	196,816		50,000	246,816	(47,000)		199,816
Warslow Reserve	15,966		24,500	40,466	(40,466)		0
North Lees Reserve	40,329		38,617	78,946		23,000	101,946
Minor Properties Reserve	10,000		6,164	16,164		1,881	18,045
Conservation Acquisitions Reserve	19,000			19,000			19,000
Visitor Centre Reserve	29,146	(29,146)		0			0
Aldern House Reserve	33,800		13,820	47,620		36,929	84,549
Design Reserve	42,106			42,106			42,106
Forestry Reserve	18,140			18,140		5,000	23,140
Trail Reserve	226,910		145,000	371,910		48,000	419,910
Vehicle Maintenance Reserve	18,009			18,009			18,009
Planned Maintenance Reserve	21,545			21,545			21,545
Car Park Reserve	36,901			36,901			36,901
Cycle Hire Reserve	69,798		20,973	90,771			90,771
Matched Funding Reserve	1,018,686		26,400	1,045,086	(123,745)	350,000	1,271,341
Slippage Reserve	902,062	(799,189)	1,147,550	1,250,423	(819,587)	850,162	1,280,998
Total Earmarked Reserves	3,326,866	(828,335)	1,500,024	3,998,555	(1,116,439)	1,346,972	4,229,088
Restricted Funds							
Cyril Bennett Bequest	9,105			9,105			9,105
Graham Attridge Bequest	2,046			2,046	(1,400)		646
Sheila Streek Bequest	36,020			36,020			36,020
Margaret Nicholls Bequest	3,000			3,000			3,000
Memorial Landscape Fund	1,934			1,934			1,934
Alan Beardsley Memorial Fund	12,000			12,000			12,000
Restoration Bond	4,225			4,225			4,225
Friends of Losehill Hall	2,500			2,500			2,500
Section 106 Funds	0		55,000	55,000	(55,000)	49,538	49,538
Moss Rake East Restoration Bond	137,329			137,329	(137,329)		0
Total Restricted Funds	208,159	(0)	55,000	263,159	(193,729)	49,538	118,968

Total Transfers(828,335) 1,555,024(1,310,168) 1,396,510**Net Increase (Decrease) in Earmarked Reserves**726,68986,342

Note 8 Other Operating Expenditure

2017-18		2018-19
£		£
0	Write Down of carrying amount of asset to fair value as a result of transfer to asset held for sale category	0
(14,511)	(Gains) Losses - disposal of non-current assets	(33,345)
(14,511)	Total	(33,345)

Note 9 Financing and Investment Income and expenditure

2017-18		2018-19
£		£
23,088	Interest payable and similar charges	33,287
400,000	Pensions' interest cost and expected return on pensions' assets	414,000
(51,179)	Interest receivable and similar income	(60,672)
371,909	Total	386,615

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

2017-18		2018-19
£		£
6,474,218	National Park Grant (DEFRA)	6,585,575
0	Non-specific grant income	0
	<i>Capital Grants</i>	
85,464	European Life Grant Aid, Moorlife 2020	43,150
0	Heritage Lottery Fund	19,459
0	Donated Property	625,000
11,363	Other Capital Grants each under £10,000	10,603
96,827	Total Capital Grants	698,212
6,571,045	Total	7,283,787

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's Intangible assets comprise only purchased software. The Authority's network of trails along disused railway lines are regarded as infrastructure assets.

2018/19	Land & Buildings	Vehicles, plant, equipment	Community Assets	Infra-structure Assets	Surplus Assets	Total
Cost or Valuation	£	£	£		£	£
Gross Book Value at 1 st April 2018	16,083,721	3,055,381	1,699,942	1,641,432	637,972	23,118,448
Additions	178,104	135,867	69,158	40,692	0	423,821
Donations	0	0	0	0	625,000	625,000
Revaluation increases (decreases) recognised in the Revaluation Reserve	1,227,797	0	0	0	0	1,227,797
Revaluation increases (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
De-recognition: disposals	(77,100)	(68,599)	(0)	(0)	(0)	(145,699)
De-recognition: other	(0)	(0)	(0)	(0)	(0)	(0)
Assets re-classified (to) from Held for Sale / surplus assets	(205,400)	0	0	0	0	(205,400)
Other Movements – accumulated depreciation w/o on revaluation	(511,464)	0	0	0	0	(511,464)
Gross Book Value at 31st March 2019	16,695,658	3,122,649	1,769,100	1,682,124	1,262,972	24,532,503
Accumulated depreciation and impairment	(1,665,373)	(1,929,352)	(102,318)	(620,913)	(182,153)	(4,500,109)
At 1 st April 2018						
Depreciation Charge	(288,709)	(172,399)	(21,511)	(64,693)	(6,174)	(553,486)
Impairment Charge	0	0	0	0	0	(0)
Depreciation written out to the Revaluation Reserve	308,671	0	0	0	0	308,671
Depreciation written out to the Surplus/deficit on the Provision of Services	202,793	0	0	0	0	202,793
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	0	51,087	0	0	0	51,087
Accumulated depreciation & impairment at 31st March 2019	(1,442,618)	(2,050,664)	(123,829)	(685,606)	(188,327)	(4,491,044)
<i>Net Book Value 31 March 2018</i>	<i>14,418,348</i>	<i>1,126,029</i>	<i>1,597,624</i>	<i>1,020,519</i>	<i>455,819</i>	<i>18,618,339</i>
Net Book Value at 31st March 2019	15,253,040	1,071,985	1,645,271	996,518	1,074,645	20,041,459
At Historical Cost						
As at 31/03/2019	7,842,069	-	-	-	1,020,737	
Fair Value Movement 2018/19	916,604	-	-	-	(280)	
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 - up to 2014/15	6,248,700	-	-	-	103,098	
Net Book Value at 31/03/2019	15,253,040	-	-	-	1,074,645	

Note 11 continued

2017/18	Land & Buildings	Vehicles, plant, equipment	Community Assets	Infra-structure Assets	Surplus Assets	Total
Cost or Valuation	£	£	£		£	£
Gross Book Value at 1 st 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 1 st 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)
<i>Net Book Value 31 March 2017</i>	<i>16,045,827</i>	<i>987,971</i>	<i>1,427,291</i>	<i>1,090,216</i>	<i>555,411</i>	<i>20,106,716</i>
Net Book Value at 31st March 2018	14,418,348	1,126,029	1,597,624	1,020,519	455,819	18,618,339

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 2019 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 car parks.

Impairments

There were no impairments this year.

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.

2017/18 £		2018/19 £
638,348	Gross carrying amounts at Start of Year	657,874
(451,144)	Accumulated amortisation to date	(488,584)
187,204	Net Carrying Amount at Start of Year	169,290
19,527	Additions	99,596
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
(37,441)	Amortisation for the period	(33,858)
0	Other changes	0
169,290	Net carrying amount at end of year	235,028
<u>Comprising:</u>		
657,874	Gross carrying amounts	757,470
(488,584)	Accumulated amortisation	(522,442)
169,290		235,028

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 2018 £		31 March 2019 £
174,895	Balance o/s at start of year	226,280
262,007	Purchases	299,495
(197,733)	Recognised as an expense in the year	(245,958)
(12,889)	Written off balances / Reversals of write offs in previous years	1,096
226,280	Balance o/s at year end	280,913

Note 14 Debtors

Debtors can be analysed as follows:

31 March 2018 £		31 March 2019 £
1,289,243	Central Government Bodies	1,598,153
52,333	Other Local Authorities	24,345
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
1,127,166	Bodies external to general government	1,920,343
(27,057)	Less: Provision for Bad Debts	(31,988)
2,441,685	Total	3,510,853

Note 15 Cash and Cash Equivalents

Cash and Bank can be analysed as follows:

31 March 2018 £		31 March 2019 £
(261,247)	Bank current accounts	(221,349)
1,489	Cash held by the Authority	2,162
7,108,739	Deposits with North Yorks. County Council	5,205,164
6,848,981	Total	4,985,977

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.

2017/18 £		2018/19 £
62,000	Balance outstanding at start of year	16,000
0	Property, Plant & Equipment newly identified	205,400
0	Revaluation (losses) gains	(35,900)
0	Impairment losses	0
0	Property, Plant & Equipment declassified as held for sale	0
(46,000)	Assets sold	(16,000)
16,000	Balance outstanding at year end	169,500

One woodland property in this category was sold in the year.

Note 17 Creditors due within 12 months

Creditors can be analysed as follows:

31 March 2018		31 March 2019
£		£
115,934	Central Government Bodies	183,528
66,924	Other Local Authorities	29,201
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
1,290,206	Bodies external to general government	841,825
5,158	Provision for unpaid cheques	0
1,478,222	Total	1,054,554

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 Capital Receipts Reserve

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:-

2017-18		2018-19
£		£
1,188,163	Balance at 1 April	1,289,375
132,907	Receipts received in year	143,957
(31,695)	Receipts used to finance Capital Expenditure	(69,435)
1,289,375	Balance at 31 March	1,363,897

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.

2017-18 £	Revaluation Reserve	2018-19 £
8,239,009	Balance at 1 April	7,100,997
0	Upward revaluation of assets	1,191,897
(876,014)	Downward revaluation of assets & impairment losses not charged to the Surplus/Deficit on the Provision of Services	(0)
7,362,995	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	8,292,894
(187,298)	Difference between fair value depreciation and historical cost depreciation	(140,897)
(74,700)	Accumulated gains on assets sold or scrapped / Other	(52,146)
(261,998)	Amount written off to the Capital Adjustment Account	(193,043)
7,100,997	Balance at 31 March	8,099,851

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.

2017-18 £	Capital Adjustment Account	2018-19 £
11,149,738	Balance at 1 April	10,627,979
	<i><u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement (CIES)</u></i>	
(603,199)	Charges for depreciation of non-current assets	(553,486)
(124,808)	Charges for impairment of non-current assets	(0)
(391,032)	Revaluation (losses) gains on Property, Plant & Equipment	(0)
(37,441)	Amortisation of intangible assets	(33,858)
0	Revenue expenditure funded from capital under statute	0
(118,396)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(110,613)
(1,274,876)		(697,957)
261,998	Adjusting amounts written out of the Revaluation Reserve	193,043
(1,012,878)	Net written out amount of the cost of non-current assets consumed in the year	(504,914)
	<i><u>Capital financing applied in the year:-</u></i>	
31,695	Use of the Capital Receipts Reserve to finance new capital expenditure	69,435
96,827	Capital grants and contributions credited to the CIES that have been applied to capital financing	698,212
141,495	Statutory provision for the financing of capital investment charged against the General Fund	131,650
221,102	Capital expenditure charged against the General Fund	180,463
491,119	Total Capital Financing applied in year	1,079,760
10,627,979	Balance at 31 March	11,202,825

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.

2017-18	Pensions' Reserve	2018-19
£		£
(14,888,000)	Balance at 1 April	(14,652,000)
1,684,000	Actuarial gains or (losses) on pensions assets and liabilities	(3,995,000)
(2,449,895)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(2,957,598)
1,001,895	Employer's pension contributions and direct payments to pensioners payable in the year	1,139,598
(14,652,000)	Balance at 31st March	(20,465,000)

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.

2017-18	Accumulated Absences Account	2018-19
£		£
(223,980)	Balance at 1 April	(256,312)
223,980	Settlement or cancellation of accrual made at the end of the preceding year	256,312
(256,312)	Amounts accrued at the end of the current year	(274,386)
(32,332)	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	(18,074)
(256,312)	Balance at 31st March	(274,386)

Note 21 Note to the Expenditure and Funding Analysis

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

2018-19 £	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	162,751	236,960	4,403	404,114
Conservation of the Cultural Heritage	0	26,280	457	26,737
Recreation Mgt & Transport	30,345	59,633	1,368	91,346
Promoting Understanding	(11,478)	96,008	1,777	86,307
Rangers, Estates Services & Volunteers	36,101	138,229	2,634	176,964
Development Control	316	89,913	1,717	91,946
Forward Planning & Communities	0	66,930	1,131	68,061
Support Services	(101,877)	602,450	4,588	505,161
Net Cost of Services	116,158	1,316,403	18,075	1,450,636
Other Income & Expenditure: Expenditure and Funding Analysis	(572,485)	414,000	0	(162,485)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(456,327)	1,730,403	18,075	1,292,151

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

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	2017-18	2018-19
Employee expenses	8,137,764	9,037,838
Other service expenses	4,758,234	6,848,581
Capital accounting transactions	1,014,984	455,693
Interest Payments	423,088	443,287
Loss on the disposal of fixed asset	0	0
Total Expenditure	14,334,070	16,789,399
Income		
Fees, charges, and other service income	(2,089,147)	(2,309,580)
Grants	(2,715,256)	(3,531,174)
Government Grants	(8,015,556)	(9,605,860)
Donations	(21,768)	(29,870)
Interest & Investment Income	(51,179)	(60,672)
Gain on the disposal of fixed asset	(14,511)	(33,345)
Total Income	(12,907,417)	(15,570,501)
(Surplus) Deficit on the Provision of Services	1,426,653	1,218,898

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.

