# Exmoor National Park

## Statement Of Accounts 2020/21

**Gordon Bryant**
Chief Finance Officer

**Sarah Bryan**
Chief Executive

EXMOOR NATIONAL PARK

**AUDITED STATEMENT OF ACCOUNTS**

**2020/21**

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**STATEMENT OF ACCOUNTS 2020/21**

**NARRATIVE REPORT**

## Introduction

1. The Authority was created and given powers under the Environment Act 1995 and came into existence on 1 April 1997. The Act sets out two primary purposes for Exmoor National Park Authority ('the Authority'):
    - To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park area; and
    - To promote opportunities for understanding and enjoyment of the National Park's special qualities.

2. In carrying out these purposes the Authority also has a duty to seek to foster the social and economic well-being of local communities in the National Park and is the Planning Authority under the Town and Country Planning Acts for the National Park area.

3. Exmoor National Park Authority is required under section 66(1) of the Environment Act 1995 to produce a National Park Management Plan (the 'Partnership Plan') and State of the Park report and review them every five years. The National Park Authority is responsible for preparing the Plan, but it is developed in consultation with partner organizations, communities, visitors and businesses and will be delivered with a wide range of partners. The fundamental basis for the Plan, and for the work of the National Park Authority, are the National Park statutory purposes and duty. Evidence from the updated State of the Park report forms an important basis for the review of the Partnership Plan, and ongoing monitoring. In April 2018 the Partnership Plan 2018-23 was published by the Authority. This sets out the Vision and Ambitions for the National Park under three themes of 'People, Place and Prosperity'.

## Governance

4. The Annual Governance Statement is included within this publication but does not form part of the Authority's accounts. The Annual Governance Statement (AGS) is found at the back of this document and explains the:

    - Scope of responsibilities;
    - Governance Framework; and
    - Significant governance issues and challenges faced by the Authority.

5. The AGS also details the impact of the pandemic on governance in 2020/21. Authority meetings were undertaken remotely and much partnership working was disrupted as projects were unable to be progressed in person.

6. An enhanced governance relationship with Defra began in 2019/20. This included an annual formal agreement and additional reporting requirements.

## Organisation

7. To achieve the purposes and duty described in 1 and 2, the organisation is structured in terms of Support to Land Managers, Support to National Park Users and Support to the Community and Business.

## Performance

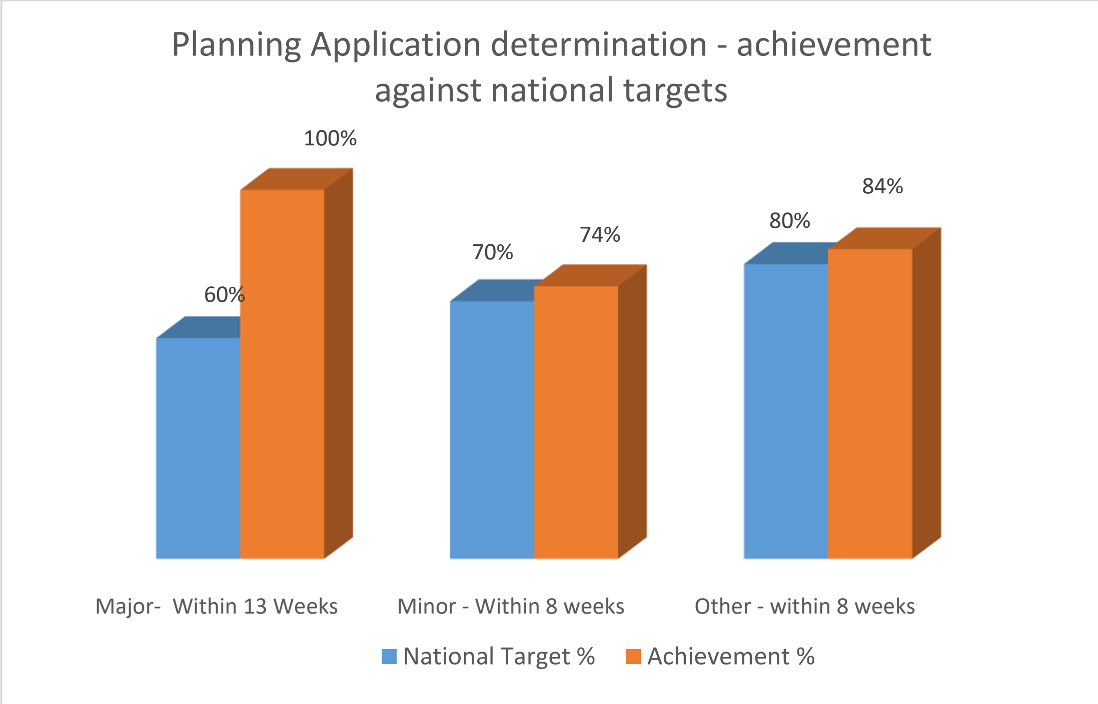
8. 2020/21 saw the completion of the single year Corporate plan for the Authority. A mid-year report of progress in implementing the previous Business Plan was taken to the Authority in December 2020, and the full report went to the Authority in July 2021 alongside the draft accounts. https://www.exmoor-nationalpark.gov.uk/about-us/meetings-agendas-reports/exmoor-national-park-authority/06-jul-2021/ar-enpa-06.07.21-Item-14.pdf

9. Progress against key corporate indicators is given in the charts below. Performance is monitored quarterly by Leadership Team to ensure that the actions within the Corporate Plan are being achieved and, if necessary, to provide an opportunity for resources to be re-allocated or to review the proposed action.

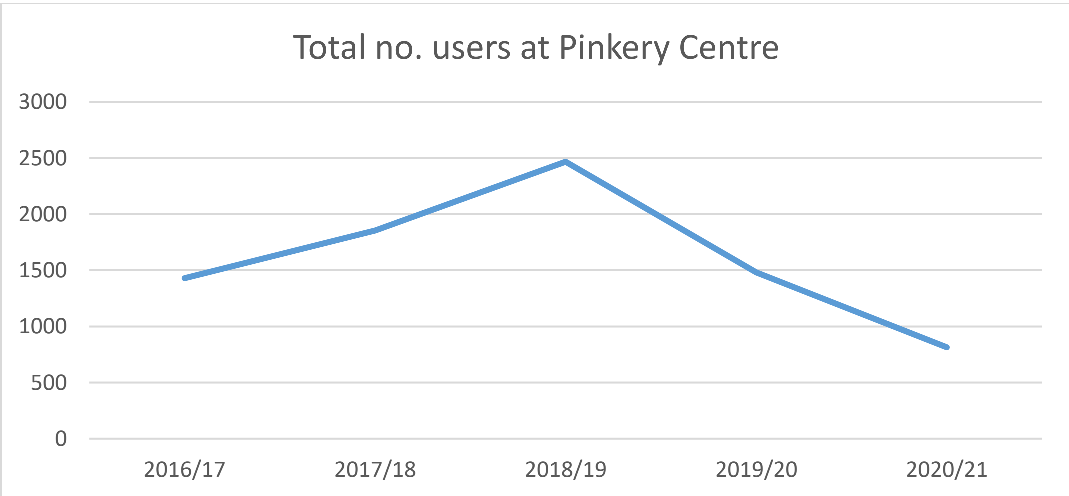
10. The worldwide Covid-19 pandemic took hold during the last few weeks of 2019/20, and following the Government lockdown in March 2020, and 2 further lockdowns, the Authority closed all premises including offices, Field Services depot, National Park Centres, Pinkery Outdoor Education Centre, car parks and toilets, and cancelled all events. Many staff moved to home-working, although some (particularly field based, outreach and visitor services staff) were unable to continue their work from home, and many others were only able to work part time from home due to caring and home-schooling responsibilities. There has inevitably been an impact on delivery of the Corporate Plan priorities.

11. For an analysis of performance in 2020/21 that goes beyond the Key Corporate Indicators please look to the Authority report that will be submitted in July.

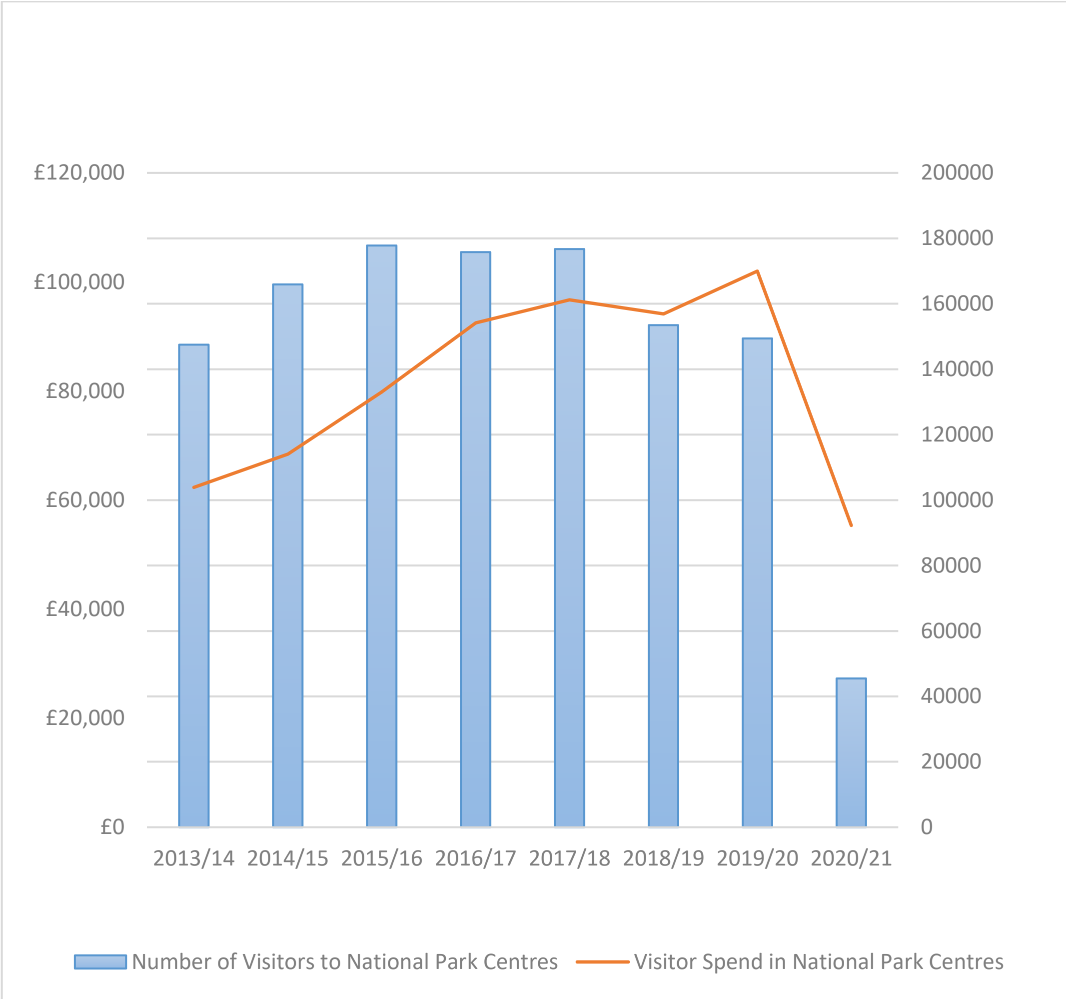
# Key Corporate Indicators 1 April 2020 to 31 March 2021



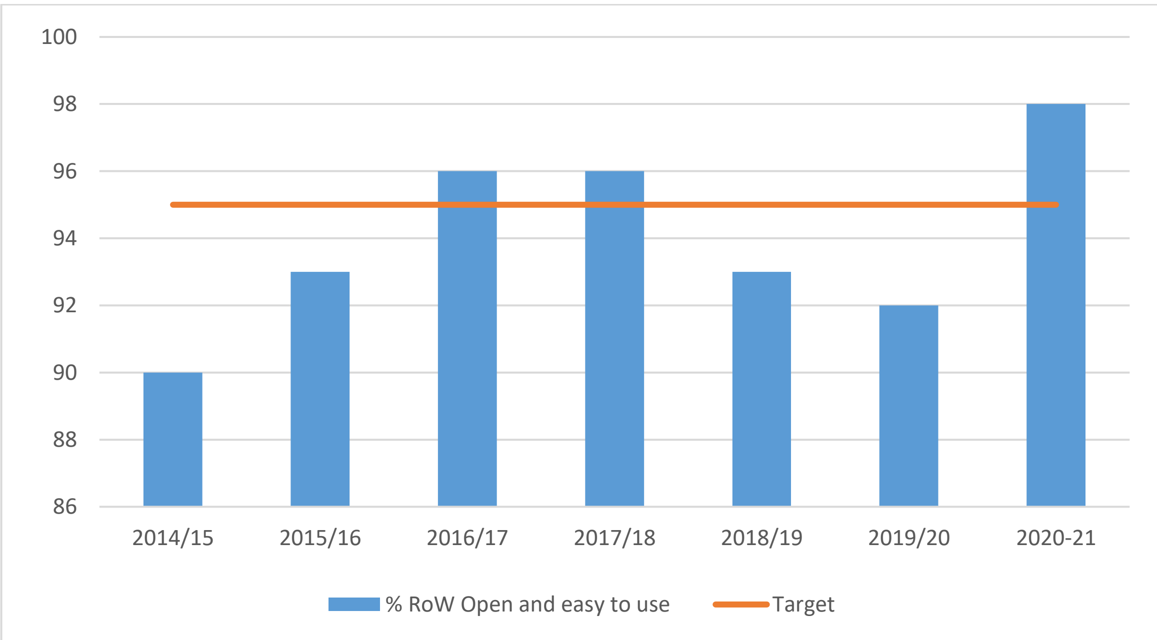

## Pinkery Centre Occupancy rates



## National Park Centre Visitor Numbers and Income Trend




## Rights of Way Open and Easy to Use Score



12. 2020/21 is notable for being the year when Woodside Bridge near Lynmouth was built, further work was undertaken on White Rock Cottage at Simonsbath, new servers were introduced, and the Authority continued to manage the impact of Ash Die-Back on its Woodland Estate. It was also the year when the DEFRA funded 'tests and Trials' were undertaken.

## Financial Statements

13. Information relating to financial performance for the year ended 31 March 2021 is contained in the following statements:

    **Comprehensive Income and Expenditure Statement (page 11);**
    This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

    The Comprehensive Income & Expenditure Statement shows a deficit for 2020/21 of £3.779m. This contrasts with a surplus of £0.391 for 2019/20.

    **Movement in Reserves Statement (page 12);**
    This statement shows the movement in the year on the different reserves held by the authority, analysed between 'usable' and other 'unusable' reserves. 'Usable' reserves are made up of Earmarked Reserves, General Fund Balances and Capital Receipts. The statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to government grants for the year.

    Usable reserves increased by £39k over the course of 2020/21 to £2.923m and unusable decreased over the same period to £5.2m from £9.0m. The increase in usable reserves is due to £100k of capital receipts.

    **Balance Sheet (page 13)**
    This statement shows the values as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

    Exmoor has £8.1m of assets in excess of its liabilities at the end of 2020/21. This is a decrease of £3.8m which is primarily due to an increase in the pensions deficit caused by changes to demographic and financial assumptions. The Authority owns £19.3m of Property, Plant and Equipment however many of these assets could not be realized at this level. Covenants attached to certain assets mean that they can only be sold to similar organizations and for the notional sum of £1.

    **Cash Flow Statement (page 14)**
    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 statement shows how the amount of Cash and Cash Equivalents increased by £92k over the course of 2020/21.

## Financial Performance

14. The revenue budget for 2020/21 was agreed on the 3 March 2020. Resources were applied to meet the purposes and duty described in 1 and 2. The approved budget was constructed across two themes:
    - A Core Budget with expenditure of £3,730,300 and income of £788,200 giving a net requirement of £2,942,100.
    - A Partnership budget involving expenditure of £269,400 of which £74,400 was top sliced for priority elements, £20,000 set aside for small grants and £175,000 added to reserves.

15. This was the budget that was set after receiving the very late notification of no inflationary increase and receiving funding for ‘biodiversity’ to bring us back to a cash neutral position. Schemes had to be removed from the budget in order that a balanced budget could be set.

16. When the Authority closed the accounts for 2019/20 in July there was a further opportunity to rebalance resources. At this point the impact of the pandemic was becoming clearer also. To the Authority the financial impact was assessed as most likely to be felt at the Outdoor Education Centre at Pinkery, car parking and retail sales at the National Park Centres. Government support was received for the National Park Centres and for Pinkery and additional funds were also put aside for the anticipated deficit there. The Authority also established a Covid Response Fund to assist social and community groups with the immediate impact of the pandemic.

17. The Authority considered a revised budget and reviewed the elements of the budget at its meeting on 3 November 2020. Additional resources were found for Environmental Resilience and to fund the redundancy process. Funding was also found in year for improvements to the car parks and visitor facilities at the Valley of Rocks and at Ashcombe.

18. The key financial outcomes for the year ended 31 March 2021 are:
    - The timing of the pandemic meant that the Authority was able to plan ahead for the assumed financial impacts. That, and government support, meant that Covid 19 did not produce immediate, unmanageable financial pressures. ENPA received gross support of £162k but, unlike other comparable organizations we did not require emergency funding, nor did we furlough any staff.
    - The revenue outturn for the year recommends that funds are redistributed towards the Environmental Resilience and Development of the Planning Service Reserves. Also, a Rural Enterprise Reserve has been established with funds from external funding and related underspends.
    - The core budget shows an underspend for the year of £104k when compared with the revised budget. The reconciliation between this surplus and that shown in the Comprehensive Income and Expenditure Account is as follows:

| | £000 | £000 |
|---|---|---|
| **Net Deficit on the Provision of Services in the Comprehensive Income & Expenditure Account** | | **35** |
| *Non Cash Transactions* | | |
| Reverse Depreciation & Impairment charges | (50) | |
| Reverse IAS19 Pensions transactions | (417) | |
| Net transfers from earmarked reserves | (165) | |
| Asset written of on disposal | 20 | |
| Add in Capital Expenditure funded from Revenue | 175 | |
| Add in Capital Expenditure funded from Capital Grants | 22 | |
| Movement in Employee absence Accrual | (29) | |
| Upwards Revaluation of Assets | 305 | |
| **Management Accounts Budget Surplus** | | **(104)** |

19. 2020/21 was an unusual year but the Authority has continued to perform well against the original and revised budgets set. New challenges continue to arise, but the Authority continues to invest, adapt and evolve to meet these.