2017-18		2018-19
£		£
49,636	Basic Allowance	60,099
17,798	Special Responsibility Allowance	19,818
9,891	Travel and Subsistence	8,907
77,325		88,824

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:

Payment Range	Number of Employees	
	2017-18	2018-19
£50,000 - £54,999	1	0
£55,000 - £59,999	1	0
£60,000 - £64,999	1	2
£64,999 - £69,999	0	0
£70,000 - £74,999	0	0
£75,000 - £79,999	0	0
£80,000 - £84,999	0	0
£85,000 - £89,999	1	0
£90,000 - £94,999	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	£90,212 (£84,443)	£0 (£0)	£90,212 (£84,443)	£16,752 (£16,424)	£106,964 (£104,867)
Director of Commercial Development & Outreach (incoming)	£17,852 (£0)	£0 (£0)	£17,852 (£0)	£3,315 (£0)	£21,167 (£0)
Director of Commercial Development & Outreach (outgoing)	£31,813 (£61,716)	£0 (£0)	£31,813 (£61,716)	£5,908 (£11,461)	£37,721 (£73,177)
Director of Conservation & Planning	£61,215 (£58,316)	£0	£61,215 (£58,316)	£11,368 (£10,829)	£72,583 (£69,145)
Director of Corporate Strategy & Development	£61,215 (£52,359)	£0 (£0)	£61,215 (£52,359)	£11,368 (£9,723)	£72,583 (£62,082)

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 £	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0-£20,000	2	0	1	2	3	2	36,621	18,956
£20,001-£40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	1	0	0	0	1	0	71,173
Total	2	1	1	2	3	3	36,621	90,129

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 (2017-18) and Mazars LLP (2018-19) for audit services were as follows:-

	2017-18	2018-19
	£	£
External audit services as appointed auditor	13,259	10,208
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	10,208

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:-

2017-18		2018-19
£		£
	<u>Revenue Grants Credited to Services</u>	
41,458	Visit Peak District – Pedal Peak Business Initiative	133,547
257,476	Dept of Culture, Media & Sport - Discover England Project	569,685
205,004	DEFRA – Environmental Stewardships	875,543

35,485	MHCLG – Neighbourhood Planning Grants	38,687
24,612	MHCLG – Communities Fund Grant	-
26,398	English Heritage – Archaeology Projects	-
114,996	Environment Agency – Moors for the Future / MoorLIFE Project	119,639
30,579	Natural England - Pennine Way Ranger	35,702
687,569	Natural England – Moors for the Future / MoorLIFE work	518,444
174,215	Heritage Lottery Fund – MFF Community Science Project	110,524
-	Heritage Lottery Fund – MFF Moor Business Project	11,408
214,742	Heritage Lottery Fund – South West Peak Project	382,224
37,140	RSPB - Moors for the Future / MoorLIFE work	27,863
20,000	Derbys County Council – Rights of Way	20,000
15,000	Derbys County Council – Rights of Way Moors for the Future / MoorLIFE work	-
12,152	Derbys Dales DC – Pedal Peak Business Initiative	17,848
45,000	9 Other National Parks – Discover England Project	90,600
20,000	Tarmac Ltd – Conservation Volunteers Project	20,000
-	The Woodland Trust – Clough Woodlands	-
95,309	Private Landowners - Moors for the Future / MoorLIFE work	93,219
88,882	United Utilities – Joint Ranger Costs	93,900
158,877	United Utilities – Moors for the Future / MoorLIFE Project	249,406
48,147	Severn Trent Water - Joint Ranger Costs	49,189
160,928	Severn Trent Water – MFF/MoorLIFE Project	238,768
50,000	Severn Trent Water – Car Park	50,000
14,094	Severn Trent Water - Operating Costs at Upper Derwent Visitor Centre	14,751
36,360	Yorkshire Water - Joint Ranger Costs	36,724
372,233	Yorkshire Water - Moors for the Future / MoorLIFE Project	238,534
15,959	National Trust – Moorland Discovery Project	16,279
41,646	National Trust - Moors for the Future / MoorLIFE Project	31,446
960,037	European Life Funding – MoorLIFE Project	1,556,849
21,182	OFGEM – Aldern House / North Lees Farmhouse Biomass Boilers	20,705
209,665	Other Revenue Grants each under £10,000	183,898
4,235,145	Total	5,845,382

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:-

2017-18		2018-19
£		£
	<u>Grants Received in Advance</u>	
15,715	English Heritage – Ecton Mine Project	15,724
-	- European Outdoor Conservation Award - MFF	13,049
-	- National Grid - Longdendale Landscape Enhancements	40,160
38,518	National Trust – Moors for the Future Project / MoorLIFE Project	24,286
13,609	Environment Agency – Moors for the Future Project / MoorLIFE Project	36,081
20,884	RSPB – Moors for the Future Project / MoorLIFE Project	-
20,684	Natural England – Moors for the Future Project / MoorLIFE Project	42,366
18,595	Yorkshire Wildlife Trust - Moors for the Future Project / MoorLIFE Project	17,560
27,857	Sheffield City Council – Moors for the Future Project / MoorLIFE Project	27,857
455,133	Severn Trent Water – Moors for the Future Project / MoorLIFE Project	677,380
581,955	Yorkshire Water – Moors for the Future Project / MoorLIFE Project	564,108
432,579	United Utilities – Moors for the Future / MoorLIFE Project	410,991
-	- HLF – Moors for the Future Project / MoorLIFE Project	16,192
-	- Visit England – Discover England Project	60,841
722,905	European Life Grant – MoorLIFE2020	-
70,657	Other Revenue Grants received in advance each under £10,000	72,567
2,419,091	Total	2,050,208

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. Three Authority Members are Trustees of the new Peak District Foundation charity, which is an independent registered charity with the principal aim being to raise funds for the Peak District National Park. 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. FOne Member was paid £1,944 during the year for an ecological survey. The spouse of one Member was paid a grant of £6,166 for construction of a cycle store at her holiday cottage. One Member provided land for temporary use at a cost of £2,736 and whose spouse also charged the Authority for Health & Safety training totalling £4,056 during the year. One Member has a writing business to which the Authority paid £100 for publications during the year. One Member received a farm grant of £2,218 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 £	Outstanding £	Expenditure £	Outstanding £
Government Bodies – other	2,188,527	1,335,653	-	-
Other Local Authorities	26,908	22,023	232,478	31,191
Other National Parks	142,366	-	123,098	-
National Parks UK Ltd	1,363	-	20,904	-
National Parks Partnership LLP	-	-	10,000	-
National Parks England	-	-	21,378	-
Rural Development Funds	133,547	-	-	-
European Funds	1,599,999	877,094	-	-
Water companies	993,324	350,813	272,562	13,948
Lottery	528,514	108,551	-	-
OFGEM	20,705	5,988	-	-
Tarmac PLC	20,000	10,000	-	-
Support Staffordshire	9,859	-	-	-
The Wildlife Trusts	13,466	8,710	75,981	20,420
RSPB	49,946	0	67,124	4,503
National Trust	52,364	2,197	7,285	-
Total	5,780,888	2,721,029	916,791	90,466

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.

2017-18 £	2018-19 £
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967,171	Opening Capital Financing Requirement	1,074,651
	<u>Capital Investment</u>	
101,663	Land & Buildings	803,104
294,267	Vehicles, Plant & Equipment	135,867
183,142	Community Assets	69,158
0	Infrastructure Assets	40,692
19,527	Intangible Assets	99,596
0	Revenue Expenditure Funded from Capital under Statute	0
598,599	Total	1,148,417
	<u>Sources of Finance</u>	
(31,695)	Capital Receipts	(69,435)
(96,827)	Government Grants and other contributions	(698,212)
	<u>Sums set aside from Revenue</u>	
(221,102)	Direct Revenue Contributions	(180,463)
(141,495)	Minimum Revenue Provision for repayment of principal	(131,650)
1,074,651	Closing Capital Financing Requirement	1,143,308
	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
248,975	Expenditure not supported by government financial assistance financed from internal funds	200,307
0	Use of Capital Receipts to reduce CFR	0
(141,495)	Minimum Revenue Provision	(131,650)
0	Assets acquired under finance leases	0
107,480	Increase (Decrease) in Capital Financing Requirement	68,657

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.

2017-18		2018-19
£		£
	Conservation of the Natural Environment	
(9,582)	Forestry & Tree Mgt	1,285
19,618	Conservation Projects	32,145
91,512	Estates Management	70,798
101,548		104,228
	Recreation Management	
48,242	Campsites, Hostels & Barns	16,073
71,353	Access, Walking and Riding Routes	66,184
262,583	Car Parks & Concessions	127,489
6,972	Cycle Hire	6,627
20,174	Toilets	19,838
409,324		236,211
	Promoting Understanding	
608,642	Visitor Centres	38,300
713	Environmental Education	611
609,355		38,911

Rangers, Estate Service & Volunteers		
57,624	Rangers	26,544
15,661	Conservation Volunteers	14,766
292	Estate Workers	277
<u>73,577</u>		<u>41,587</u>
Development Control		
<u>395</u>	Development Control	<u>317</u>
Service Management and Support Services		
2,520	Vehicles	5,852
(138,033)	Headquarters Premises	56,952
97,794	Capitalised IT Expenditure	103,286
<u>(37,719)</u>		<u>166,090</u>
<u>1,156,480</u>	Total	<u>587,344</u>

Note 30 Leases

Authority as Lessee

Finance Leases

The Authority does not have any finance leases. As such the liability for future rentals, or any asset value, is not shown in the balance sheet.

Operating Leases

Vehicles

The fleet management policy was unchanged during 2018/19 and again had no vehicle leases in operation.

Equipment

The Authority has acquired its ICT services (namely networking servers including processing power, memory (RAM) and storage capacity) by entering into an operating lease, with the current contract running until January 2022. This is a new arrangement replacing the previous in-house system.

Property

The revenue charge reports the total lease payments made in year (including arrears payments where specified).

During the year ended 31st March 2019 the Authority made the following payments for operating leases charged to revenue:

	31 March 2019	31 March 2018
	£	£
Vehicles	0	0
Equipment	80,684	70,012
Property	77,125	85,775
Total	<u>157,809</u>	<u>155,787</u>

The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2019	31 March 2018
£	£

Not later than one year	173,667	168,174
Later than one year and not later than five years	545,721	677,812
Later than five years	86,855	96,596
Total	806,243	942,582

The figures for 31 March 2018 have been restated to include the IT equipment charges and the Eastern Moors management payment that were omitted from the note last year.

Authority as Lessor

Finance Leases

The Authority has not issued any finance leases.

Operating Leases

The Authority leases out property under operating leases primarily for the following purposes:

- For the provision of Farm Business Tenancies on Authority owned land and Agricultural Grazing of livestock for private working farms
- The lease of office accommodation to private businesses
- The provision of local market rents on the Warslow Estate
- The lease of the Eastern Moors to the EM Partnership for moor management and sustainability

The figure for 31 March 2018 for the Eastern Moors lease has been restated as it was omitted from the note last year.

The Authority collected the following rents in 2018/19 from its assets as lessor:

	31 March 2019	31 March 2018
	£	£
General Rents	1,973	2,558
Agricultural Rents	120,574	117,463
Residential Rents	91,522	83,318
Business Rents	26,947	40,106
Agricultural Licences	16,916	14,916
Business Licences	53,551	37,038
Eastern Moors Lease	22,083	21,398
Total	333,566	316,797

The table below shows in aggregate the future minimum lease payments receivable for non-cancellable leases in future years. 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.

As last year the projected lease income excludes possible changes to the property portfolio as per the asset management strategy, nor does it include any changes expected from any new initiatives under the Authority's enterprise policy.

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.

31 March 2019

31 March 2018

	£	£
Not later than one year	229,631	206,172
Later than one year and not later than five years	965,376	866,754
Later than five years	253,531	227,630
Total	1,448,538	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:-

2017-18 £		2018-19 £
	<u>Cost of Services</u>	
2,022,000	Current Service cost	2,141,000
0	Curtailments / Settlements	0
41,000	Past Service cost (gain)	315,000
<u>2,063,000</u>		<u>2,456,000</u>
	<u>Financing & Investment Income & Expenditure</u>	
400,000	Net Interest Expense	Note 9 414,000
<u>2,463,000</u>	Total Chargeable to Surplus or Deficit on the Provision of Services	<u>2,870,000</u>
	<u>Other amount chargeable to the CIES (Re-measurement of plan liabilities)</u>	Note 5
(435,000)	Return on plan assets excluding amount included in net interest expense above	(1,549,000)
(0)	Actuarial (gains) and losses arising on changes in demographic assumptions	(0)
(1,260,000)	Actuarial (gains) and losses arising on changes in financial assumptions	5,527,000
11,000	Other Experience	17,000
<u>(1,684,000)</u>	Total Re-measurements	<u>3,995,000</u>
<u>(1,684,000)</u>	Total Charged to the Comprehensive Income & Expenditure Account	<u>3,995,000</u>
	<u>Movement in Reserves Statement</u>	
(2,463,000)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services	(2,870,000)
	<u>Employers' Contributions payable</u>	
1,001,895	Actual amount charged against the General Fund balance for pensions in the year	1,139,598

Balance Sheet

The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31st March 2019 are as follows:

2014-15 £	2015-16 £	2016-17 £	2017-18 £		2018-19 £
(58,268,000)	(54,366,000)	(65,737,000)	(66,819,000)	Estimated Liabilities in scheme	(75,238,000)
42,519,000	42,176,000	50,849,000	52,167,000	Estimated Assets in scheme	54,773,000
<u>(15,749,000)</u>	<u>(12,190,000)</u>	<u>(14,888,000)</u>	<u>(14,652,000)</u>	Net Asset (Liability)	(20,465,000)
73%	78%	77%	78%	% Funded	72%

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total liability of £20.465m 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 2018	66,819,000
Current Service cost	2,141,000
Interest Cost	1,817,000
Contributions from scheme participants	361,000
<u>Re-measurement (Gains) and losses:-</u>	
-changes in demographic assumptions	0
-changes in financial assumptions	5,527,000
-Other	17,000
Past Service Cost	315,000
Curtailment (gains) losses	0
Benefits paid	(1,759,000)
Closing Balance 31st March 2019	75,238,000

Analysis of Value of Scheme Assets

	£
Opening fair value 1st April 2018	52,167,000
Interest income	1,403,000
Re-measurement gain (loss):-	
Return on plan assets excluding amount in net interest expense charged to CIES	1,549,000
Other	0
Contributions from employer	1,052,000
Contributions from employees into the scheme	361,000
Benefits paid	(1,759,000)
Closing fair value 31st March 2018	54,773,000

Analysis of Pension Fund Assets

Asset Category	Period Ended 31 st March 2019				Period Ended 31 st March 2018			
	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	3,327.3	0	3,327.3	6	3,353.3	0	3,353.3	6
Manufacturing	3,456.7	0	3,456.7	6	4,581.2	0	4,581.2	9

Energy/Utilities	2,421.1	0	2,421.1	4	2,854.7	0	2,854.7	5
Financial institutions	2,667.2	0	2,667.2	5	3,611.5	0	3,611.5	7
Health & Care	1,735.4	0	1,735.4	3	1,799.4	0	1,799.4	3
Information Technology	1,308.4	0	1,308.4	2	1,550.6	0	1,550.6	3
Other	5,854.2	0	5,854.2	11	5,944.1	0	5,944.1	11
Debt Securities:								
Corporate Bonds (Investment Grade)	0	5,776.8	5,776.8	11	0	4,109.5	4,109.5	8
Corporate Bonds (non-Investment Grade)	0	0	0	0	0	0	0	0
UK Government	5,103.0	0	5,103.0	9	4,931.6	0	4,931.6	9
Other	1,066.4	0	1,066.4	2	812.9	0	812.9	2
Private Equity:								
All	763.7	731.6	1,495.3	3	709.0	345.8	1,054.8	2
Real Estate:								
UK property	0	4,369.1	4,369.1	8	0	3,432.0	3,432.0	7
Overseas Property	0	0	0	0	0	0	0	0
Investment Funds & Unit Trusts:								
Equities	9,647.8	0	9,647.8	18	9,927.9	0	9,927.9	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	863.6	1,329.6	2,193.2	4	800.7	896.4	1,697.1	3
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	4,351.1	4,351.1	8	0	2,506.4	2,506.4	5
Totals	38,215	16,558	54,773	100	40,876.9	11,290.1	52,167.0	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
<u>Current</u>	Males normal health	21.9	21.9
<u>Pensioners</u>	Females normal health	24.4	24.4

<u>Future</u>	Males normal health	23.9	23.9
<u>Pensioners</u>	Females normal health	26.5	26.5

The main assumptions used in their calculations have been

2017-18		2018-19
%		%
2.9	Rate of increase in salaries	3.0
2.4	Rate of increase in pensions	2.5
2.7	Discount rate for scheme liabilities	2.4

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 2019/20 are expected to be in the region of £1,003,000. The projected current service cost for 2019/20 is estimated to be £2,441,000.