## Financial Outlook

20. In recent years the Authority has been successful in managing resources and meeting obligations in the context of a slightly increasing or flat National Park Grant. This has been less than ideal but has at least provided stability and the time to seek out new sources of income.

21. We do not know what the National Park Grant figures will be in future years but we do now know of a new funding stream that will provide much needed additional financial capacity for the delivery of national park purposes. The 'Farming in Protected Landscapes' programme will give National Park Authorities and Areas of Outstanding Natural Beauty the opportunity to deliver a programme of work, aimed at land managers, which delivers elements of the 25 Year Environment Plan. The Authority has sought this for many years and is excited to be a part of it. There is the possibility that in the future, NPAs will have a closer role in the delivery of the new Environmental Land Management Schemes.

22. At the point when this Narrative Report is produced it appears probable that the worst of the financial impact of the pandemic is known. Our outdoor education centre is again providing a residential experience to children, the car parks are busy and visitors are returning to the National Park Centres. We have also received £40k in 'Restart Grants' from Government to facilitate this transition in 2021/22.

23. There will always be challenges arising and pressures to manage however, the Authority continues to maintain a solid financial position and opportunities from the Glover Review and new funding streams will also continue to arise.

G Bryant
Chief Finance Officer
November 2021

S Bryan

.......................................... ..................................

**Mrs S Bryan, Chief Executive** **Chairman**

**Date: 11th January 2022**

## 2. STATEMENT OF RESPONSIBILITIES

### 2.1 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 officer is the Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- approve the Statement of Accounts.

### 2.2 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: A Statement of Recommended Practice (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, and
- complied with the local authority Code.

The Chief Finance Officer has also:

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

### 2.3 Chief Finance Officer's Certificate:

**I certify that this Statement of Accounts has been prepared in accordance with the Accounts and Audit Regulations 2015 and that it gives a true and fair view of the financial position of Exmoor National Park Authority as at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.**

**G Bryant**
**Chief Finance Officer:** G. Bryant ........................................ **Date: 11th January 2022**

**Approval of Accounts:**

**I confirm that these accounts were approved by resolution of the Final Accounts Committee on 11th January 2022.**

**Chairman:** ........................................ **Date: 11th January 2022**

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from National Park Grant. National Park Authorities receive National Park Grant and raise other income to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation (government grant) position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

| **2019/20** | | | | **2020/21** | | |
|---|---|---|---|---|---|---|
| Gross Expenditure £000 | Gross Income £000 (Notes 10 & 11) | Net Expenditure £000 | | Gross Expenditure £000 | Gross Income £000 (Notes 10 & 11) | Net Expenditure £000 |
| 1,435 | (487) | 948 | Support to Land Managers | 1,685 | (428) | 1,257 |
| 494 | (166) | 328 | Support to the Community | 627 | (224) | 403 |
| 951 | (341) | 610 | Support to National Park Users | 283 | (332) | (49) |
| 1,373 | (289) | 1,084 | Support Services | 1,251 | (271) | 980 |
| 263 | | 263 | Corporate Management | 264 | | 264 |
| 238 | (17) | 221 | Partnership Fund | 195 | | 195 |
| | | | | | | |
| **4,754** | **(1,300)** | **3,454** | **Cost of Services** | **4,305** | **(1,255)** | **3,050** |
| | | | | | | |
| 9 | - | 9 | Other Operating Expenditure (Note 12) | 8 | (20) | (12) |
| 225 | (30) | 195 | Financing and Investment Income and Expenditure (Note 13) | 225 | (17) | 208 |
| - | (3,211) | (3,211) | Taxation and Non-Specific Grant Income (Note 14) | - | (3,211) | (3,211) |
| | | | | | | |
| **4,988** | **(4,541)** | **447** | **(Surplus)/Deficit on Provision of Services** | **4,538** | **(4,503)** | **35** |
| | | | | | | |
| | | (596) | (Surplus) or deficit on revaluation of Property, Plant and Equipment (Notes 22 & 23) | | | (74) |
| | | (242) | Remeasurement of Net Defined Benefit Liability/ (Asset) (Note 34) | | | 3,818 |
| | | **(838)** | **Other Comprehensive Income and Expenditure** | | | **3,744** |
| | | | | | | |
| | | **(391)** | **Total Comprehensive Income and Expenditure (Surplus)/Deficit** | | | **3,779** |

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'General Fund Balance' (i.e. Earmarked Reserves and the General Fund proper which can be applied to fund expenditure) and other 'unusable' reserves. The statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to government grants for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

| | **General Fund Balance £000** | **Capital Receipts Unapplied £000** | **Total Usable reserves £000** | **Unusable Reserves £000** | **Total Authority Reserves £000** |
|---|---|---|---|---|---|
| **Balance at 31 March 2019** | **2,984** | **-** | **2,984** | **8,544** | **11,528** |
| **Movement in reserves during 2019/20** | | | | | |
| Total Comprehensive Income and Expenditure | (447) | - | **(447)** | 838 | **391** |
| Adjustments between accounting basis & funding basis under regulations (Note 20) | 347 | - | **347** | (347) | **-** |
| **Net Increase/(Decrease)** | **(100)** | **-** | **(100)** | **491** | **391** |
| **Balance at 31 March 2020** | **2,884** | **-** | **2,884** | **9,035** | **11,919** |
| | | | | | |
| **Movement in reserves during 2020/21** | | | | | |
| Total Comprehensive Income and Expenditure | (35) | - | **(35)** | (3,744) | **(3,779)** |
| Adjustments between accounting basis & funding basis under regulations (Note 20) | (26) | 100 | **74** | (74) | **-** |
| **Increase/(Decrease) in 2020/21** | **(61)** | **100** | **39** | **(3,818)** | **(3,779)** |
| **Balance at 31 March 2021 (Notes 21 and 31)** | **2,823** | **100** | **2,923** | **5,217** | **8,140** |

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

| **31 March 2020 £000** | | **Notes** | **31 March 2021 £000** |
|---:|---|---:|---:|
| 18,765 | Property, Plant & Equipment | 22 | 19,281 |
| 81 | Heritage Assets | 23 | 92 |
| **18,846** | **Long Term Assets** | | **19,373** |
| | | | |
| 74 | Inventories | - | 67 |
| 256 | Short Term Debtors | 26 | 214 |
| 2,800 | Cash and Cash Equivalents | 27 | 2,900 |
| 80 | Assets Held for Sale | 24 | - |
| **3,210** | **Current Assets** | | **3,181** |
| | | | |
| (16) | Receipts in Advance | - | (8) |
| (37) | Cash and Cash Equivalents | 27 | (45) |
| (246) | Short Term Creditors | 28 | (288) |
| **(299)** | **Current Liabilities** | | **(341)** |
| | | | |
| (9,838) | Other Long Term Liabilities | 34 | (14,073) |
| **(9,838)** | **Long Term Liabilities** | | **(14,073)** |
| | | | |
| **11,919** | **Net Assets** | | **8,140** |
| | | | |
| 2,884 | Usable Reserves | 21,29 | 2,923 |
| 9,035 | Unusable Reserves | 31 | 5,217 |
| **11,919** | **Total Reserves** | | **8,140** |

## Authorised for Issue

The un-audited Accounts were authorised for issue by the Chief Finance Officer on 18 June 2021.

The audited Accounts were authorised for issue by the Chief Finance Officer on 11 January 2022.

## 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 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 predicating claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

| 2019/20<br>£000 | | 2020/21<br>£000 |
|---:|---|---:|
| **447** | **Net (surplus) or deficit on the Provision of Services** | **35** |
| | *Adjustments for-* | |
| (741) | Non Cash Movements (Note 36) | (224) |
| **(294)** | **Net Cash flows from Operating Activities** | **(189)** |
| | | |
| | | |
| 331 | Investing Activities (Note 37) | 97 |
| - | Financing Activities (Note 38) | - |
| **37** | **Net (increase)/decrease in Cash and Cash equivalents** | **(92)** |
| | | |
| | | |
| 2,800 | Cash and Cash Equivalents at the beginning of the reporting period | 2,763 |
| **2,763** | **Cash and Cash Equivalents at the end of the reporting period** | **2,855** |
| | | |
| **37** | **Net (increase)/decrease in Cash and Cash equivalents** | **(92)** |

# NOTES TO THE ACCOUNTS

## Note 1: Accounting Policies

i **General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position at the year-end 31 March 2021. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the UK 2020/21 (The Code) supported by International Financial Reporting Standards (IRFS) and statutory guidance issued under section 12 of the 2003 Act.