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 2019	Approximate % increase to Employer liability	Approximate monetary amount £,000
0.5% decrease in Real Discount Rate	10	7,634
1 year increase in member life expectancy	3-5	-
0.5% increase in the Salary increase Rate	1	823
0.5% increase in the Pension increase Rate	9	6,699

McCloud Judgement

When the Local Government Pension Scheme (LGPS) benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than the benefits they would have received under the previous structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. LGPS benefits accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. There will therefore be a retrospective increase in members' benefits, which in turn will give rise to a past service cost for the

Fund employers. The Accounts include the Fund Actuary's assessment of the impact of the judgement which is:-

Adjustment to total liabilities	0.3%
Adjustment to total liabilities	£250,000

Guaranteed Minimum Pension (GMP) Equalisation

Guaranteed minimum pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The Fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of the Authority for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards. The estimate as it applies to the Peak District National Park Authority is that total liabilities could be 0.1% higher as at 31 March 2019, an increase in total liabilities of approximately £70,000. These numbers are approximate estimates based on employer data as at 31 March 2016 and will be revised at the upcoming valuation.

Note 33 Risks Arising from Financial Instruments

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

£	Long Term			Current		
	31 st March 2017	31 st March 2018	31 st March 2019	31 st March 2017	31 st March 2018	31 st March 2019
Investments						
Loans and receivables	0	0	0	7,085,836	6,848,981	4,985,977
Debtors						
Financial assets carried at contract	0	0	0	2,323,680	2,307,049	3,319,196

amounts						
Total Debtors & Investments	0	0	0	9,409,516	9,156,030	8,305,173
Borrowings						
Financial liabilities at amortised cost	(472,706)	(459,971)	(419,942)	(24,600)	(12,735)	(26,995)
Total Borrowings	(472,706)	(459,971)	(419,942)	(24,600)	(12,735)	(26,995)
Creditors						
Financial liabilities at amortised cost	0	0	0	(1,519,585)	(1,133,106)	(803,267)
Total Creditors	0	0	0	(1,519,585)	(1,133,106)	(803,267)

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 £1,622,498 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 2018-19. The Debtors figure of £1,920,343 relating to bodies external to government arises from a combination of normal business activity and one-off projects. The bad debts provision of £31,988 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. 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 2019 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, and the second tranche (30%) of €2397,176 was paid in May 2019.

A financial risk to the Authority was identified if sterling strengthened significantly against the euro during the project, considered to be in the region of £1.5m at its maximum. The risk was therefore be mitigated by adjusting the overall sterling budget of the project (downwards by up to £1.5m), and also by considering how forward exchange contracts might be used to give greater certainty over future transaction exchange rates. A contingency of £500,000 has been allocated to an earmarked reserve to take account of any further exchange rate and grant draw down risks to the completion of the project, and this is considered to be sufficient based on current analysis of the project. 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 £1,143,308 CFR £446,937 is financed from external fixed rate debt, with £696,371 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 2018	Analysis by Type of Loan	31 March 2019
£		£
12,735	Public Works Loan Board	26,995
12,735	Total	26,995

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

31 March 2018	Analysis by Type of Loan	31 March 2019	Ave. Interest Rate
£		£	%
459,971	Public Works Loan Board	419,942	4.7
459,971	Total	419,942	
Analysis by maturity			
40,029	Between 1 and 2 years	28,278	4.7
88,933	Between 2 and 5 years	76,720	4.7
178,748	Between 5 and 10 years	182,948	4.7
152,261	Between 10 and 15 years	131,996	4.7
0	Between 15 and 20 years	0	-
0	Between 20 and 25 years	0	-
459,971		419,942	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 2018		31 March 2019
597,550	PWLB Fair Value	569,803
Balance Sheet Carrying Value		
12,735	Under 1 year	26,995
459,971	Between 1 and 30 years	419,942
472,706		446,937

The Fair Value is more than the carrying amount at 31st March 2019 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 principal accounting change that will affect this Authority's accounts will arise from the introduction of IFRS 16 – Leases. This standard is anticipated to apply from 1st April 2020, 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

2017-18 £		£	2018-19 £
1,426,653	(Surplus) Deficit on Income & Expenditure Account		902,898
(2,175,982)	Adjustments between accounting basis and funding basis (Note 6)	(976,151)	
(1,449,293)	Transfers to (from) earmarked reserves (Note 7)	86,342	(889,809)
(22,640)	(Increase)/Decrease in General Reserve Balance for the year		13,089
(141,495)	Minimum / Voluntary Revenue Provision	(131,650)	
(671,689)	Contributions (to)/from Reserves	(230,533)	
(55,000)	Contributions (to)/from Restricted Funds	144,191	
298,789	(Increase)/Decrease in Creditors	373,518	
656,153	(Increase)/Decrease in Advance Income	359,790	
(97,098)	Increase/(Decrease) in Debtors	1,058,501	
51,385	Increase/(Decrease) in Stock	54,633	
(221,102)	Revenue Contribution to Capital Expenditure	(180,463)	
(180,057)			1,447,987
(202,697)	Net Cash Flow Operating Activities		1,461,076

Note 38 Reconciliation of Liabilities Arising from Financing Activities

	1 st April 2018 £	Financing cashflows £	1 st March 2019 £
Long Term Borrowings	(459,971)	40,029	(419,942)
Short Term Borrowings	(12,735)	(14,260)	(26,995)
Total Liabilities from Financing activities	(472,706)	25,769	(446,937)

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Appendix 2

Amendments to draft Accounts

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

1. Note 30 lease note amended to corrected 2017/18 comparatives.

	31 March 2019	31 March 2018	
	£	£	
Vehicles	0	0	
Equipment	80,684	0	70,012
Property	77,125	41,486	85,775
Total	157,809	41,486	155,787

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2019	31 March 2018	
	£	£	
Not later than one year	173,667	42,682	168,174
Later than one year and not later than five years	545,721	179,439	677,812
Later than five years	86,855	47,125	96,596
Total	806,243	269,246	942,582

The figures for 31 March 2018 have been restated to include the IT equipment charges and the Eastern Moors management payment that were omitted from the note last year.

Authority as Lessor

The figure for 31 March 2018 for the Eastern Moors Lease has been restated as it was not omitted from the note last year.

The Authority collected the following rents in 2018/19 from its assets as lessor:

	31 March 2019	31 March 2018
	£	£
General Rents	1,973	2,558
Agricultural Rents	120,574	117,463
Residential Rents	91,522	83,318
Business Rents	26,947	40,106
Agricultural Licences	16,916	14,916
Business Licences	53,551	37,038
Eastern Moors Lease	22,083	21,398
Total	333,566	316,797

2. Note 24 Employee remuneration - a termination cost was omitted from the table.

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 £		
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	
£0-£20,000	2	0	1	2	3	2	36,621	44,468	18,956
£20,001-£40,000	0	0	0	0	0	0	0	0	

£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	1	0	0	0	1	0	71,173
Total	2	1	1	2	3	3	36,621	85,644

90,129

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.

3. Following the legal outcome of a related case affecting the Local Government Pension Scheme (Mcloud/Sargeant), equality in the calculation of guaranteed minimum pensions (GMP), and also the final year end position on investment returns, the pension fund figures in the Statement of Accounts require restating.

Note 32 and the pension figures in the Comprehensive Income and Expenditure Statement, related statements and the Balance Sheet have been revised to show the updated figures, together with explanatory notes related to the legal case and GMP equalisation.

2 Narrative Report

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 2019 shows a liability of £19.344m **£20.465m**, an increase of £4.692m **£5.813m** compared to the liability of £14.652m for the preceding year (representing a pension liability which is considered to be covered by pension scheme assets up to 74% **72%** rather than 78% the previous year).

Long Term Liabilities	-5,404 -4,283	the impact of the actuarial estimates used to provide notional figures to comply with International Accounting Standard 19 – Retirement Benefits - (see Note 32) increased the long term liabilities by £5.813 4,692k, offset by a £369k reduction in Grant Receipts in Advance as the grants were accounted for during the 18/19 year to finance the underlying projects the grants were received for. Long term loan principal outstanding fell by £40k also.
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Comprehensive Income & Expenditure Account (Continued)

	2018/19		
	Gross Expenditure	Income	Net Expenditure
Corporate Management & Support Services			
Headquarters Building	301,851	(47,934)	253,917
Legal Services	287,896	(11,488)	276,408
Democratic Services & Members	267,355	(62)	267,293
Information Management	698,441	(12,123)	686,318
Customer & Business Support Team	453,780	(16,154)	437,626
Finance	317,682	(1,842)	315,840
Corporate Management	250,326	(55,257)	195,069
Human Resources	269,917	(16,823)	253,094
Non-Distributed Costs	94,101	(0)	94,101
Past Service Cost (Gain)	315,000 3,000	(0)	315,000 3,000
	3,256,349	(161,683)	3,094,666
	2,944,349		2,782,666
Total Cost of Services	16,342,115	(8,192,700)	8,149,415
	16,030,115		7,837,415

Other Operating Expenditure (Note 8)	0	(33,345)	(33,345)
Financing and Investment Income (Note 9)	447,287	(60,672)	386,615
	443,287		382,615
Surplus or deficit on discontinued operations (Note 22)	0	(0)	0
National Park Grant, non-specific grant and capital income (Note 10)	0	(7,283,787)	(7,283,787)
(Surplus) or Deficit on Provision of Services	16,789,402	(15,570,504)	1,218,898
	16,473,402		902,898
(Surplus) or deficit on revaluation of Property, Plant & Equipment assets	0	(1,191,897)	(1,191,897)
Actuarial (gains) losses on pension assets / liabilities	4,082,598	(0)	4,082,598
	3,277,598		3,277,598
Other Comprehensive (Income) Expenditure (Note 5)	4,082,598	(1,191,897)	2,890,701
	3,277,598		2,085,701
Total Comprehensive (Income) Expenditure	20,872,000	(16,762,401)	4,109,599
	19,751,000		2,988,599

5. Movement in Reserves Statement 2018/19

	General Fund Balance	Capital Receipts Reserve	Total Usable Reserves	Un-usable Reserves	Total Authority Reserve
	£	£	£	£	£
Balance at 31st March 2018	4,932,205	1,289,375	6,221,580	2,820,664	9,042,244
Movement in reserves during 2018/19 year					
Total Comprehensive (Expenditure) & Income	(1,218,898) (902,898)	0	(1,218,898) (902,898)	(2,890,701) (2,085,701)	(4,109,599) (2,988,599)
Adjustments between accounting basis & funding basis under regulations (Note 6)	1,292,151 976,151	74,522	1,366,673 1,050,673	(1,366,673) (1,050,673)	0
Net Increase (Decrease) in 2018/19	73,253	74,522	147,775	(4,257,374) (3,136,374)	(4,109,599) (2,988,599)
Balance at 31st March 2019	5,005,458	1,363,897	6,369,355	(1,436,710) (315,710)	4,932,645 6,053,645

6. Balance Sheet as at 31st March 2019

	Notes	2018-19 £
Long Term Borrowing	35	(419,942)
Other Long Term Liabilities	32	(20,465,000)
		(19,344,000)
Grants Receipt in Advance	26	(2,050,208)
		(22,935,150)
Total Long Term Liabilities		(21,814,150)
TOTAL NET ASSETS		4,932,645
		6,053,645
Financed by:		
<u>Unusable Reserves</u>		
Revaluation Reserve	20	8,099,851
Capital Adjustment Account	20	11,202,825
Pensions' Reserve	20	(20,465,000)
		(19,344,000)
Accumulated Absences Account	20	(274,386)
		(1,436,710)
		(315,710)
Total Reserves		4,932,645
		6,053,645

Note 1. Expenditure and Funding Analysis

	2018/19		
	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
Corporate Management & Support Services	2,589,505	505,161 193,161	3,094,666 2,782,666
Net Cost of Services	6,698,779	1,450,636 1,138,636	8,149,415 7,837,415
Other Income and Expenditure	(6,772,032)	(158,485) (162,485)	(6,930,517) (6,934,517)
(Surplus) or Deficit	(73,253)	1,292,151 976,151	1,218,898 902,898
Opening General Fund Balance	4,932,205		
Surplus (Deficit) on General Fund	73,253		
Closing General Fund Balance at 31st March	5,005,458		

Note 2 Critical Judgements in applying Accounting Policies & Assumptions made about the future and other major sources of estimation uncertainty

Note 32 contains more information on the assumptions made and the impact on the accounts. The estimated pensions' liability as at 31/03/19 is £20,465,000 19,344,000, and estimates of the liability in the last five years have ranged between £12,190,000 and £20,465,000 19,344,000.