The Statement of Accounts has been prepared using the going concern and accrual basis. The historical cost convention has been applied, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii **Accruals of Income and Expenditure**

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

- Revenue from the sale 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 the 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 services provided by 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 respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows or determined by the contract.

- Where 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 balance of debtors is written down and a charge made to revenue for the income that might not be collected.

- Small amounts outstanding at year end are treated on a payments basis. In total, these do not have a material effect on the year's accounts.

iii **Cash and Cash Equivalents (Note 27)**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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 prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v **Charges to Revenue for Non-Current Assets**

Services and support services are debited with the following amounts to record the cost of holding fixed 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.

vi **Employee Benefits (Notes 16,34)**

Benefits Payable During Employment

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, bonuses and non-monetary benefits (e.g. cars) for current employees 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 e.g. 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 wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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 Service lines in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, 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 required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable at the year-end.

<u>Post Employment Benefits</u>
Most employees of the Authority are members of the following pension scheme:

- The Local Government Pensions Scheme, administered by Peninsula Pensions.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Authority.

*The Local Government Pension Scheme*
**The Local Government Scheme is accounted for as a defined benefits scheme:**

- The liabilities of the SCC LGPS 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 based on the indicative rate of return on high quality corporate bond (annualised yield at the 20-year point on the Merrill Lynch AA-rated corporate bond yield curve).

- The assets of SCC pension fund attributable to the Authority are included in the Balance Sheet at their fair values.

    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value

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

- **Service Cost comprising:**

    - Current service cost: the increase in liabilities as a result of years of service earned this year which is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

    - Past service cost: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

    - Net interest on the defined liability: i.e. net interest expense for the authority – the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period, taking into account any changes in the net defined liability during the period as a result of contribution and benefit payments.

- **Remeasurement comprising:**

    - The return on plan assets: excluding amounts included in net interest on the net defined liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

    - 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 Somerset County Council pension fund:

    - Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, 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 appropriations 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 to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

*Discretionary Benefits*
The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

vii **Events After the Balance Sheet Date (Note 5)**
Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

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

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

viii **Financial Instruments (Notes 25)**

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 are carried at their amortised cost.

Financial assets are classified on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics: there are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit and loss (none)
- Fair value through other comprehensive income (none)

Our business model is to hold investments to collect contractual cashflows. Financial assets are therefore classified at amortised cost (bank deposits and debtors).

Financial assets measured at amortised cost are recognised in the Balance Sheet when we become party to the contractual provisions of the instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits are made to the Financing and Investment Income and Expenditure line in the CIES for interest receivable, based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Any gains and losses that arise on derecognition are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model - we recognise expected credit losses on financial assets held at amortised cost either on a 12-month or lifetime basis and also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors). Impairment losses are calculated to reflect the expectation that the future cash flows might not take place due to default. Credit risk plays an important part in assessing losses. Where risk has increased significantly since initial recognition, losses are assessed on a life-time basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses. If expected losses are not material then no allowance will be made.

ix **Government Grants and Contributions (Note 19)**

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
- the grants or contributions will be received.

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 (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

x **Inventories**

Inventories held for resale at the three National Park Centres are included in the Balance Sheet at cost. The cost of inventories is assigned using the weighted average costing formula.

xi **Property, Plant and Equipment (Note 22)**

Assets that have physical substance and 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 during more than one financial year are classified as Property, Plant and Equipment.

<u>Recognition</u>

Expenditure on the acquisition, creation or enhancement of Property, Plant and 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 that 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.

De-minimus

Expenditure below £5,000 on property, plant and equipment is treated as revenue expenditure and is charged to the relevant service line in the Comprehensive Income & Expenditure Statement in the year that it is incurred.

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 cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority).

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost

- all 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. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

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.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

<u>Depreciation</u>

Depreciation is provided for on all Property, Plant and 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 that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer

- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset

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 historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

<u>Disposals</u>

Where an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement 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). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement) (England and Wales)]. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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 arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

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 reclassified as an asset-held-for-sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

xii **Contingent Liabilities and Contingent Assets (Note 35)**

Contingent Assets

Contingent assets are disclosed by way of note where it is probable that there will be an inflow of economic benefits or service potential.

A contingent asset arises where an event has taken place that gives the Authority a possible asset 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

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 also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

xiii **Reserves (Notes 20, 21, 29, 31)**

The Authority sets aside specific amounts as reserves for future purposes or to cover contingencies. Reserves are created by appropriating 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 to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into 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.

xiv **Heritage Assets (Note 23)**

The Authority's Heritage Assets are assets held by the Authority principally for their contribution to knowledge and/or culture. They are recognised and measured in accordance with the Authority's accounting policies on Property, Plant and Equipment. The authority only recognises two Heritage Assets; the Brendon Hill Incline and the Simonsbath Sawmill. Both of these are valued at Existing Use Value.

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

The 2020/21 Code of Practice on Local Authority Accounting requires the Authority to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts.

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2020/21 Code. The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

IFRS16 Finance Leases was to have been introduced in the 2020/21 code. However, CIPFA has since deferred the start date (twice) until 1 April 2022. The impact of IFRS 16 cannot yet be estimated and work will be undertaken to inform the impact on the 2022/23 Accounts. There are therefore no accounting changes due in 2021/22 that are anticipated to have a material effect on the Authority's financial performance or financial position.

## Note 3: Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The accounts have been prepared on a going-concern basis. The concept of going concern assumes that the Authority, its functions and services will continue in operational existence for the foreseeable future. There is no indication that Defra or Central Government intends to abolish National Park Authorities.

## Note 4: Assumptions about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Two items in the Authority's Balance Sheet as at 31 March 2021, for which there is a significant risk of material adjustment in forthcoming financial years, is as follows:

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|---|---|---|
| **Pensions Liability** | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. | The effects of the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £627K. However the assumptions interact in complex ways. During 2020/21, the Authority's actuaries advised that due to estimates being adjusted (as a result of experience and updating the assumptions) the net pension liability had increased by £4.2m. |

| | | |
|---|---|---|
| **Property Plant and Equipment** | Market uncertainty for opinions of value in response to the potential impact of the Coronavirus pandemic | Valuation decreases would impact on the value of the Authority's balance sheet. The property portfolio is valued at either current value or depreciated replacement cost. Valuations have been undertaken on an annual basis in recent years and there is an expectation that markets will return to normal in time. The situation will be kept under review. |

## Note 5: Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 11 January 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Note 6: Related Parties

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

*Central Government*

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants. Grants received from government departments are set out in the subjective analysis in Note 19 on Grant Income.

*Members*

Members of the Authority have direct control over the Authority's financial and operating policies. 12 of the Authority's members are also elected members of other local authorities within Devon and Somerset. The Authority's Standing Orders requires a register to be kept of members disclosable pecuniary interests and declarations of related party transactions in a register of interests. In addition members are asked to declare separately any transactions with the Authority. A summary of the Members' allowances paid in 2020/21 is shown in Note 15.

*Officers*

Officers of the Authority are bound by the Authority's Code of Conduct which seeks to prevent related parties exerting undue influence over the Authority. Senior Officers are required to declare any transactions with the Authority. No transactions have been disclosed.

The Authority's transactions with the Somerset County Council Pension Fund are detailed within Note 35 to the Financial Statements.

## Note 7: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, other grants and contributions, sales, fees and charges) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's service areas.

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| 2019/20 | | | | 2020/21 | | |
|---|---|---|---|---|---|---|
| Net Expenditure Chargeable to the General Fund £000 | Adjustments between Funding & Accounting basis £000 (Note 8) | Net Expenditure in the CI&ES £000 | | Net Expenditure Chargeable to the General Fund £000 | Adjustments between Funding & Accounting basis £000 (Note 8) | Net Expenditure in the CI&ES £000 |
| 1,113 | (165) | 948 | Support to Land Managers | 1,075 | 182 | 1,257 |
| 298 | 30 | 328 | Support to the Community | 376 | 27 | 403 |
| 532 | 78 | 610 | Support to National Park Users | 442 | (491) | (49) |
| 957 | 127 | 1,084 | Support Services | 867 | 113 | 980 |
| 240 | 23 | 263 | Corporate Management | 247 | 17 | 264 |
| 201 | 20 | 221 | Partnership Fund | 182 | 13 | 195 |
| | | | | | | |
| **3,341** | **113** | **3,454** | **Net Cost of Services** | **3,189** | **(139)** | **3,050** |
| | | | | | | |
| (3,241) | 234 | (3,007) | Other Income & Expenditure | (3,228) | 213 | (3,015) |
| | | | | | | |
| **100** | **347** | **447** | **(Surplus)/Deficit on Provision of Services** | **(39)** | **74** | **35** |
| **(2,984)** | | | **Opening General Fund Balance** | **(2,884)** | | |
| 100 | | | Deficit on General Fund in Year | 61 | | |
| **(2,884)** | | | **Closing General Fund Balance** | **(2,823)** | | |

**Note 8: Note to the Expenditure and Funding Analysis**

Adjustments between the Funding and Accounting Basis 2020/21.