Note 5 Other Comprehensive Expenditure & Income

2017-18 £		2018-19 £
876,013	(Surplus) Deficit arising on revaluation of non-current assets	(1,191,897)
(1,684,000)	Actuarial (Gain) Loss on pension fund assets and liabilities	3,995,000
(13,104)	Other – difference between actuarial and actual charge against government grant	3,190,000
		87,598
(821,091)	Total	2,890,701
		2,085,701

Note 6 Adjustments between Accounting Basis and Funding Basis under Regulations

2018/19	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	(2,870,000)		2,870,000
	(2,554,000)		2,554,000
Total Adjustments to Revenue Resources	(2,446,433)		2,446,433
	(2,130,433)		2,130,433
Total Adjustments	(1,292,150)	(74,522)	1,366,673
	976,151)		1,050,673

Note 9 Financing and Investment Income and expenditure

2017-18 £		2018-19 £
23,088	Interest payable and similar charges	33,287
400,000	Pensions' interest cost and expected return on pensions' assets	414,000
(51,179)	Interest receivable and similar income	410,000
		(60,672)
371,909	Total	3862,615

Note 20 Unusable Reserves

Pensions' Reserve	2018-19 £
Balance at 1 April	(14,652,000)
Actuarial gains or (losses) on pensions assets and liabilities	3,995,000
	(3,190,000)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	2,957,598
	(2,641,598)
Employer's pension contributions and direct payments to pensioners payable in the year	1,139,598
Balance at 31st March	(20,465,000)
	(19,344,000)

Note 21 Note to the Expenditure and Funding Analysis

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

2018-19 £	Net change for the Pensions Adjustments (Footnote 2)	Total Adjustments
Support Services	602,450 290,450	505,161 193,161
Net Cost of Services	1,316,403 1,004,403	1,450,636 1,138,636
Other Income & Expenditure: Expenditure and Funding Analysis	414,000 410,000	(158,485) (162,485)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,730,403 1,414,403	1,292,151 976,151

Expenditure and Income analysed by Nature

Expenditure	2017-18	2018-19
Employee expenses	8,137,764	9,037,838 8,725,838
Total Expenditure	14,334,070	16,789,399 16,473,399
(Surplus) Deficit on the Provision of Services	1,426,653	1,218,898 902,898

Note 32 Defined Benefit Pension Scheme

	2018-19 £
<u>Cost of Services</u>	
Current Service cost	2,141,000
Curtailments / Settlements	0
Past Service cost (gain)	315,000 3,000
	2,456,000
	2,144,000
<u>Financing & Investment Income & Expenditure</u>	
Net Interest Expense	Note 9 414,000 410,000
Total Chargeable to Surplus or Deficit on the Provision of Services	2,870,000 2,554,000
<u>Other amount chargeable to the CIES (Re-measurement of plan liabilities)</u>	Note 5
Return on plan assets excluding amount included in net interest expense above	(1,549,000) (2,353,000)
Actuarial (gains) and losses arising on changes in demographic assumptions	(0)
Actuarial (gains) and losses arising on changes in financial assumptions	5,527,000 5,526,000
Other Experience	17,000
Total Re-measurements	3,995,000 3,190,000
Total Charged to the Comprehensive Income & Expenditure Account	3,995,000 3,190,000

Movement in Reserves Statement

Reversal of net charges made to the Surplus or Deficit for the Provision of Services	(2,870,000)
Employers' Contributions payable	(2,554,000)
Actual amount charged against the General Fund balance for pensions in the year	1,139,598

The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31st March 2019 are as follows:

	2018-19 £
Estimated Liabilities in scheme	(75,238,000)
	(74,921,000)
Estimated Assets in scheme	54,773,000
	55,577,000
Net Asset (Liability)	(20,465,000)
	(19,344,000)
% Funded	72%74%

Analysis of Present Value of Scheme Liabilities

	£
Opening Balance 1st April 2018	66,819,000
Current Service cost	2,141,000
Interest Cost	1,817,000
	1,813,000
Contributions from scheme participants	361,000
<u>Re-measurement (Gains) and losses:-</u>	
-changes in demographic assumptions	0
-changes in financial assumptions	5,527,000
-Other	17,000
Past Service Cost	315,000
Curtailment (gains) losses	0
Benefits paid	(1,759,000)
Closing Balance 31st March 2019	75,238,000
	74,921,000

Analysis of Value of Scheme Assets

	£
Opening fair value 1st April 2018	52,167,000
Interest income	1,403,000
Re-measurement gain (loss):-	
Return on plan assets excluding amount in net interest expense charged to CIES	1,549,000
	2,353,000
Other	0
Contributions from employer	1,052,000
Contributions from employees into the scheme	361,000
Benefits paid	(1,759,000)
Closing fair value 31st March 2018	54,773,000
	55,577,000

The Analysis of Pension Fund Assets table has been updated with the above figures.

McCloud Judgement

When the Local Government Pension Scheme (LGPS) benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an ‘underpin’ which means that they cannot be lower than the benefits they would have received under the previous structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling (“McCloud/Sargeant”) that similar transitional protections in the Judges’ and Firefighters’ Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. LGPS benefits accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. There will therefore be a retrospective increase in members’ benefits, which in turn will give rise to a past service cost for the Fund employers. The Accounts include the Fund Actuary’s assessment of the impact of the judgement which is:-

Adjustment to total liabilities	0.3%
Adjustment to total liabilities	£250,000

Guaranteed Minimum Pension (GMP) Equalisation

Guaranteed minimum pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women’s benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The Fund’s actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of the Authority for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards. The estimate as it applies to the Peak District National Park Authority is that total liabilities could be 0.1% higher as at 31 March 2019, an increase in total liabilities of approximately £70,000. These numbers are approximate estimates based on employer data as at 31 March 2016 and will be revised at the upcoming valuation.

4. A number of presentational corrections have been made passim e.g. numbering, capitals, abbreviations etc. In addition, Note 4 has been updated to report that there has not been any change between the Balance Sheet date (31st March) and authorisation date (19th July).

10. 2018/19 ANNUAL GOVERNANCE STATEMENT (JS)

1. Purpose of the report

Members are asked to review and approve the audited Annual Governance Statement for 2018/19.

Key Issues

- Each year the Authority reviews its performance against the Code of Corporate Governance and in doing so 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 is expected to give 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 2018/19 for sign off by the Chief Executive Officer and the Chair of the Authority.

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 National Park Authority to approve the audited version before it is published in accordance with the Regulations.
4. The Ministry for Housing 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 outcomes, as set out in the Corporate Strategy, by making sure the Authority is an agile and efficient organisation. 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 2018/19 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 5 April 2019 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 2018/19 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 Engagement, Chair and Vice-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 2018/19 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 2018/19 is given in Appendix 1 for Members' consideration and approval. This statement has been audited by our External Auditors from Mazars to inform their conclusions. The External Auditor is expected to give 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 - : 2018/19 Annual Governance Statement.

Report Author, Job Title and Publication Date

Jason Spencer, Democratic Services Manager, 11 July 2019
jason.spencer@peakdistrict.gov.uk

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2018/19 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 2019 and up to the date of finalising this statement on 24 May 2019 for publication by the end of May 2019. The statement will be revised prior to reporting to a meeting of the Authority in July 2019 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. A partnership protocol is in place to support our work with partners. During 2018/19 work on reviewing the NPMP was completed so that a new plan is now in place for 2018 to 2023. Progress against the NPMP is monitored by a stakeholder Advisory Group which is independently chaired. Progress will be monitored against six areas of impact.

(b) The Authority's contribution to achieving the NPMP outcomes is described in our corporate objectives. During 2018/19 the Authority continued to develop its corporate strategy for 2019-2024 and the final version was approved on 7 December 2018.

(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 2018/19 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. The 2019-2024 Corporate Strategy builds on this and focuses on how the Authority will deliver its contributions to the National Park Management Plan. Each outcome identified in the Strategy has a key performance indicator and target, alongside a set of strategic interventions that will guide our work.

(e) Following the adoption of the Authority's Core Strategy in October 2011, work has continued to complete both Development Management Policies and detailed supporting guidance with the aim of formally adopting them in May 2019. Collectively this suite of policies and supplementary guidance will form the Authority's Local Development Plan which provides a basis for greater clarity and certainty in decision making over the next 10-15 years. As the National Planning Policy Framework states that local planning authorities should review their Local Plans every 5 years, in March 2019 the Authority agreed the process and timescales for carrying out a review.

(f) Our seven integrated principles set out our ways of working in terms of how we engage with people, both resident and non-resident and these are 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 and 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. During 2018/19 the Authority commenced the process for seeking Investors in People reaccreditation.

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 staff 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 5 April 2019 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 2018/19 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 Engagement, Chair and Vice-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 2018/19 including the annual report and assurance opinion. Out of a total of 15 recommendations made over the year: none of them were classed as fundamental; 6 were classed as significant and 9 were classed as meriting attention. The 2018/19 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 and Vice-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 and 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>

<p>(A) Core Principle Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of Law</p>
<p>Issues identified which affect effectiveness</p> <ol style="list-style-type: none"> 1. As the Authority works towards achieving Investors in People (IIP) accreditation against the new standard there could be issues around developing and embedding the new competency framework and delivering the IIP Action Plan. 2. As things stand the recommendations arising from the Glover Review are unlikely to be published until the second half of 2019/20 however depending upon the recommendations there may be unexpected or unanticipated demands as Defra implement recommendations or consult on legislative changes needed to implement the findings. 3. Uncertainty around the funding settlement from Defra following the end of the four year settlement.
<p>(B) Core Principle Making sure of openness and comprehensive stakeholder engagement</p>
<p>Issues identified which affect effectiveness</p> <ol style="list-style-type: none"> 4. Although the 2018-2023 National Park Management Plan has been approved and adopted by partners there are still risks around the delivery of certain elements due to limited engagement these include Climate Change and Events Management.
<p>(C) Core Principle Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p>
<p>No issues identified.</p>
<p>(D) Core Principle Determining the interventions necessary to optimise the achievement of the intended outcomes.</p>
<p>Issues identified which affect effectiveness</p> <ol style="list-style-type: none"> 5. There still remain issues around the culture of the Authority and its ability to deliver commercial ambitions.
<p>(E) Core Principle Developing the Authority's capacity including the capability of its leadership and the individuals within it</p>
<p>Issues identified which affect effectiveness</p> <ol style="list-style-type: none"> 6. Although the Authority has appointed a number of apprentices during 2018/19 there are still risks that the Authority will not meet its targets on providing apprentice opportunities resulting in the amounts paid into the apprenticeship levy exceeding the amounts with-drawn. There also remains an issue about the Authority's ability to provide relevant longer term employment opportunities at the end of apprenticeships and reap the benefits of utilising the skills, experience and knowledge acquired.

7.	As there will be District, Borough and Parish Council elections in May 2019 it is anticipated that there will be a turnover of Authority Members which will result in a loss of experience and knowledge. Because of the appointment timetable set by Defra it is likely that the Authority will have three Secretary of State Member vacancies for the first 4 to 5 months of 2019/20.
(F) Core Principle Managing risks and performance through robust internal control and strong public financial management.	
Issues identified which affect effectiveness	
8.	There are still uncertainties around the implications of Brexit.
9.	Failure to influence the transposing of EU laws and legislation for landscape and the environment after Article 50 and area of NP land safeguarded in agri-environment schemes reduces because of Brexit uncertainty and continuing issues with Countryside Stewardship.
(G) Core Principle Implementing good practices in transparency, reporting and audit, to deliver effective accountability.	
No Issues identified.	

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 the Authority

Signed

Chief Executive

Publication Date:

30 May 2019 (Draft Unaudited Statement)

22 July 2019 (Final Audited Statement)

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11. INTERNAL AUDIT PLAN 2019/20 (A1362/7/DH)

Purpose of the report

1. This report asks Members to approve the proposed Internal Audit Plan for 2019/20.

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 Internal Audit Plan 2019/20 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 outcomes, as set out in the Corporate Strategy, by making sure the Authority is an agile and efficient organisation.

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 Plan 2019/20.

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 Plan 2019/20

Report Author, Job Title and Publication Date

David Hickman, Director of Corporate Strategy and Development, 11 July 2019

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Peak District National Park Authority Internal Audit Plan 2019/20

Audit Manager:	Ian Morton
Head of Internal Audit:	Max Thomas
Circulation List:	Members of National Park Authority Director of Corporate Resources Head of Finance
Date:	19 July 2019



Introduction

- 1 This document sets out the planned 2019/20 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.
- 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 National Park Authority 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 Resources or Head of Finance (as appropriate) and will be notified to National Park Authority meetings. We will provide regular updates on the scope and findings of our work to the National Park Authority throughout 2019/20 .
- 5 The plan is based on a total number of 35 days.

2019/20 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 2019/20 plan are set out in Appendix A

Draft Internal Audit Plan for 2019/20

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 2019/20 is shown in the table below:

Audit Area	Notes	Planned date	Days
Performance Management	A review of the processes in place to ensure that key performance data is calculated accurately and consistently	January	5
Business Continuity	A review of the Authority's business continuity arrangements to ensure suitable plans are in place to manage potential disruption to service delivery.	September	5
Main Accounting	A review of the key controls of the General Ledger, including bank reconciliations, journals and control accounts. The audit will also include a review of capital accounting processes.	January	5
Planning	A review of planning processes including performance reporting, agreement of determination time extensions and management of S106 agreements.	September	5
Contract Management	The audit will examine a sample of the larger expenditure contracts to ensure suitable controls and processes are in place to manage contract related risks.	September	5
Income Generation	A review of processes and initiatives to generate additional income. The audit will review controls in place around alternative income streams including charity and sponsorship income.	January	4
Information Security Compliance check	A check of compliance with data security policies including a check of the clear desk policy within Aldern House	TBD	1
Management (including follow up)	Liaison with management and the external auditors, provision of advice, and attendance at National Park Authority Meetings. The allocation includes time to follow up of agreed actions from the previous year.	Ongoing	5
Total			35

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12. NATIONAL PARK GRANT FUNDING AGREEMENT (PN)

1. Purpose of the report

To delegate approval to the Chief Executive to sign the National Park Grant Funding Agreement (the “Agreement”). The parties to the Agreement are the Peak District National Park Authority (“the Authority”) and the Department for Environment, Food and Rural Affairs (“Defra”).

Key Issues

- Defra has advised the Authority that it intends to update the existing mechanisms for review and oversight of National Park Grant.
- As part of the new arrangements, the standing Financial Grant Memorandum, dated 1st April 2008, will be replaced by a new National Park Grant Funding Agreement, common to all National Parks and Areas of Outstanding Natural Beauty.
- Defra intend that the Agreement is signed to cover the period over which National Park Grant is offered, tailored to the period the National Park Grant settlement letter covers.
- Defra are wishing to issue the Agreement for signature by 31st July 2019 so that it is operative for the current National Park Grant (2019-20), and they will re-issue the Agreement to cover future settlements.

2. Recommendation

- 1. That Members delegate to the Chief Executive, in consultation with the Chief Finance Officer and Head of Law, authority to sign the new National Park Grant Funding Agreements issued by Defra, covering National Park Grant payments from 1st April 2019.**

3. How does this contribute to our policies and legal obligations?

The National Park Grant enables the Authority to comply with its obligations in accordance with the Law and in particular to deliver National Park Purposes and Duty.

4. Background

The National Park Grant is the Authority’s primary source of funding. In 2019/20, it is estimated that the National Park Grant payable to the Authority will amount to £6,698,847.

Following a National Audit Office (NAO) review, Defra have informed the English National Park Authorities that they intend to strengthen their oversight role and in turn update the National Park Grant funding arrangements.

Under the new arrangements, a formal annual review meeting with each National Park Authority to discuss priority areas of work, key successes, issues, risks and barriers will take place. In addition, Defra intends to replace the current Financial Grant Memorandum, which has been in operation since 1st April 2008, with a new form of Grant Agreement. The new Grant Agreement will be based upon the prescribed template developed by the Cabinet Office for all grants, and is presented in the form a grant agreement with underlying conditions for signature by both parties, the broad

content of which is similar to the current Financial Grant Memorandum. A draft of the new Agreement is shown in Appendix 1, the final version of which will be issued by Defra at the end of July 2019 in order to ensure it is in place for the current National Park Grant, and available to cover future Spending Reviews. Subsequent grant agreements will be issued by Defra to cover future National Park Grant settlements.

5. Proposals

In line with the Authority's standing orders (7.C.2), which require Committee approval to accept grants over £200,000, delegated approval is sought to enter into the current, and any future, National Park Grant funding agreement with Defra, for payment of our principal grant funding.

Are there any corporate implications members should be concerned about?

6. Financial:

As detailed above

7. Risk Management:

The National Park Grant is essential to ensure the Authority is able to comply with its duties and responsibilities.

8. Sustainability:

None.

9. Equality:

None.

10. Background papers (not previously published)

None.

Appendices

Appendix 1 – Draft National Park Authority – Grant Funding Agreement

Report Author, Job Title and Publication Date

Philip Naylor, Chief Finance Officer, 11 July 2019
Philip.Naylor@peakdistrict.gov.uk

THE SECRETARY OF STATE FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS

and

**[.....NATIONAL PARK AUTHORITY]
[THE BROADS AUTHORITY]**

**GRANT FUNDING AGREEMENT
TO CARRY OUT STATUTORY OBLIGATIONS RELATING TO
[NATIONAL PARKS]
[THE NORFOLK AND SUFFOLK BROADS]**

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DRAFT

This Grant Funding Agreement is made on [insert date of signature]

Between:

- (1) **THE SECRETARY OF STATE FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS** of 17 Smith Square, Nobel House, Defra, SW1P 3JR (the “**Authority**”)
- (2) [INSERT THE NAME OF THE GRANT RECIPIENT], established under [the Environment Act 1995 / the Norfolk and Suffolk Broads Act 1998] whose principal address is at [ADDRESS] (the “**Grant Recipient**”).

BACKGROUND

- (A) The Grant is made pursuant to section [72 of the Environment Act 1995, as amended / 15 of the Norfolk and Suffolk Broads Act 1988].
- (B) By operation of a Financial Grant Memorandum dated 1 April 2008 and a Grant Funding Letter dated 21 January 2016 (together the “Existing Grant Agreement”) the Authority provided a grant to the Grant Recipient for the period 01 April 2015 to 31 March 2020. The Authority and the Grant Recipient agree to terminate the Existing Grant Agreement as at [the date of this Grant Funding Agreement] and enter into a new grant agreement on the terms set out herein.
- (C) The Authority will provide the Grant to the Grant Recipient as provided for in this Grant Funding Agreement.
- (D) The Grant Recipient will use the Grant for the Funded Activities.

1. INTRODUCTION

- 1.1. The Authority and the Grant Recipient agreed that the Existing Grant Agreement and any previous grant agreement which operates / operated during the Funding Period will cease to have effect and shall be replaced by this Grant Funding Agreement.
- 1.2. This Grant Funding Agreement sets out the conditions which apply to the Grant Recipient receiving the Grant from the Authority.
- 1.3. The Authority and the Grant Recipient have agreed that the Authority will provide the Grant as long as the Grant Recipient uses the Grant in accordance with this Grant Funding Agreement.
- 1.4. The Parties confirm that it is their intention to be legally bound by this Grant Funding Agreement.

2. DEFINITIONS AND INTERPRETATION

- 2.1. Where they appear in these Conditions:

Annex means the annexes attached to these Conditions which form part of the Grant Funding Agreement;

Asset means any assets that are to be purchased or developed using the Grant including equipment or any other assets which may be a Fixed Asset as appropriate in the relevant context, and **Assets** will be construed accordingly;

Asset Owning Period means the period during which the Assets are recorded as Assets in Grant Recipient's accounts;

Authority Personal Data means any Personal Data supplied for the purposes of, or in connection with, the Funding Agreement by the Authority to the Grant Recipient;

Bribery Act means the Bribery Act 2010 and any subordinate legislation made under that Act from time to time together with any guidance or codes of practice issued by the relevant government department concerning this legislation;

Commencement Date means the date on which the Grant Funding Agreement comes into effect, being **DATE AGREEMENT IS SIGNED**

Condition means any condition that applies to the Grant Recipient receiving the Grant from the Authority pursuant to this Grant Funding Agreement;

Confidential Information means any information (however conveyed, recorded or preserved) disclosed by a Party or its personnel to another Party (and/or that Party's personnel) whether before or after the date of the Grant Funding Agreement, including but not limited to:

- (a) any information that ought reasonably to be considered to be confidential (whether or not it is so marked) relating to:
 - (i) the business, affairs, customers, clients, suppliers or plans of the disclosing Party; and
 - (ii) the operations, processes, product information, know-how, designs, trade secrets or software of the disclosing Party; and
- (b) any information developed by the Parties in the course of delivering the Funded Activities;
- (c) the Authority Personal Data;
- (d) any information derived from any of the above.

Confidential Information shall not include information which:

- (a) was public knowledge at the time of disclosure (otherwise than by breach of paragraph 11 of these Conditions);
- (b) was in the possession of the receiving Party, without restriction as to its disclosure, before receiving it from the disclosing Party;
- (c) is received from a Third Party (who lawfully acquired it) without restriction as to its disclosure; or
- (d) is independently developed without access to the Confidential Information.

Contracting Authority means any contracting authority (other than the Authority) as defined in regulation 3 of the Public Contracts Regulations 2015 (as amended);

Controller and Processor take the meaning given in the GDPR;

Crown Body means the government of the United Kingdom (including the Northern Ireland Assembly and Executive Committee, the Scottish Executive and the National Assembly for Wales), including, but not limited to, government ministers and government departments and particular bodies, persons, commissions or agencies from time to time carrying out functions on its behalf;

Disposal means the disposal, sale, transfer of the Grant or any interest in any Asset and includes any contract for disposal;

Data Protection Legislation means (i) the GDPR, and any applicable national implementing Law as amended from time to time (ii) the Data Protection Act 2018 to the extent that it relates to the processing of Personal Data and privacy (iii) all applicable Law about the processing of Personal Data and privacy;

DPA 2018 means the Data Protection Act 2018;

Domestic Law means an applicable law, statute, bye-law, regulation, order, regulatory policy, guidance or industry code, judgment of a relevant court of law, or directives or requirements of any regulatory body, delegated or subordinate legislation which replaces EU law as a consequence of the UK leaving the European Union;

Domestic Successor means:

- (a) a body that takes over the functions of the EU Commission in the UK on the date the UK withdraws from the European Union; or
- (b) the relevant courts in England and Wales which take over the functions of the Court of Justice of the European Union in England and Wales on the date the UK withdraws from the European Union

Eligible Expenditure means the payments made by the Grant Recipient during the Funding Period for the purposes of delivering the Funded Activities which comply in all respects with the eligibility rules set out in paragraph 5 of these Conditions;

EIR means the Environmental Information Regulations 2004;

Event of Default means an event or circumstance as defined by paragraph 24.3;

Financial Year means from 1 April to 31 March;

Fixed Assets means any Asset which consists of land, buildings, plant and equipment acquired, developed, enhanced, and constructed in connection with the Funded Activities;

FOIA means the Freedom of Information Act 2000 and any subordinate legislation made under that Act from time to time together with any guidance or codes of practice issued by the relevant government department concerning the legislation;

Funded Activities means the activities set out in Annex 2 of these Conditions;

Funding Period means the period for which the Grant is awarded starting on the Commencement Date and ending on 31 March 2020;

General Data Protection Regulations and **GDPR** means (Regulation (EU) 2016/679);

Grant means the sum or sums the Authority will pay to the Grant Recipient in accordance with paragraph 4 of these Conditions and subject to the provisions set out at paragraph 24.

Grant Claim means the payment request submitted by the Grant Recipient to the Authority for payment of the Grant. The Grant Claim shall be submitted by the Grant Recipient in the form set out in **Annex 4** of these Conditions;

Grant Funding Agreement means these Conditions together with its annexes including but not limited to the Annex 1 Grant Funding Letter;

Grant Funding Letter means the letter the Authority issued to the Grant Recipient dated 21 January 2016, a copy of which is set out in Annex 1;

Grant Manager means the individual who has been nominated by the Authority to be the single point of contact for the Grant Recipient in relation to the Grant;

Grant Sum Payable, for a given Instalment Period means the amount set out in Annex 3 against that Instalment Period;

HRA means the Human Rights Act 1998 and any subordinate legislation made under that Act from time to time together with any guidance or codes of practice issued by the relevant government department concerning the legislation;

Ineligible Expenditure means expenditure which is not Eligible Expenditure and as set out in paragraph 5 of these Conditions;

Information Acts means the Data Protection Legislation, FOIA and the EIR, as amended from time to time;

Intellectual Property Rights or **IPRs** means copyright, rights related to or affording protection similar to copyright, rights in databases, patents and rights in inventions semi-conductor topography rights, trade marks, rights in internet domain names and website addresses and other rights in trade names, designs, know-how, trade secrets and any modifications, amendments, updates and new releases of the same and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;

IPR Material means all material produced by the Grant Recipient or its Representatives during the Funding Period (including but not limited to, materials expressed in any form of report, database, design, document, technology, information, know how, system or process);

Instalment Period means the intervals set out in Annex 3 when the Authority will release payment of the Grant to the Grant Recipient during the Funding Period;

Law means any applicable law, statute, bye-law, regulation, order, regulatory policy, guidance or industry code, judgment of a relevant court of law, or directives or requirements of any regulatory body, delegated or subordinate legislation;

Losses means all losses, liabilities, damages, costs, expenses (including legal fees), disbursements, costs of investigation, litigation, settlement, judgment, interest and penalties whether arising in contract, tort (including negligence), breach of statutory duty, misrepresentation or otherwise and **Loss** will be interpreted accordingly;

Management Plan means the management plan the Grant Recipient is required to maintain pursuant to Section 66 of the 1995 Environment Act or Section 3 of the 1988 Norfolk and Suffolk Act;

Maximum Sum means the maximum amount of the Grant the Authority will provide to the Grant Recipient for the Funded Activities subject to paragraph 24;

Party means the Authority or Grant Recipient and **Parties** shall be each Party together;

Payment Schedule means the payment schedule set out in Annex 3;

Personal Data has the meaning given to it in the Data Protection Legislation as amended from time to time;

Procurement Regulations means the Public Contracts Regulations 2015, Concession Contracts Regulations 2016, Defence Security Public Contracts Regulations 2011 and the Utilities and Contracts Regulations 2016 together with their amendments, updates and replacements from time to time;

Prohibited Act means:

- (a) directly or indirectly offering, giving or agreeing to give to any servant of the Authority or the Crown any gift or consideration of any kind as an inducement or reward for:
 - (i) doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of the Funding Agreement; or
 - (ii) showing or not showing favour or disfavour to any person in relation to the Funding Agreement;
- (b) committing any offence:
 - (iii) under the Bribery Act;
 - (iv) under legislation creating offences in respect of fraudulent acts; or
 - (v) at common law in respect of fraudulent acts in relation to the Funding Agreement; or
- (c) defrauding or attempting to defraud or conspiring to defraud the Authority or the Crown;

Quarterly Report means the report submitted by the Grant Recipient to the Authority in accordance with the provisions of paragraph 4.7.1 of these Conditions;

Remedial Action Plan means the plan of action submitted by the Grant Recipient to the Authority following an Event of Default pursuant to the Rectification Plan process set out in paragraphs 23.5-12;

Representatives means any of the Parties' duly authorised members, directors, employees, officers, agents, professional advisors and consultants;

Special Payments means ex gratia expenditure by the Grant Recipient to a third party where no legal obligations exists for the payment and/or other extra-contractual expenditure. Special Payments may include, but is not limited to, out-of-court settlements, compensation or additional severance payments to the Grant Recipient's employees;

State Aid Law means the law embodied in Article 107- 109 of section 2, Title VII of the Common Rules on Competition, Taxation and Approximation of Laws – Consolidated Versions of the Treaty on European Union and the Treaty for the Functioning of the European Union or any Domestic Law which replaces such State Aid Law following the UK's exit from the European Union;

Third Party means any person or organisation other than the Grant Recipient or the Authority;

VAT means Value Added Tax chargeable in the UK;

Working Day means any day from Monday to Friday (inclusive) which is not specified or proclaimed as a bank holiday in England and Wales pursuant to section 1 of the Banking and Financial Dealings Act 1971 including Christmas Day and Good Friday.

2.2. In these Conditions, unless the context otherwise requires:

- (1) the singular includes the plural and vice versa;

- (2) reference to a gender includes the other gender and the neuter;
- (3) references to a person include an individual, company, body corporate, corporation, unincorporated association, firm, partnership or other legal entity or Crown Body;
- (4) a reference to any Law includes a reference to that Law as amended, extended, consolidated or re-enacted from time to time;
- (5) the words "including", "other", "in particular", "for example" and similar words will not limit the generality of the preceding words and will be construed as if they were immediately followed by the words "without limitation";
- (6) references to "writing" include typing, printing, lithography, photography, display on a screen, electronic and facsimile transmission and other modes of representing or reproducing words in a visible form, and expressions referring to writing will be construed accordingly;
- (7) references to "representations" will be construed as references to present facts, to "warranties" as references to present and future facts and to "undertakings" as references to obligations under the Grant Funding Agreement;
- (8) references to "paragraphs" and "Annexes" are, unless otherwise provided, references to the paragraphs and annexes of these Conditions and references in any Annex to parts, paragraphs and tables are, unless otherwise provided, references to the parts, paragraphs and tables of the Annex in which these references appear; and
- (9) the headings in these Conditions are for ease of reference only and will not affect the interpretation or construction of these Conditions.