| **Adjustments from the General Fund to arrive at the CIES amounts** | **Adjustments for Capital Purposes (note a)** | **Net change for Pensions Adjustment (note b)** | **Other Differences (note c)** | **Total Adjustments** |
|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** |
| Support to Land Managers | 116 | 57 | 9 | 182 |
| Support to the Community | 1 | 22 | 4 | 27 |
| Support to National Park Users | (521) | 26 | 4 | (491) |
| Support Services | 52 | 53 | 8 | 113 |
| Corporate Management | | 15 | 2 | 17 |
| Partnership Fund | | 11 | 2 | 13 |
| **Net Cost of Services** | **(352)** | **184** | **29** | **(139)** |
| Other Income & Expenditure | (20) | 233 | - | **213** |
| **Surplus/ Deficit on the Provision of Services** | **(372)** | **417** | **29** | **74** |

Adjustments between the Funding and Accounting Basis 2019/20

| Adjustments from the General Fund to arrive at the CIES amounts | Adjustments for Capital Purposes (note a) | Net change for Pensions Adjustment (note b) | Other Differences (note c) | Total Adjustments |
|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** |
| Support to Land Managers | (254) | 85 | 4 | **(165)** |
| Support to the Community | 2 | 27 | 1 | **30** |
| Support to National Park Users | 27 | 49 | 2 | **78** |
| Support Services | 40 | 83 | 4 | **127** |
| Corporate Management | - | 22 | 1 | **23** |
| Partnership Fund | - | 19 | 1 | **20** |
| **Net Cost of Services** | **(185)** | **285** | **13** | **113** |
| Other Income & Expenditure | - | 234 | - | **234** |
| **Surplus/ Deficit on the Provision of Services** | **(185)** | **519** | **13** | **347** |

**a) Adjustments for Capital Purposes** - this column adds in depreciation and impairment and revaluation gains and losses in the services line
**b) Net Change for Pensions Adjustments** - Net change for removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- **For services** - this represents removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs
- **For Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES

**c) Other Differences** - other differences debited / credited to the CIES and amounts payable / receivable to be recognised under statute i.e. accumulated absences.

## Notes Supporting the Comprehensive Income and Expenditure Statement

### Note 9: Material Items of Income and Expenditure

There are no material items to disclose in 2020/21.

### Note 10: Expenditure and Income Analysed by Nature

| 2019/20 £000 | Expenditure | 2020/21 £000 |
|---|---|---|
| 2,619 | Employee Benefits Expenses | 2,885 |
| 2,027 | Other Service Expenses | 1,284 |
| 117 | Depreciation, Amortisation & Impairment | 124 |
| 225 | Interest Payments | 225 |
| **4,988** | **Total Expenditure** | **4,518** |
| | | |
| | **Income** | |
| (1,300) | Grants, Fees, Charges and other Service Income | (1,255) |
| (3,211) | Government Grants & Contributions | (3,211) |
| (30) | Interest & Investment Income | (17) |
| **(4,541)** | **Total Income** | **(4,483)** |
| | | |
| **447** | **(Surplus)/ Deficit on the provision of service** | **35** |

## Note 11: Segmental Income

### 2020/21

| | Grants & Contributions | Fees & Charges | Sales Income | Other | Total |
|---|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** | **£000** |
| Support to Land Managers | (413) | (10) | - | (5) | **(428)** |
| Support to the Community | (131) | (93) | - | - | **(224)** |
| Support to National Park Users | (164) | (87) | (51) | (30) | **(332)** |
| Support Services | (114) | (1) | - | (156) | **(271)** |
| Corporate Management | - | - | - | - | **-** |
| Partnership Fund | - | - | - | - | **-** |
| **Total Income** | **(822)** | **(191)** | **(51)** | **(191)** | **(1,255)** |

### 2019/20

| | Grants & Contributions | Fees & Charges | Sales Income | Other | Total |
|---|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** | **£000** |
| Support to Land Managers | (454) | (28) | - | (5) | **(487)** |
| Support to the Community | (14) | (152) | - | - | **(166)** |
| Support to National Park Users | (25) | (193) | (93) | (30) | **(341)** |
| Support Services | (121) | (3) | - | (165) | **(289)** |
| Corporate Management | - | - | - | - | **-** |
| Partnership Fund | (17) | - | - | - | **(17)** |
| **Total Income** | **(631)** | **(376)** | **(93)** | **(200)** | **(1,300)** |

## Note 12: Other operating expenditure

| 2019/20 £000 | | 2020/21 £000 |
|---|---|---|
| - | (Gains)/Losses on the disposal of non-current assets | (20) |
| 9 | IAS19 Administration expense | 8 |
| **9** | **Total** | **(12)** |

## Note 13: Financing and Investment Income and Expenditure

| 2019/20 £000 | | 2020/21 £000 |
|---|---|---|
| 225 | Net interest on the net defined pensions liability | 225 |
| (30) | Interest receivable and similar income | (17) |
| **195** | **Total** | **208** |

## Note 14: Taxation and non-specific grant incomes

| 2019/20 £000 | | 2020/21 £000 |
|---|---|---|
| (3,211) | Non-ring fenced government grants | (3,211) |
| **(3,211)** | **Total** | **(3,211)** |

## Note 15: Members Allowances

The Authority paid the following amounts to members of the Authority during the year:

| 2019/20 £000 | | 2020/21 £000 |
|---|---|---|
| 16 | Special Responsibility Allowance | 16 |
| 59 | Basic Allowance | 61 |
| 7 | Allowance for mileage | 1 |
| **82** | **TOTAL** | **78** |

**Note 16: Officers' Remuneration**

The Authority is required to name all officers that earn over £150,000 per annum for all or part of a year (there are none); and to list all officers who earn between £50,000 and £150,000 for all or part of a year, and who also fit the following criteria:

- They report directly to the Chief Executive, or;
- They are part of the Authority's Senior Management Team, or;
- They hold posts required by statute (the Chief Finance Officer and the Monitoring Officer)

| | Salary, Fees and Allowances £000 | Expense Allowance £000 | Total Remuneration (excl. pension contribution) £000 | Pension Contribution £000 | Total Remuneration including pension contribution £000 |
|---|---|---|---|---|---|
| **Chief Executive** – 2020/21 | 88 | - | 88 | 16 | 104 |
| **Chief Executive** – 2019/20 | 74 | - | 74 | 11 | 85 |

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 (including those detailed in the above table) were:

| 2019/20 Number of employees | Remuneration band | 2020/21 Number of employees |
|---|---|---|
| - | £50,000 - £54,999 | 1 |
| - | £55,000 - £59,999 | - |
| - | £60,000 - £64,999 | - |
| - | £65,000 - £69,999 | - |
| 1 | £70,000 - £74,999 | - |
| - | £75,000 - £79,999 | - |
| | £80,000 - £84,999 | |
| - | £85,000 - £89,999 | 1 |

**Note 17: Termination Benefits**

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

| Exit package cost band (including special payments) | 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 £000 | |
|---|---|---|---|---|---|---|---|---|
| | 2019/20 | 2020/21 | 2019/20 | 2020/21 | 2019/20 | 2020/21 | 2019/20 | 2020/21 |
| £0 - £20,000 | - | 2 | - | - | - | 2 | - | 10 |
| £20,001 - £40,000 | - | - | - | 1 | - | 1 | - | 24 |
| £40,001 - £60,000 | - | - | - | - | - | - | - | - |
| £60,001 - £80,000 | - | - | - | 1 | - | 1 | - | 70 |
| £80,001 - £100,000 | - | - | - | - | - | - | - | - |
| **Total** | **-** | **2** | **-** | **2** | **-** | **4** | **-** | **104** |

**Note 18: External Audit Costs**

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

| 2019/20 £000 | | 2020/21 £000 |
|---|---|---|
| 9 | Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor. | 9 |
| 6 | Audit Fee variation (*Proposed) | *7 |
| **15** | **Total** | **16** |

**Note 19: Grant Income**

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21:

| **Credited to Taxation and Non Specific Grant Income** | 2019/20 £000 | 2020/21 £000 |
|---|---|---|
| National Park Grant – DEFRA | 3,211 | 3,211 |
| **Total** | **3,211** | **3,211** |
| | | |
| **Credited to Services** | | |
| Tests and Trials – DEFRA | 20 | 72 |
| Astro Tourism – SWAT | - | 20 |
| Covid Support/ Rate reliefs – SWAT & NDDC | - | 136 |
| Walks Project – SWAT | - | 11 |
| Visit Exmoor Grant – Visit Britain | - | 14 |
| Brownfield Register – CLG | 2 | - |
| Custom Build Grant - CLG | 15 | - |
| Rural Crime Grant – Police Community Trust | 3 | - |
| Exmoor Tree Nursery – Devon Environmental Foundation | - | 15 |
| Woodlands – Plantlife | - | 7 |
| Woodside Bridge – Lyn Community Development Trust | - | 22 |
| Health & Wellbeing – Somerset County Council | - | 18 |
| Mend Our Mountains - BMC | 35 | - |
| Monument Management Scheme – Historic England | 8 | - |
| Cow Castle – Honeymead Arts Trust | - | 2 |
| Coast Path & Landscape Monitoring – Natural England | 22 | 26 |
| Woodland Visualisation Project – Natural England | - | 5 |
| Forestry Grant – Royal Forestry Grant | 10 | - |
| Grey Squirrel Control – Forestry Commission | - | 3 |
| Woodland Improvement Grant – RPA | 17 | - |
| White Rock Cottage Development – Leader (RPA) | 88 | - |
| Basic Payment & Higher Level Stewardship Scheme – RPA | 100 | 106 |
| Countryside Stewardship – RPA | 48 | 48 |
| Rhododendron Control - RPA | - | 4 |
| Long Holcombe – RPA | 3 | - |
| **Total** | **371** | **509** |