2.3. Where there is any conflict between the documents that make up this Grant Funding Agreement the conflict shall be resolved in accordance with the following order of precedence:

- 2.3.1. the Conditions set out within this Grant Funding Agreement;
- 2.3.2. Annex 1 – The Grant Funding Letter.

CONDITIONS

3. DURATION AND PURPOSE OF THE GRANT

- 3.1. The Funding Period starts on the Commencement Date and ends on 31 March 2020 unless terminated earlier in accordance with this Grant Funding Agreement.
- 3.2. The Grant Recipient shall use the Grant solely for the delivery of the Funded Activities. The Grant Recipient may not make any changes to the Funded Activities, except those made in line with s66 of the Environment Act.

4. PAYMENT OF GRANT

- 4.1. Subject to the remainder of this paragraph 4 the Authority shall pay the Grant Recipient an amount not exceeding the amount for 2019-2020 as set out in the Grant Funding Letter. The Authority shall pay the Grant in pound sterling (GBP) and into a bank located in the UK.

- 4.2. Subject to the remainder of this paragraph 4 and to the other provisions of these Conditions, the Authority shall pay the Grant to the Grant Recipient in accordance with the Payment Schedule and the Claims Procedures and Conditions of Payment.
- 4.3. The Grant Recipient shall make available to the Authority, on request, evidence of the costs/payments, which are classified as Eligible Expenditure in paragraph 5.22, which may include (but will not be limited to) receipts and invoices or any other documentary evidence specified by the Authority.
- 4.4. The Authority will not make the first payment of the Grant and/or any subsequent payments of the Grant unless or until, the Authority is satisfied that:
- (i) The Grant Recipient will use the Grant payment for Eligible Expenditure only; and
 - (ii) if applicable, any previous Grant payments have been used for the Funded Activities.
- 4.5. By a date set by the Authority, the Grant Recipient shall produce an estimate of its annual income and expenditure under each functional head for the financial year using the template in Annex 6. The estimate shall include details of the source and amount of all income expected and expenditure, setting out its anticipated draw down of the grant in 4 instalments, made quarterly.
- 4.6. The Grant Recipient shall promptly provide a revised estimate of income and expenditure:
- 4.6.1. when the Grant Recipient anticipates that the amount claimed in a Grant Claim will differ from the Grant Sum Payable for the relevant Instalment Period by 5% (five per cent) or more; and/or
 - 4.6.2. at the request of the Authority.
- 4.7. Each quarter, the Grant Recipient shall submit a Grant Claim to the Authority in the format and at the times prescribed by Annex 4. The Grant Recipient shall submit together with the Grant Claim:
- 4.7.1. a Quarterly Report, which shall include the information prescribed elsewhere in these Conditions and listed in Annex 4 under the heading 'ADDITIONAL QUARTERLY REPORTING'; and
 - 4.7.2. any other documentation that the Authority may reasonably prescribe from time to time.
- 4.8. On receipt of a Grant Claim for an amount which differs from that set out in the information provided by the Grant Recipient in paragraph 4.6 for the relevant Instalment Period, or otherwise at its absolute discretion (subject to, where possible, giving advance notice to the Grant Recipient), the Authority may deviate from the Payment Schedule.
- 4.9. In preparing and submitting Grant Claims and estimates of income and expenditure, the Grant Recipient shall seek to ensure that an accumulation of grant in excess of immediate requirements is avoided.
- 4.10. The Authority will have no liability to the Grant Recipient for any Losses caused by a delay in the payment of a Grant Claim howsoever arising.
- 4.11. The Authority reserves the right not to pay any Grant in respect of Grant Claims not submitted within the period set out in paragraph 4.7 or Grant Claims which are incomplete, incorrect or submitted without the full supporting documentation, but will in such event give the Grant

Recipient the opportunity within a reasonable period of time to submit a grant Claim, or as the case may be, to make corrections or provide additional information to enable Grant to be paid.

- 4.12. The Grant Recipient shall promptly notify and repay immediately to the Authority any money incorrectly paid to it either as a result of an administrative error or otherwise. This includes (without limitation) situations where the Grant Recipient is paid in error before it has complied with its obligations under the Grant Funding Agreement. Any sum which falls due under this paragraph 4.9 shall fall due immediately and shall be payable within 30 days. If the Grant Recipient fails to repay the due sum within 30 days, the sum will be recoverable summarily as a civil debt.
- 4.13. Where the Grant Recipient enters into a contract with a Third Party in connection with the Funded Activities, the Grant Recipient will remain responsible for paying that Third Party. The Authority has no responsibility for paying Third Party invoices.
- 4.14. Onward payment of the Grant and the use of sub-contractors shall not relieve the Grant Recipient of any of its obligations under the Grant Funding Agreement, including any obligation to repay the Grant.
- 4.15. Except without the prior consent of the Authority, no later than 30 days after the end of each Financial Year, the Grant Recipient shall submit to the Authority the Grant Recipient's analysis of projected year-end balances, and its opinion as to the adequacy of those balances. If its analysis projects that any funds will remain unspent and uncommitted at the end of the Financial Year, the Grant Recipient shall submit to the Authority a report at the same time as its analysis. For the funds which the Grant Recipient projects to remain unspent and uncommitted, the report must state whether they are necessary to maintain an adequate year-end balance, whether the Grant Recipient has a clear intention to use the funds for a specific purpose falling within the Funded Activities, or whether the intention is to retain the funds as part of the Grant Recipient's general reserves.

5. ELIGIBLE AND INELIGIBLE EXPENDITURE

- 5.1. The Authority will only pay the Grant in respect of Eligible Expenditure incurred by the Grant Recipient to deliver the Funded Activities and the Grant Recipient will use the Grant solely for delivery of the Funded Activities (as set out in Annex 2 of these Conditions).
- 5.2. The following costs/payments will be classified as Eligible Expenditure if incurred for the purposes of the Funded Activity:
 - 5.2.1. Fees charged or to be charged to the Grant Recipient by the external auditors for auditing the financial accounts of the Grant Recipient.
 - 5.2.2. giving evidence to Parliamentary Select Committees;
 - 5.2.3. attending meetings with government ministers or civil servants to discuss the progress of work being undertaken by the Grant Recipient.
 - 5.2.4. responding to public consultations, where the topic is relevant to the objectives of the Funded Activities. To avoid doubt, Eligible Expenditure does not include the Grant Recipient spending the Grant on lobbying other people to respond to any such consultation (unless explicitly permitted in the Grant Funding Agreement);
 - 5.2.5. providing independent, evidence based policy recommendations to local government, departments or government ministers; and

- 5.2.6. providing independent evidence-based advice to local or national government as part of the general policy debate, where that is in line with the objectives of the Grant.
- 5.3. The Grant Recipient may not in any circumstance claim the following non-exhaustive list as Eligible Expenditure:
 - 5.3.1. Paid for lobbying, which means using the Grant to fund lobbying (via an external firm or in-house staff) in order to undertake activities intended to influence or attempt to influence Parliament, government or political activity; or attempting to influence legislative or regulatory action;
 - 5.3.2. using the Grant to directly enable one part of government to challenge another on topics unrelated to the agreed purpose of the grant;
 - 5.3.3. using the Grant to cover costs of applying for additional funding from government or any of its Arm's-length Bodies;
 - 5.3.4. expenses such as for entertaining, specifically aimed at exerting undue influence to change government policy;
 - 5.3.5. input VAT reclaimable by the grant recipient from HMRC;
 - 5.3.6. payments for activities of a political or exclusively religious nature.

6. REVIEWS

- 6.1. The Authority will review the Grant Recipient's delivery of the Funded Activities during and at the end of the Funding Period. It will take into account the Grant Recipient's delivery of the Funded Activities set out in Annex 2 of this Grant Funding Agreement. As part of the review the Authority will review any reports produced by the Grant Recipient in accordance with paragraph 7 of these Conditions.

7. MONITORING AND REPORTING

- 7.1. The Grant Recipient shall closely monitor the delivery and success of the Funded Activities throughout the Funding Period to ensure that the aims and objectives of the Funded Activities are being met and that the Agreement is being adhered to.
- 7.2. The Grant Recipient will notify the Authority as soon as reasonably practicable of any actual or potential failure to comply with any of its obligations under the Grant Funding Agreement, which includes those caused by any administrative, financial or managerial difficulties.
- 7.3. At the Authority's written request, the Grant Recipient shall provide the Authority with financial reports and operational reports on its use of the Grant and delivery of the Funded Activities, containing such information, and in such formats as the Authority may reasonably require. The Grant Recipient shall provide the Authority with each report on a date to be determined by the Authority. The Authority may at its discretion provide the Grant Recipient with feedback on the adequacy of a report and may also require the Grant Recipient to re-submit a report, having taken into account any issues raised in the Authority's feedback.
- 7.4. Where the Grant Recipient has obtained funding from a third party for its delivery of part of the Funded Activities, the Grant Recipient shall include the amount of such funding in its financial reports together with details of the purpose for which that funding has been used.

- 7.5. The Parties, if requested by the Authority, shall meet annually to carry out a review of the performance of the Grant Recipient in respect of the Funded Activities, and to consider key issues and risks relating to the Funded Activities. These meetings shall take place at the Authority's premises, unless otherwise agreed or, where suitable, conducted by phone or video-conference.
- 7.6. The Grant Recipient shall on request provide the Authority with such further information, explanations and documents as the Authority may require in order for it to establish that the Grant Funding has been used properly in accordance with this Agreement.
- 7.7. The Grant Recipient shall permit any person authorised by the Authority access to its employees, agents, premises, facilities and records, for the purpose of discussing, monitoring and evaluating the Grant Recipient's fulfilment of the conditions of this Agreement and shall, if so required, provide appropriate oral or written explanations as required during the Funding Period and for so long as any Grant remains unspent.
- 7.8. The Grant Recipient shall permit and facilitate any person authorised by the Authority for that purpose to visit the Grant Recipient to monitor the delivery of the Funded Activities.
- 7.9. The Grant Recipient represents and undertakes (and shall repeat such representations on delivery of the relevant report):
- 7.9.1. that the reports and information it gives pursuant to this paragraph 7 are accurate; and
 - 7.9.2. that it has diligently made full and proper enquiry of the matter pertaining to the reports and information given.

8. AUDITING AND ASSURANCE

- 8.1. Within six months of the end of each Financial Year the Grant Recipient will provide the Authority with independent assurance that the Grant has been used for delivery of the Funded Activities. To satisfy this requirement the Grant Recipient will provide annual accounts audited by an independent and appropriately qualified auditor where the Grant is clearly segregated from other funds.
- 8.2. The Authority may, at any time during and up to six years after the end of the Grant Funding Agreement, conduct additional audits or ascertain additional information where the Authority considers it necessary. The Grant Recipient agrees to grant the Authority or its Representatives access, as required, to all Funded Activity sites and relevant records. The Grant Recipient will ensure that necessary information and access rights are explicitly included within all arrangements with and sub-contractors.
- 8.3. The Grant Recipient shall:
- 8.3.1. ensure that an independent external auditor is nominated to verify the final statement of expenditure and income submitted to the Authority;
 - 8.3.2. identify separately the value and purpose of the Grant Funding in its audited accounts and its annual report; and
 - 8.3.3. maintain a record of internal financial controls and procedures and provide the Authority with a copy if requested.

Retention of documents

- 8.4. The Grant Recipient shall retain all invoices, receipts, accounting records and any other documentation (including but not limited to correspondence) relating to the Eligible

Expenditure and all income generated by the Funded Activity during the Funding Period, and retain all accounting records relating to that expenditure and income for a period of six years from the date on which the Funding Period ends.

- 8.5. The Grant Recipient shall ensure that all its sub-contractors retain each record, item of data and document relating to the Funded Activity for a period of six years from the date on which the Funding Period ends.

9. FINANCIAL MANAGEMENT AND PREVENTION OF BRIBERY, CORRUPTION, FRAUD AND OTHER IRREGULARITY

- 9.1. The Grant Recipient will at all times comply with all applicable laws, statutes and regulations relating to anti-bribery and anti-corruption, including but not limited to the Bribery Act.
- 9.2. The Grant Recipient must have a sound administration and audit process, including appropriate internal financial controls to safeguard against fraud, theft, money laundering, terrorist financing or any other impropriety, or mismanagement in connection with the administration of the Grant. The Grant Recipient shall require that the internal/external auditors report on the adequacy or otherwise of that system.
- 9.3. For any case of actual or suspected theft or financial irregularity, the Grant Recipient shall give careful consideration as to whether the case is one that the Authority might reasonably consider significant. For the avoidance of doubt, this includes (but is not limited to) any case such that, were it to become known to a Third Party, it would be capable of bringing the reputation of the Grant Recipient, the Funded Activities or the Authority into disrepute.
- 9.4. Where the Grant Recipient, acting reasonably, considers that the condition at paragraph 9.3 is met, it shall include full information on the suspected theft or financial irregularity in the next Quarterly Report.
- 9.5. The Grant Recipient shall also give careful consideration as to whether the case is such that the Authority might reasonably wish to be informed of it sooner than the date of the next Quarterly Report. Where the Grant Recipient, acting reasonably, considers that this condition is met, it shall notify the Authority of the suspected theft or financial irregularity without delay.
- 9.6. For any case of actual or suspected theft or financial irregularity, the Grant recipient shall, at the request of the Authority, explain to the Authority what steps are being taken to investigate the case and keep the Authority informed about the progress of such investigation. If so requested by the Authority, the Grant Recipient shall refer the case to external auditors or other third parties as required. The Grant Recipient may be required to provide statements and evidence to the Authority or appropriate investigating organisation as part of pursuing sanctions, criminal or civil proceedings.
- 9.7. The Authority will have the right, at its absolute discretion, to insist that Grant Recipient take additional steps to address any actual or suspected theft or financial irregularity and/or to suspend future payment of the Grant to the Grant Recipient.
- 9.8. Suspected theft or financial irregularity includes any matter which the Grant Recipient, acting with due care, ought reasonably to have suspected.
- 9.9. The Grant Recipient agrees and accepts that it may become ineligible for grant support and be required to repay all or part of the Grant if it engages in tax evasion or aggressive tax avoidance in the opinion of HMRC.

- 9.10. For the purposes of this paragraph 9.7 “financial irregularity” includes (but is not limited to) potential fraud or other impropriety, mismanagement, and the use of the Grant for any purpose other than those stipulated in the Grant Funding Agreement. The Grant Recipient may be required to provide statements and evidence to the Authority or the appropriate organisation as part of pursuing sanctions, criminal or civil proceedings.

10. CONFLICTS OF INTEREST

- 10.1. Neither the Grant Recipient nor its Representatives shall engage in any personal, business or professional activity which conflicts or could conflict with any of their obligations in relation to the Grant Funding Agreement.
- 10.2. The Grant Recipient must have and will keep in place adequate procedures to manage and monitor any actual or perceived bias or conflicts of interest.

11. CONFIDENTIALITY

- 11.1. Except to the extent set out in this paragraph 11 or where disclosure is expressly permitted, each Party shall treat all Confidential Information belonging to the other Party as confidential and shall not disclose any Confidential Information belonging to the other Party to any other person without the prior written consent of the other Party, except to such persons who are directly involved in the provision of the Funded Activities and who need to know the information.
- 11.2. The Grant Recipient gives its consent for the Authority to publish the Grant Funding Agreement in any medium in its entirety (but with any information which is Confidential Information belonging to the Authority or the Grant Recipient redacted), including from time to time agreed changes to the Grant Funding Agreement.
- 11.3. Nothing in this paragraph 11 shall prevent the Authority disclosing any Confidential Information obtained from the Grant Recipient:
- 11.3.1. for the purpose of the examination and certification of the Authority's accounts; or pursuant to section 6(1) of the National Audit Act 1983 of the economy, efficiency and effectiveness with which the Authority has used its resources; or
 - 11.3.2. to any government department, consultant, contractor or other person engaged by the Authority, provided that in disclosing information under the Authority only discloses the information which is necessary for the purpose concerned and requests that the information is treated in confidence and that a confidentiality undertaking is given where appropriate;
 - 11.3.3. where disclosure is required by Law, including under the Information Acts.
- 11.4. Nothing in this paragraph 11 shall prevent either Party from using any techniques, ideas or know-how gained during the performance of its obligations under the Grant Funding Agreement in the course of its normal business, to the extent that this does not result in a disclosure of the other Party's Confidential Information or an infringement of the other Party's Intellectual Property Rights.

12. TRANSPARENCY

- 12.1. The Authority and the Grant Recipient acknowledge that, except for any information, which is exempt from disclosure in accordance with the provisions of the Information Acts, the content of the Grant Funding Agreement is not confidential.

13. STATUTORY DUTIES

- 13.1. The Grant Recipient agrees to adhere to its obligations under the Law not limited to the Information Acts and the HRA.
- 13.2. The Grant Recipient hereby acknowledges that the Authority is subject to requirements under the Information Acts. Where requested by the Authority, the Grant Recipient will provide reasonable assistance and cooperation to the Authority to assist the Authority's compliance with its information disclosure obligations.
- 13.3. On request from the Authority, the Grant Recipient will provide the Authority with all such relevant documents and information relating to the Grant Recipient's data protection policies and procedures as the Authority may reasonably require.
- 13.4. The Grant Recipient acknowledges that the Authority, acting in accordance with the codes of practice issued and revised from time to time under the Information Acts, may disclose information concerning the Grant Recipient and the Grant Funding Agreement without consulting the Grant Recipient.
- 13.5. The Authority will take reasonable steps to notify the Grant Recipient of a request for information to the extent that it is permissible and reasonably practical for it to do so. Notwithstanding any other provision in the Grant Funding Agreement, the Authority will be responsible for determining in its absolute discretion whether any information is exempt from disclosure in accordance with the Information Acts.

14. STAFFING AND MEMBERSHIP

- 14.1. The Grant Recipient shall determine staff terms and conditions with due regard for economy, efficiency and value for money in the delivery of the Funded Activities. In determining staff terms and conditions, the Grant Recipient shall give consideration to any general policy on public sector pay which may be in effect or announced by the government from time to time.
- 14.2. Under this paragraph 14 staff means any employees, officers, agents, professional advisors and consultants employed by the Grant Recipient for the purposes of the Funded Activities.
- 14.3. The Grant Recipient shall immediately notify the Authority if the Grant Recipient becomes aware, or suspects, or, acting with due care, ought reasonably to suspect that any of its members or senior executive officers or post holders:
- 14.3.1. has acted dishonestly or negligently at any time during the term of the Grant Funding Agreement and to the detriment of the Authority; or
- 14.3.2. has taken any actions which unfairly bring or are likely to unfairly bring the Authority, the Grant Recipient or the Funded Activities into disrepute. Actions include omissions in this context.
- 14.4. Under this section 14.4 members or senior executive officers or post holders means any duly authorised directors or senior executive responsible managers or members of the Grant Recipient's board.

15. DATA PROTECTION, PUBLIC PROCUREMENT AND STATE AID

Data Protection

- 15.1. The Grant Recipient and the Authority will comply at all times with their respective obligations under Data Protection Legislation.
- 15.2. The Grant Recipient agrees that it is the Controller of any Personal Data processed by it pursuant to the Funded Activities and shall comply with the provisions set out in this paragraph 15.

Public Procurement

- 15.3. The Grant Recipient will ensure that any of its Representatives involved in the Funded Activities will, adopt such policies and procedures that are required in order to ensure that value for money has been obtained in the procurement of goods or services funded by the Grant.
- 15.4. Where the Grant Recipient is a Contracting Authority within the meaning of the Procurement Regulations the Grant Recipient will comply, as necessary, with the Procurement Regulations when procuring goods and services in connection with the Grant Funding Agreement and the Authority shall not be liable for the Grant Recipient's failure to comply with its obligations under the Procurement Regulations.

State aid

- 15.5. Where state aid may apply to the Funded Activities:
 - 15.5.1. The Grant Recipient will make sure the Funded Activities are structured so they are compatible with State Aid Law; and
 - 15.5.2. The Grant Recipient will maintain appropriate records of compliance with the State Aid Law and will take all reasonable steps to assist the Authority to comply with State Aid Law requirements and respond to any investigation(s) instigated by the European Commission (or its Domestic Successor) into the Funded Activities or any equivalent regulatory body as the case may be.

16. INTELLECTUAL PROPERTY RIGHTS

- 16.1. Intellectual Property in all IPR Material will be the Property of the Grant Recipient. Other than as expressly set out in these Conditions, neither Party will have any right to use any of the other Party's names, logos or trade marks on any of its products or services without the other Party's prior written consent.
- 16.2. The Grant Recipient grants to the Authority a non-exclusive irrevocable and royalty-free, sub-licensable, worldwide licence to use all the IPR Material developed using the Grant monies for the purpose of supporting other projects.
- 16.3. Ownership of Third Party software or other IPR necessary to deliver Funded Activities will remain with the relevant Third Party.
- 16.4. The Grant Recipient must ensure that they have obtained the relevant agreement from the Third Party proprietor before any additions or variations are made to the standard 'off-the-shelf' versions of any Third Party software and other IPR. The Grant Recipient will be responsible for obtaining and maintaining all appropriate licences to use the Third Party software.

17. ENVIRONMENTAL REQUIREMENTS

- 17.1. The Grant Recipient shall perform the Funded Activity in accordance with the Authority's environmental policy, which is to conserve energy, water, wood, paper and other resources, reduce waste and phase out the use of ozone depleting substances and minimise the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment.
- 17.2. The Grant Recipient shall pay due regard to the use of recycled products, so long as they are not detrimental to the provision of the Funded Activity or the environment, to include the use of all packaging, which should be capable of recovery for re-use or recycling.
- 17.3. The Grant Recipient shall take all possible precautions to ensure that any equipment and materials used in the provision of the Funded Activity do not contain chlorofluorocarbons, halons or any other damaging substances, unless unavoidable. The Grant Recipient shall endeavour to reduce fuel emissions wherever possible.

18. ASSETS

Inventory of the Assets

- 18.1. The Grant Recipient shall keep and maintain an accurate and up-to-date register of all its Fixed Assets with a value exceeding the minimum set by the Grant Recipient's accounting policy.
- 18.2. Assets purchased with Grant funding must only be used for delivery of the Funded Activities.

Disposal of Assets

- 18.3. Where the Grant Recipient uses any of the Grant to develop, improve or purchase any Assets, the Grant Recipient must ensure that the Assets are maintained in good condition over the Asset Owning Period.
- 18.4. Any disposal by the Grant Recipient of Assets other than land shall be at market value.
- 18.5. Land may be disposed of for less than the best consideration that can reasonably be obtained, but only subject to the conditions set out in the Local Government Act 1972: General Disposal Consent (England) 2003 and the associated Office of the Deputy Prime Minister Circular 06 of 2003 (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/7690/462483.pdf). In all cases, this includes the condition that the undervalue does not exceed £2,000,000 (two million pounds sterling). Where such disposal at undervalue occurs, the Grant Recipient shall include the details of the disposal in the next Quarterly Report.
- 18.6. If the Grant Recipient makes any disposal of Assets, or any series of related disposals, the proceeds of which exceed £2,000,000 (two million pounds sterling), the Grant Recipient shall include in the next Quarterly Report details of how it has made use of the proceeds from that disposal or those disposals.

19. INSURANCE

- 19.1. The Grant Recipient will during the term of the Funding Period and for six years after termination or expiry of these Conditions, ensure that it has and maintains, at all times adequate insurance with an insurer of good repute to cover claims under the Grant Funding Agreement or any other claims or demands which may be brought or made against it by any

person suffering any injury damage or loss in connection with the Funded Activities or the Grant Funding Agreement.

- 19.2. The Grant Recipient will upon request produce to the Authority its policy or policies of insurance or where this is not possible, a certificate of insurance issued by the Grant Recipient's insurance brokers confirming the insurances are in full force and effect together with confirmation that the relevant premiums have been paid.

20. ASSIGNMENT

- 20.1. The Grant Recipient will not transfer, assign, novate or otherwise dispose of the whole or any part of the Grant Funding Agreement or any rights under it, to another organisation or individual, without the Authority's prior approval.
- 20.2. Any approval given by the Authority will be subject to a condition that the Grant Recipient has first entered into a Grant Funding Agreement, authorised by the Authority, requiring the Grant Recipient to work with another organisation in delivering the Funded Activities.

21. LOSSES AND SPECIAL PAYMENTS

- 21.1. The Grant Recipient must include any debts, liabilities and any Special Payments or series of connected debts, liabilities and any Special Payments made in connection to this Grant Funding Agreement above £2000 in the Quarterly Report.

22. PUBLICITY

- 22.1. The Grant Recipient gives consent to the Authority to publicise in the press or any other medium the Grant and details of the Funded Activities using any information gathered from any reports submitted to the Authority, including but not limited to the reports submitted under paragraph 7.
- 22.2. The Grant Recipient will comply with all reasonable requests from the Authority to facilitate visits, provide reports, statistics, photographs and case studies that will assist the Authority in its promotional and fundraising activities relating to the Funded Activities.
- 22.3. If the Grant Recipient wishes to use the Authority's name and logo it must first seek the Authority's written permission. If the Grant Recipient is given permission to use the Authority's name and logo, it will comply with all reasonable branding guidelines issued by the Authority from time to time.

23. CHANGES TO THE AUTHORITY'S REQUIREMENTS

- 23.1. The Authority will notify the Grant Recipient, where reasonably possible of such changes to the activities, which are supported by the Grant, in advance to coming into effect. The Authority will have regard to any legally binding agreements the Grant Recipient has already entered into, which might be affected by such changes.
- 23.2. The Grant Recipient will accommodate any reasonable changes to the Authority's needs and requirements under these Conditions.

24. CLAWBACK, EVENTS OF DEFAULT, TERMINATION AND RIGHTS RESERVED FOR BREACH AND TERMINATION

- 24.1. Without prejudice to the Authority's other rights and remedies, if the Grant Recipient fails to comply with any of its obligations in the Grant Funding Agreement the Authority may at its discretion, reduce, suspend, or terminate payments of Grant, or require any part or all of the Grant to be repaid.
- 24.2. Where the Authority requires any part or all of the Grant to be repaid in accordance with paragraph 24.1 above, the Grant Recipient shall repay this amount no later than 30 days of the date it received the demand for repayment. If the Grant Recipient fails to repay the Grant within 30 days of a demand from the Authority for payment, the sum will be recoverable summarily as a civil debt.
- 24.3. The Authority may exercise its rights set out in paragraph 24.1 if, in particular, any of the following events occurs:
- 24.3.1. the Grant Recipient uses the Grant for a purpose other than the Funded Activities or fails to comply with any of the other obligations of the Grant Funding Agreement;
 - 24.3.2. the Grant Recipient uses the Grant for Ineligible Expenditure;
 - 24.3.3. the Grant Recipient fails, in the Authority's opinion, to make satisfactory progress with the Funded Activities and, in particular, fails to meet to a material extent the agreed outputs set out in the Management Plan;
 - 24.3.4. the Grant Recipient is, in the opinion of the Authority, delivering the Funded Activities in a negligent manner (in this context negligence includes but is not limited to failing to prevent or report actual or anticipated fraud or corruption);
 - 24.3.5. the Grant Recipient obtains funding from a Third Party which, in the opinion of the Authority, undertakes activities that are likely to bring the reputation of the Funded Activities or the Authority into disrepute;
 - 24.3.6. the Grant Recipient provides the Authority with any materially misleading or inaccurate information and/or any of the information provided in their grant application or in any subsequent supporting correspondence is found to be incorrect or incomplete to an extent which the Authority considers to be significant;
 - 24.3.7. the Grant Recipient commits or committed a Prohibited Act or fails to report a Prohibited Act to the Authority, whether committed by the Grant Recipient or a Third Party, as soon as they become aware of it;
 - 24.3.8. the Authority determines (acting reasonably) that the Grant Recipient has:
 - (i) acted dishonestly or negligently at any time during the term of the Grant Funding Agreement and to the detriment of the Authority; or
 - (ii) taken any actions which unfairly bring or are likely to unfairly bring the Authority's name or reputation and/or the Authority into disrepute. Actions include omissions in this context;
 - (iii) transferred, assigned or novated the Grant to any Third Party without the Authority's consent;
 - (iv) ceased to operate for any reason, or it passes a resolution (or any court of competent jurisdiction makes an order) that it be wound up or dissolved (other than for the purpose of a bona fide and solvent reconstruction or amalgamation);
 - (v) become Insolvent as defined by section 123 of the Insolvency Act 1986, or it is placed into receivership, administration or liquidation, or a petition has been presented for its winding up, or it enters into any arrangement or composition for the benefit of its creditors, or it is unable to pay its debts as they fall due;
 - (vi) incurred expenditure on activities that breach the Law;
 - 24.3.9. the European Commission (or a Domestic Successor) or the Court of Justice of the European Union (or Domestic Successor) requires any Grant paid to be recovered by reason of a breach of State Aid Law or the Grant Recipient fails to comply with the provisions of the exemption or scheme under State Aid Law that applies to the Funded Activity and the Grant;

- 24.3.10. The Grant Recipient breaches the Code of Conduct for Grant Recipients (the “[Code of Conduct](#)”) and/or fails to report an actual or suspected breach of the Code of Conduct by the Grant Recipient or its Representatives in accordance with paragraph 28.