## Notes to Support the Movement in Reserves Statement

### Note 20: Adjustments between accounting basis and funding basis under regulations

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

| 2020/21 | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | Movement in Unusable Reserves £000 |
|---|---|---|---|---|
| **Adjustments to Revenue Resources:** | | | | |
| Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements: | | | | |
| Pension Costs | 417 | - | - | (417) |
| Holiday pay | 29 | - | - | (29) |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) | (197) | - | 22 | 175 |
| | | | | |
| **Total Adjustments to Revenue Resources** | **249** | **-** | **22** | **(271)** |
| | | | | |
| **Adjustments between Revenue and Capital Resources:** | | | | |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | (175) | - | - | **175** |
| Transfer of sales proceeds credited as part of the gain/loss on disposal | (100) | 100 | - | **-** |
| **Total Adjustments between Revenue and Capital resources** | **(275)** | **100** | **-** | **175** |
| | | | | |
| **Adjustments to Capital Resources:** | | | | |
| Application of Capital Grants to finance Capital Expenditure | - | - | (22) | **22** |
| **Total Adjustments to Capital Resources** | **-** | **-** | **(22)** | **22** |
| | | | | |
| **Total Adjustments** | **(26)** | **100** | **-** | **(74)** |

| 2019/20 | **General Fund Balance £000** | **Capital Receipts Reserve £000** | **Capital Grants Unapplied £000** | **Movement in Unusable Reserves £000** |
|---|---|---|---|---|
| **Adjustments to Revenue Resources:** | | | | |
| Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements: | | | | |
| Pension Costs | 519 | - | - | **(519)** |
| Holiday pay | 13 | - | - | **(13)** |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) | 58 | - | 88 | **(146)** |
| **Total Adjustments to Revenue Resources** | **590** | **-** | **88** | **(678)** |
| | | | | |
| **Adjustments between Revenue and Capital Resources:** | | | | |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | (243) | - | - | **243** |
| Transfer of sales proceeds credited as part of the gain/loss on disposal | - | - | - | **-** |
| **Total Adjustments between Revenue and Capital resources** | **(243)** | **-** | **-** | **243** |
| | | | | |
| **Adjustments to Capital Resources:** | | | | |
| Application of Capital Grants to finance Capital Expenditure | - | - | (88) | 88 |
| **Total Adjustments to Capital Resources** | **-** | **-** | **(88)** | **88** |
| | | | | |
| **Total Adjustments** | **347** | **-** | **-** | **(347)** |

**Note 21: Transfers to/ from Earmarked Reserves**

The Authority’s reserve balances are continually reviewed to determine the appropriate level and use. We regularly establish new reserves, assess the appropriate level of existing reserves or cancel reserves that have met their objective. Our reserves are made up as follows:

- General Reserve (unallocated) – this is the minimum level required to maintain working balances (in accordance with CIPFA guidance).
- Partnership Fund Reserves (allocated) – these sums are set aside to meet one- off priorities that assist in the delivery of the Partnership Plan.
- Earmarked Reserves (allocated) – these consist of ring-fenced grants and contributions received from third parties, sums set aside for capital schemes and commitments against future obligations.
- Capital Grants – these include funds received from external organisations towards investment in assets.
- Capital receipts Reserve – holds the proceeds from the disposal of land or other assets which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure

It can therefore be seen that the majority of our Reserve Balances are “allocated”. The following table sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in year.

| | Balance at 31 March 2019 £000 | Transfers between Reserves £000 | Transfers In 2019/20 £000 | Transfers Out 2019/20 £000 | Increase/ Decrease (-) in useable Reserves 2019/20 £000 | Balance at 31 March 2020 £000 | Transfers between Reserves £000 | Transfers In 2020/21 £000 | Transfers Out 2020/21 £000 | Increase/ Decrease in useable Reserves 2020/21 £000 | Balance at 31 March 2021 £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Earmarked Reserves** | **2,242** | **1** | **376** | **(535)** | **(158)** | **2,084** | **185** | **436** | **(483)** | **138** | **2,222** |
| **Partnership Fund Reserves** | **407** | **71** | **198** | **(201)** | **68** | **475** | **(56)** | **64** | **(182)** | **(174)** | **301** |
| | | | | | | | | | | | |
| **General Fund Balance** | **335** | **(72)** | **62** | | **(10)** | **325** | **(129)** | **104** | | **(25)** | **300** |
| | | | | | | | | | | | |
| **Capital Grants Unapplied** | **-** | **-** | **88** | **(88)** | **-** | **-** | **-** | **22** | **(22)** | **-** | **-** |
| **Capital Receipts Reserve** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **100** | **-** | **100** | **100** |
| | | | | | | | | | | | |
| **Total Useable Reserves** | **2,984** | **-** | **724** | **(824)** | **(100)** | **2,884** | **-** | **726** | **(687)** | **39** | **2,923** |

## Notes to Support the Balance Sheet

### Note 22: Property, Plant and Equipment

Movements on Balances

| | Land & Buildings £000 | Vehicles, Plant & Equipment £000 | Infrastructure £000 | Assets Under Construction £000 | Total £000 |
|---|---|---|---|---|---|
| **Cost or Valuation 1 April 2020** | **18,368** | **242** | **-** | **297** | **18,907** |
| Additions | 61 | 66 | **70** | **-** | **197** |
| De-recognition – Disposals | - | (84) | - | - | **(84)** |
| Reclassifications (to)/ from held for sale | - | - | - | - | **-** |
| Revaluation Increase/ decrease (-): | | | | | |
| - to Revaluation Reserve | 71 | - | - | - | **71** |
| - to Surplus/ Deficit on the provision of service | 530 | - | - | (233) | **297** |
| Other movement in cost of valuation | 64 | - | - | (64) | **-** |
| | | | | | |
| **Cost or Valuation 31 March 2021** | **19,094** | **224** | **70** | **0** | **19,388** |
| | | | | | |
| **Accumulated depreciation 1 April 2020** | **-** | **(141)** | **-** | **-** | **(141)** |
| Depreciation Charge | (74) | (47) | (3) | - | **(124)** |
| Derecognition - Disposals | - | 84 | - | - | **84** |
| Depreciation written out to the Revaluation Reserve | 22 | - | - | - | **22** |
| Depreciation written out to the Surplus/ Deficit on the provision of services | 52 | - | - | - | **52** |
| **Total Depreciation at 31 March 2021** | **-** | **(104)** | **(3)** | **-** | **(107)** |
| | | | | | |
| **Net Book Value at 1 April 2020** | **18,368** | **101** | | **297** | **18,766** |
| | | | | | |
| **Net Book Value at 31 March 2021** | **19,094** | **120** | **67** | **-** | **19,281** |

| | Land & Buildings £000 | Vehicles, Plant & Equipment £000 | Infrastructure £000 | Assets Under Construction £000 | Total £000 |
|---|---|---|---|---|---|
| **Cost or Valuation 1 April 2019** | **17,831** | **316** | **-** | **-** | **18,147** |
| Additions | 55 | - | **-** | **277** | **332** |
| De-recognition – Disposals | - | (74) | - | - | **(74)** |
| Reclassifications (to)/ from held for sale | - | - | - | - | **-** |
| Revaluation Increase/ decrease (-): | | | | | |
| - to Revaluation Reserve | 595 | - | - | - | **595** |
| - to Surplus/ Deficit on the provision of service | (93) | - | - | - | **(93)** |
| Other movement in cost of valuation | (20) | - | - | 20 | **-** |
| | | | | | |
| **Cost or Valuation 31 March 2020** | **18,368** | **242** | **-** | **297** | **18,907** |
| | | | | | |
| **Accumulated depreciation 1 April 2019** | **-** | **(162)** | **-** | **-** | **(162)** |
| Depreciation Charge | (63) | (53) | - | - | **(116)** |
| Derecognition - Disposals | - | 74 | - | - | **74** |
| Depreciation written out to the Revaluation Reserve | 11 | - | - | - | **11** |
| Depreciation written out to the Surplus/ Deficit on the provision of services | 52 | - | - | - | **52** |
| **Total Depreciation at 31 March 2020** | **-** | **(141)** | **-** | **-** | **(141)** |
| | | | | | |
| **Net Book Value at 1 April 2019** | **17,831** | **154** | **-** | **-** | **17,985** |
| | | | | | |
| **Net Book Value at 31 March 2020** | **18,368** | **101** | **-** | **297** | **18,766** |

**Depreciation**
The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Land and Buildings: 40-80 years
- Vehicles, Plant, Furniture and Equipment: 5-10 years
- Infrastructure: 25 years

## Revaluations

The Authority carries out a valuation programme which ensures all Property, Plant and Equipment is measured at fair value in accordance with IAS16 and revalued at least every five years. We are currently revaluing assets every year to ensure that the values stated are materially correct. The valuation date is the 31st March. For 2020/21 the valuation was carried out by Mark Reynolds MRICS and Registered Valuer while employed by the NPS Group Limited in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors – the RICS Valuation – Global Standards January 2020, Chartered Institute of Public Finance and Accountancy (CIPFA) accounting code and the International Financial Reporting Standards (IFRS) and the RICS Code of Measuring Practice.