Rights reserved for the Authority in relation to an Event of Default

- 24.4. Where, the Authority determines that an Event of Default has or may have occurred, the Authority may by written notice to the Grant Recipient take any one or more of the following actions:
- 24.4.1. suspend the payment of Grant for such period as the Authority shall determine; and/or
 - 24.4.2. reduce the Maximum Sum in which case the payment of Grant shall thereafter be made in accordance with the reduction and notified to the Grant Recipient; and/or
 - 24.4.3. cease to make payments of Grant to the Grant Recipient under the Grant Funding Agreement and (in addition) require the Grant Recipient to repay the Authority the whole or any part of the amount of Grant previously paid to the Grant Recipient. Such sums shall be recovered as a civil debt; and/or
 - 24.4.4. terminate the Grant Funding Agreement.

Opportunity for the Grant Recipient to remedy an Event of Default

- 24.5. If the Authority gives written notice to the Grant Recipient pursuant to paragraph 24.4 to suspend payment of Grant, such notice shall specify the relevant Event of Default and give the Grant Recipient an opportunity to rectify the relevant Event of Default by submitting a draft Remedial Action Plan for approval by the Authority.
- 24.6. Where the Grant Recipient is required to submit a draft Remedial Action Plan in accordance with paragraph 24.5, the draft Remedial Action Plan shall be submitted to the Authority for approval, by such date as the Authority, acting reasonably, shall specify.
- 24.7. The draft Remedial Action Plan shall set out:
- 24.7.1. full details of the Event of Default; and
 - 24.7.2. the steps which the Grant Recipient proposes to take to rectify the Event of Default including timescales for such steps.
- 24.8. On receipt of the draft Remedial Action Plan and as soon as reasonably practicable, the Authority will submit its comments on the draft Remedial Action Plan to the Grant Recipient.
- 24.9. The Authority shall have the right to accept or reject the draft Remedial Action Plan. If the Authority rejects the draft Remedial Action Plan, the Authority shall confirm, in writing, the reasons why they have rejected the draft Remedial Action Plan and will confirm whether the Grant Recipient is required to submit an amended Remedial Action Plan to the Authority.
- 24.10. If the Authority directs the Grant Recipient to submit an amended draft Remedial Action Plan, the Parties shall agree a timescale for the Grant Recipient to amend the draft Remedial Action Plan to take into account the Authority’s comments.
- 24.11. If the Authority does not approve the draft Remedial Action Plan the Authority may at its absolute discretion terminate the Grant Funding Agreement.

- 24.12. The Authority shall not by reason of the occurrence of an Event of Default which is, in the opinion of the Authority, capable of remedy, exercise its rights under either paragraph 24.4.3 or 24.4.4 unless the Grant Recipient has failed to rectify the default pursuant to paragraph 24.5 to the satisfaction of the Authority.

25. DISPUTE RESOLUTION

- 25.1. The Parties will use all reasonable endeavours to negotiate in good faith, and settle amicably, any dispute that arises during the continuance of the Grant Funding Agreement.
- 25.2. All disputes and complaints shall be referred in the first instance to the Parties' Representatives.
- 25.3. If the dispute cannot be resolved between the Parties' Representatives within a maximum of three months, then the matter will be escalated to formal meeting between the Grant Manager and the Grant Recipient's chief executive (or equivalent).

26. LIMITATION OF LIABILITY

- 26.1. The Authority accepts no liability for any consequences, whether direct or indirect, that may come about from the Grant Recipient running the Funded Activities, the use of the Grant or from withdrawal, withholding or suspension of the Grant. The Recipient shall indemnify and hold harmless the Authority, its Representatives with respect to all actions, claims, charges, demands Losses and proceedings arising from or incurred by reason of the actions and/or omissions of the Grant Recipient in relation to the Funded Activities, the non-fulfilment of obligations of the Grant Recipient under this Grant Funding Agreement or its obligations to Third Parties.
- 26.2. Subject to this paragraph 26, the Authority's liability under this Grant Funding Agreement is limited to the amount of Grant outstanding.

27. VAT

- 27.1. For the avoidance of doubt, the Authority and the Grant Recipient consider that the Funded Activities are outside the scope of VAT. It is therefore not envisaged that there will be a service on which VAT will be properly charged.
- 27.2. Notwithstanding paragraph 27.1, if VAT is held to be chargeable in respect of the Grant Funding Agreement, all payments shall be deemed to be inclusive of all VAT and the Authority shall not be obliged to pay any additional amount by way of VAT.
- 27.3. All sums or other consideration payable to or provided by the Grant Recipient to the Authority at any time shall be deemed to be exclusive of all VAT payable and where any such sums become payable or due or other consideration is provided the Grant Recipient shall at the same time or as the case may be on demand by the Authority in addition to such sums or other consideration pay to the Authority all the VAT so payable upon the receipt of a valid VAT invoice.

28. CODE OF CONDUCT FOR GRANT RECIPIENTS

- 28.1. The Grant Recipients acknowledges that by signing the Grant Funding Agreement it agrees to take account of the [Code of Conduct](#) and that it will ensure that its Representatives undertake their duties in a manner consistent with the principles set out in the Code of Conduct.

- 28.2. If the Grant Recipient becomes aware of any actual or suspected breaches of the principles outlined in the Code of Conduct, it shall notify the Authority of these by including them in the next Quarterly Report
- 28.3. If, having given the matter due consideration, the Grant Recipient considers that the Authority might reasonably wish to be informed of an actual or suspected breach of the Code of Conduct sooner than the date of the next Quarterly Report (for example because the matter is such that, were it to become known to a Third Party, it would be capable of bringing the Funded Activities, the Grant recipient or the Authority into disrepute), the Grant Recipient shall notify the Authority immediately.
- 28.4. The Grant Recipient acknowledges that a failure to notify the Authority of an actual or suspected breach of the Code of Conduct may result in the Authority immediately suspending the Grant funding, terminating the Grant Funding Agreement and taking action to recover some or all of the funds paid to the Grant Recipient as a civil debt in accordance with paragraph 24.3.10

29. NOTICES

- 29.1. All notices and other communications in relation to this Grant Funding Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, e-mailed, or mailed (first class postage prepaid) to the address of the relevant party, as referred to in Annex 5 or otherwise notified in writing. All notices and other communications must be marked for the attention of the contact specified in Annex 5 (Contact Details). If personally delivered or if e-mailed all such communications shall be deemed to have been given when received (except that if received on a non-working day or after 5.00 pm on any Working Day they shall be deemed received on the next Working Day) and if mailed all such communications shall be deemed to have been given and received on the second Working Day following such mailing.

30. GOVERNING LAW

- 30.1. These Conditions will be governed by and construed in accordance with the law of England and Wales and the Parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales.

SIGNED by:

.....
Signature

**[insert authorised
signatory's
name]**

.....
Title

for and on behalf of the

[insert name of Department]

.....
Date

SIGNED by

.....
Signature

[insert authorised
signatory's
name]

.....
Title

for and on behalf of [insert
name of Recipient]

.....
Date

DRAFT

ANNEX 1 – GRANT FUNDING LETTER

[Include a copy of your Grant Funding Letter]

DRAFT

ANNEX 2 –THE FUNDED ACTIVITIES

Background/purpose of the Grant

- 1.1. [The Environment Act 1995 sets out the purposes and functions of National Parks]
[The Norfolk and Suffolk Broads Act 1988 sets out the purposes and functions of the Broads Broads]
- 1.2. The Accounts and Audit Regulations 2015 set out the accounting framework for the Grant Recipient.

Funded Activities

- 1.3. The Funded Activities are activities which enable the Grant Recipient to comply with its obligations in accordance with the Law and in particular to deliver the purposes and functions of [National Parks as set out in the Environment Act 1995 / the Broads Authority as set out in the Norfolk and Suffolk Broads Act 1988] and its own activities set out in the [National Park Management Plan (as defined in section 66 of the Environment Act 1995) / Broads Plan (as defined in section 3 of the Norfolk and Suffolk Broads Act 1988)] from time to time.

ANNEX 3 – PAYMENT SCHEDULE

INSTALMENT/ INSTALMENT PERIOD	Claim Date	PAYMENT DATE
April - 1st instalment	22 March 2019	4 April 2019
July - 2nd instalment	19 June 2019	4 July 2019
October - 3rd instalment	13 September 2019	3 October 2019
January - 4th instalment	6 December 2019	7 January 2020

ANNEX 4 - GRANT CLAIM

Note: all supporting information referred to in the Grant Funding Letter or this payment schedule must be submitted in accordance with the claims procedures and conditions of payment at the foot of this payment schedule.

This document is an invoice for the Protected Landscapes Team in Defra's Land Use Directorate.

1. Applicant's Name and Address	2. Grant Recipient Name
3. Amount of Grant Offer:	5. Amount of Grant Claim
4. Period of Grant Offer	6. Period covered by Grant claim
7. Claim type Q1 Q2 Q3 Q4* (* Delete as applicable)	8. PO number 9. Grant Claim unique identification number (e.g. the Grant Recipient's invoice no.)
10. Breakdown of expenditure claimed Note: Note: Please use key headings as contained in your annual forecast provided under Annex 6 or Management Plan, continuing on a separate sheet if necessary	
(a) Functional Head	(b) Eligible Expenditure for following quarter (to be invoiced)
Total to be claimed	
I certify that: <ul style="list-style-type: none"> i. The Funded Activities to which the claim relates are planned as set out in the grant recipient's management plan and/or have been completed as planned; ii. The items of Expenditure incurred/anticipated comprise only Eligible Expenditure which does not fall within any of the categories of Ineligible Expenditure in the Grant Funding Agreement. iii. I have to the best of my knowledge and belief complied with all the Conditions subject to which I have agreed to receive the Grant have been met. iv. In completing this Claim Form I have been truthful, accurate and complete and have in good faith given honest estimates of any anticipated Eligible Expenditure. 	
I therefore invoice payment of £	
Signed Name (CAPS)	

Date	Position
------------	----------------

Claims procedures and conditions of payment

- I. All payments made in respect of any Claim form are made subject to the payment terms below and to the Authority's right to demand repayment in accordance with the Conditions in paragraph 24 of your Grant funding Agreement.
- II. The Grant Recipient must submit four separate claims for payment of each instalment of the Grant on dates set out in Annex 3 in respect of actual and forecast Eligible Expenditure as explained in the form above. All sections of the claim form must be fully and accurately completed and submitted to:
NationalParks.AONBS@defra.gov.uk
- III. The Authority may request the Grant Recipient to provide additional evidence of how the Grant is used at any time.
- IV. The Grant Recipient must only include the relevant allocations of Eligible Expenditure to the relevant activity and the basis of any apportionment/allocation must be clearly set out in the breakdown.
- V. If the Grant Recipient is unsure whether Expenditure is Eligible Expenditure or Ineligible Expenditure, the Authority's written consent should be obtained before incurring that Expenditure.

ADDITIONAL QUARTERLY REPORTING	
AREA OF REPORTING – please cross reference to the section of the Grant Funding Agreement	DETAILS

ANNEX 5 – CONTACT DETAILS

The main departmental contact in connection with the Grant is:

Name of contact	Daniel Jones, Meghna Patel
Position in organisation	Protected Landscape Team
Email address	NationalParks.AONBS@defra.gov.uk
Telephone number	020 8026 3689
Postal address	Protected Landscapes Defra Seacole Building, 2 Marsham Street London

This information is correct at the date of the Grant Funding Agreement. The Authority will send you a revised contact sheet if any of the details changes.

The Grant Recipient's main contact in connection with the Grant Funding Agreement is:

Reference	Contact 1	Contact 2
Organisation	[REDACTED]	
Name of contact	[REDACTED]	
Position in organisation	[REDACTED]	
Email address	[REDACTED]	
Telephone number	[REDACTED]	
Fax number	[REDACTED]	
Postal address	[REDACTED]	

Please inform the Authority if the Grant Recipient's main contact changes.

ANNEX 6: ESTIMATE OF ANNUAL INCOME AND EXPENDITURE

NATIONAL PARKS GRANT – PROFILE OF EXPENDITURE FOR 20____/____

To be submitted to Defra by _____

_____ National Park Authority

Forecast Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4
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Gross Expenditure – by functional headings

Conservation of the Natural Environment

Conservation of Cultural Heritage

Recreation Management and Transport

Promoting Understanding

Rangers, Estates and Volunteers

Development Control

Forward Planning and Communities

Specialist Ringfenced Accounts

Service Management and Support Services

Corporate and Democratic Core

Non Distributed Costs

Income (**excluding** NPG) – by functional headings

Conservation of the Natural Environment

Conservation of Cultural Heritage

Recreation Management and Transport

Promoting Understanding

Rangers, Estates and Volunteers

Development Control

Forward Planning and Communities

Specialist Ringfenced Accounts

Service Management and Support Services

Corporate and Democratic Core

Non Distributed Costs

Total (approved net expenditure)

Below the line items/accounting adjustments

Total Estimated NPG Claim

Total Estimated NPG Claim
(as a % of total NPG) _____

Signed (National Park Officer or Nominated Officer)
On behalf of the National Park Authority
Date