There were no capital commitments at the 31 March 2021.

## Market Uncertainty

It was reported last year that the outbreak of the coronavirus (COVID-19) and its impact on the world's economy could be felt for many months and possibly years. VPGA 10 of the Red Book gives guidance about matters that may give rise to material valuation uncertainty. Para 2.4 states that *'markets can be disrupted by relatively unique factors. Such disruption can arise due to unforeseen financial, macro-economic, legal, political or even natural events. If the valuation date coincides with, or is in the immediate aftermath of, such an event there may be a reduced level of certainty that can be attached to a valuation, due to inconsistent, or an absence of, empirical data, or to the valuer being faced with an unprecedented set of circumstances on which to base a judgment'.*

It is considered that there is material uncertainty as at 31 March 2021 in respect of the commercial type assets, and, in line with the RICS document 'Impact of COVID-19 on valuation – Supplement to RICS Practice Alert' dated 06 November 2020, the following statement applies to the valuations: 'The outbreak of COVID-29, declared by the World Health Organisation as a 'Global Pandemic' on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational requirements have been implemented by many countries. In some cases, 'lockdowns' have been applied to varying degrees and to reflect further 'waves' of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally'.

In respect of the Exmoor commercial property sector, as at 31 March 2021: 'we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuations of the Authority's assets are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuations than would normally be the case'.

For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuations cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

| | Land & Buildings £000 | Vehicles, Plant & Equipment £000 | Infrastructure £000 | Assets Under Construction £000 | Total £000 |
|---|---|---|---|---|---|
| Carried at Historical Cost | 1,744 | 120 | 67 | - | 1,931 |
| Valued at Current Value as at 31/03/2020 | 17,350 | - | - | - | 17,350 |
| **Net Book Value at 31 March 2021** | **19,094** | **120** | **67** | **-** | **19,281** |

**Note 23: Heritage Assets**

| | Heritage Assets £000 |
|---|---|
| **Cost or Valuation 1 April 2020** | **81** |
| Additions | - |
| Revaluation Increase/ decrease (-): | |
| - to Revaluation Reserve | 3 |
| - to Surplus/ Deficit on the provision of service | 8 |
| **Cost or Valuation 31 March 2021** | **92** |
| | |
| **Cost or Valuation 1 April 2019** | **81** |
| Additions | - |
| Revaluation Increase/ decrease (-): | |
| - to Revaluation Reserve | - |
| - to Surplus/ Deficit on the provision of service | - |
| **Cost or Valuation 31 March 2020** | **81** |

**Note 24: Assets Held for Sale**

| 31 March 2020 £000 | | 31 March 2021 £000 |
|---|---|---|
| **80** | **Balance outstanding at the start of the year** | **80** |
| - | Assets newly classified as held for sale | - |
| - | Assets sold | 80 |
| **80** | **Balance outstanding at the end of the year** | **-** |

**Note 25: Financial Instruments**

Financial instruments are defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets: Amortised Cost**

| 31 March 2020 £000 | | 31 March 2021 £000 |
|---|---|---|
| 2,800 | Comingled Fund | 2,900 |
| - | Cash in hand and at bank | - |
| 239 | Contractual Debtors | 183 |
| **3,039** | **Total** | **3,083** |

**Financial Liabilities: Amortised Cost**

| 31 March 2020 £000 | | 31 March 2021 £000 |
|---:|---|---:|
| (37) | Bank Overdraft | (45) |
| (204) | Contractual Creditors | (242) |
| **(241)** | **Total** | **(287)** |

**Interest and Investment Income:**

The (gains) and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments is as follows:

| 31 March 2020 £000 | | 31 March 2021 £000 |
|---:|---|---:|
| (30) | Interest Income | (17) |
| **(30)** | **Total** | **(17)** |

Financial assets and liabilities are carried in the Balance Sheet at amortised cost. Their fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining life of the instrument using the following assumptions:

- The fair value of trade and other receivables and payables is taken to be the invoiced or billed amount
- The fair value of cash deposits is taken to be the cash balance as at 31 March

**Nature and Extent of Risks Arising from Financial Instruments**

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due
- Liquidity risk – the possibility that the Authority may not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Chief Finance Officer, under policies approved by the Authority. The Authority has adopted the CIPFA Code of Practice for Treasury Management and as part of this approves an annual Treasury Management Strategy and Practices which sets out the policies on borrowing, investment, credit risk and interest rate exposure.

**Credit Risk and Expected Credit Loss Allowances**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. This risk is minimised through the Authority's Annual Investment Strategy and investment solely within the Somerset County Council Co-mingled Fund.

Amounts arising from expected credit losses would normally be established for investments and debtors based upon estimates of the losses that might be incurred if those owing money to the Authority fail to pay it back. As our primary counter party is a public body and as statute prevents a local authority from default, we have concluded that the expected credit loss is not material and therefore no allowance has been made.

The Authority's standard terms and conditions for payment of invoices (trade receivables) are 28 days from invoice date. Low risk, no history of default and with signed agreements in place with third parties, we have concluded that the expected credit loss is not material therefore no allowance has been made.

**Liquidity Risk**
The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available when needed. Surplus cash is invested using an overnight clearing system operated by Somerset County Council.

All trade and other payables are due to be paid in less than one year. The Authority currently has no borrowings and so there is no significant current or future risk that it will be unable to raise finance to meet its commitments under financial instruments.

**Market Risk**
The Authority is currently debt free and does not have any investments in equity shares or financial assets or liabilities denominated in foreign currencies. Market Risk is therefore limited to Interest Rate Risk on our cash investments.

- Interest Risk

In terms of short-term cash investments, the variable rate of interest earned on surplus funds moves during the year and any assumptions in annual budgets are made cautiously based on current market and treasury forecasts. A 1% movement in interest rates would result in approximately £30,000 more or less than budget if investments were held for a year.

## Note 26: Debtors

| 31 March 2020 £000 | | 31 March 2021 £000 |
|---:|---|---:|
| 104 | Central government bodies | 84 |
| 5 | Other local authorities | 52 |
| 19 | Public corporations and trading funds | 47 |
| 128 | Other entities and individuals | 31 |
| **256** | **Total** | **214** |

## Note 27: Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

| 31 March 2020 £000 | | 31 March 2021 £000 |
|---:|---|---:|
| (37) | Bank Current Accounts | (45) |
| 2,800 | Co-mingled fund held by Somerset County Council | 2,900 |
| **2,763** | **Total Cash and Cash Equivalents** | **2,855** |

## Note 28: Creditors

| 31 March 2020 £000 | | 31 March 2021 £000 |
|---:|---|---:|
| (51) | Other local authorities | (116) |
| (42) | Public corporations and trading funds | (46) |
| (153) | Other entities and individuals | (126) |
| **(246)** | **Total** | **(288)** |

## Note 29: Usable Reserves

Movements in the Authority’s usable reserves are detailed in the Movements in Reserves Statement and in notes 20 and 21.

**Note 30: Capital Grants**

| 31 March 2020 £000 | | 31 March 2021 £000 |
|---|---|---|
| **-** | **Balance at 1 April** | **-** |
| (88) | Capital grants received | (22) |
| 88 | Capital grants used to finance spend | 22 |
| **-** | **Balance at 31 March** | **-** |

**Note 31: Unusable Reserves**

| 31 March 2020 £000 | | 31 March 2021 £000 |
|---|---|---|
| (10,813) | Revaluation Reserve | (10,861) |
| (8,113) | Capital Adjustment Account | (8,511) |
| 9,838 | Pensions Reserve | 14,073 |
| 53 | Accumulated Absences Account | 82 |
| **(9,035)** | **Total Unusable Reserves** | **(5,217)** |

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

| 2019/20 £000 | | | 2020/21 £000 |
|---|---|---|---|
| **(10,217)** | **Balance at 1 April** | | **(10,813)** |
| (759) | Upward revaluation of assets | | (311) |
| 163 | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of Services | | 238 |
| **(596)** | **Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services** | | **(73)** |
| - | Difference between fair value depreciation and historical cost depreciation | | - |
| - | Accumulated gains on assets sold or scrapped | | 25 |
| **-** | **Amount written off to the Capital Adjustment Account** | | **25** |
| **(10,813)** | **Balance at 31 March** | | **(10,861)** |

Capital Adjustment Account

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

The Account contains accumulated gain and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

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

Note 22 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

| **2019/20 £000** | | | **2020/21 £000** |
|---|---|---|---|
| **(7,928)** | **Balance at 1 April** | | **(8,113)** |
| | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: | | |
| 53 | Charges for depreciation and impairment of non-current assets | | 50 |
| 93 | Revaluation losses on Property, Plant and Equipment | | (306) |
| - | Revenue expenditure funded from capital under statute | | - |
| - | Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | | 55 |
| **(7,782)** | | | **(8,314)** |
| - | Adjusting amounts written out of the Revaluation Reserve | | - |
| **(7,782)** | **Net written out amount of the cost of non-current assets consumed in the year** | | **(8,314)** |
| **Capital financing applied in the year:** | | | |
| (88) | Use of Capital Grants to finance capital expenditure | | (22) |
| (243) | Capital Expenditure charged against the General Fund | | (175) |
| **(8,113)** | **Balance at 31 March** | | **(8,511)** |

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the 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.

| 2019/20 £000 | | 2020/21 £000 |
|---|---|---|
| **9,561** | **Balance at 1 April** | **9,838** |
| (242) | Remeasurement of net defined liability | 3,818 |
| 962 | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI & E | 943 |
| (443) | Employer's pensions contributions and direct payments to pensioners payable in the year | (526) |
| **9,838** | **Balance at 31 March** | **14,073** |

Accumulated Absences Account

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, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2019/20 £000 | | 2020/21 £000 | |
|---|---|---|---|
| **40** | **Balance at 1 April** | **53** | |
| (40) | Settlement or cancellation of accrual made at the end of the preceding year | (53) | |
| 53 | Amounts accrued at the end of the current year | 82 | |
| - | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements. | - | |
| **53** | **Balance at 31 March** | **82** | |

**Note 32: Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The Authority remains Debt Free throughout the periods contained in this Statement of Accounts and therefore does not have incurred expenditure yet to be financed.

| | 2019/20 £000 | 2020/21 £000 |
|---|---|---|
| *Capital Investment* | | |
| Property, Plant & Equipment | 331 | 197 |
| Revenue Expenditure Funded from Capital under Statute | - | - |
| | | |
| *Sources of finance* | | |
| Capital Receipts | - | - |
| Government Grants and other contributions | 88 | 22 |
| Sums set aside from revenue | 243 | 175 |

**Note 33: Impairment Losses**

The Authority did not recognise any impairment losses during 2020/21 (2019/20 £0k). Impairment losses are recognised as part of the valuation of the authority's non-current assets.

**Note 34: Defined Benefit Pension Schemes**

**Participation in Pension Schemes:**

As part of the terms of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The Authority participates in the Local Government Pension Scheme that is administered locally by Somerset County Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Pension Fund Committee, at Somerset County Council, oversees the management of the Fund whilst the day-to-day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers. As administering authority to the Fund, Somerset County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The latest actuarial valuation of the Fund was carried out as at 31 March 2019 and contributions have been set for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cash flows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks

In addition, as many unrelated employers participate in the Somerset County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers. All of the risks above may also benefit the employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers. The Authority's Pension Fund liability does not represent an immediate call on reserves; it is a snap-shot valuation in time, based on assumptions. The true value of the deficit is assessed on a triennial basis with contribution rates set to recover the balance over the longer-term.

In 2019/20 we made allowance for the potential impact of the *McCloud & Sargeant* judgement, which has been rolled forward and remeasured to obtain the accounting results as at 31 March 2021. In 2019 a judgement was made in the Court of Appeal about cases involving judges' and firefighters' pensions *(McCloud & Sargeant).* The cases concerned age discrimination in the arrangements for protecting certain scheme members from the impact of introducing new pensions arrangements. This ruling will also extend to the LGPS; as when the LGPS was restructured in 2014, it allowed protections for those members who were active in the Scheme in 2012 and over the age of 55.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the *McCloud & Sargeant* cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. We do not believe there are any material differences between the approach underlying our estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant volume of member data which is not yet available. Therefore, we have not included any further adjustment in light of the ongoing consultation in this report.

There are also uncertainties in relation to LGPS benefits due to the previously paused 2016 cost cap process, which has recently been un-paused by Government, but this process also needs to consider and include the remedy for the *McCloud & Sargeant* judgement; it remains uncertain what changes may be made to LGPS benefits as a result.

**Transactions Relating to Post-Employment Benefits**

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid out as pensions. However, the charge we are required to make is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movements in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance through the Movement in Reserves Statement during the year:

| | 2019/20 £000 | 2020/21 £000 |
|---|---|---|
| *Service Cost* | | |
| • Current Service Cost<br>• Past Service Costs (including curtailments) | 728 | 691 |
| **Total Service Cost** | **728** | **691** |
| | | |
| *Financing and Investment Income and Expenditure* | | |
| • Net interest on the defined liability (asset)<br>• Administration expenses | 225<br>9 | 225<br>8 |
| **Total Net Interest** | **234** | **233** |
| | | |
| ***Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services*** | **962** | **924** |
| | | |
| *Remeasurement of the Net Defined Liability Comprising:* | | |
| • Return on plan assets excluding amounts included in net interest<br>• Experience (gain)/loss on defined benefit obligation<br>• Actuarial losses arising from changes in demographic assumptions<br>• Actuarial losses arising from changes in financial assumptions<br>• Other actuarial gains & losses on assets | 1,051<br>1,274<br>10<br>(2,734)<br>157 | (2,965)<br>(268)<br>(233)<br>7,284<br>- |
| ***Total re-measurements recognised in Other Comprehensive Income*** | **(242)** | **3,818** |
| | | |
| ***Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement*** | **720** | **4,742** |
| | | |
| **Movement in Reserves Statement** | | |
| • Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | **(962)** | **(943)** |
| | | |
| **Actual amount charged against the General Fund Balance for pensions in the year:** | | |
| • Employer's contributions payable to scheme | **443** | **526** |

**Pension Assets and Liabilities in Relation to Post-Employment Benefits Recognised in the Balance Sheet**

| | 2019/20 £000 | 2020/21 £000 |
|---|---|---|
| Present value of funded obligation | (21,387) | (29,145) |
| Fair value of employer assets | 11,841 | 15,374 |
| Present value of unfunded obligation | (292) | (302) |
| | | |
| **Net Liability Arising from Defined Benefit Obligation** | **(9,838)** | **(14,073)** |
| | | |

**Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):**

| | 2019/20 £000 | 2020/21 £000 |
|---|---|---|
| **Opening Balance at 1 April** | **(22,074)** | **(21,679)** |
| Current service cost | (728) | (691) |
| Interest cost | (528) | (507) |
| Change in financial assumptions | 2,734 | (7,284) |
| Change in demographic assumptions | (10) | 233 |
| Experience loss / (gain) on defined benefit obligation | (1,274) | 268 |
| Estimated benefits paid net of transfers in | 302 | 339 |
| Past service costs, including curtailments | - | (19) |
| Contributions by scheme participants | (125) | (131) |
| Unfunded pension payments | 24 | 24 |
| | | |
| **Closing Balance at 31 March** | **(21,679)** | **(29,447)** |

**Reconciliation of the Movements in Fair Value of the Scheme (plan) Assets:**

| | 2019/20 £000 | 2020/21 £000 |
|---|---|---|
| **Opening Balance at 1 April** | **12,513** | **11,841** |
| Interest on assets | 303 | 282 |
| Return on assets less interest | (1,051) | 2,965 |
| Other actuarial gains/(losses) | (157) | - |
| Administration expenses | (9) | (8) |
| Contributions by employer including unfunded | 443 | 526 |
| Contributions by scheme participants | 125 | 131 |
| Estimated benefits paid plus unfunded net of transfers in | (326) | (363) |
| | | |
| **Closing Balance at 31 March** | **11,841** | **15,374** |

The liabilities show the underlying commitments that the authority has to pay post-employment (retirement) benefits. The total liability of £14,073k (2019/20 £9,838k) has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in the overall balance of £8,140k (2019/20 £11,919k). However, arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

**The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:**

| | 2019/20 | | 2020/21 | |
|---|---|---|---|---|
| | £000 | **%** | £000 | **%** |
| Equities | 7,986 | 67% | 11,117 | 72% |
| Gilts | 776 | 7% | 857 | 6% |
| Other Bonds | 1,187 | 10% | 1,447 | 9% |
| Property | 1,123 | 10% | 1,031 | 7% |
| Cash and cash equivalents | 769 | 6% | 922 | 6% |
| **Total** | **11,841** | **100%** | **15,374** | **100%** |

- The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the LGPS by the Authority in the year to 31 March 2022 is £502k.

**Basis for Estimating Assets and Liabilities**

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' dependant on assumptions about mortality rates, salary levels, etc. The LGPS liabilities have been assessed by Barnett and Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation as at 31 March 2019. Their estimate of the past service liability is 21 years. This is based on membership data provided as part of the recent valuation.

**The principal assumptions used by the actuary have been:**

| *Mortality assumptions* | **2019/20** | **2020/21** |
|---|---|---|
| Retiring today:<br>• Men<br>• Women | <br>23.3<br>24.7 | <br>23.1<br>24.6 |
| Retiring in 20 years:<br>• Men<br>• Women | <br>24.7<br>26.2 | <br>24.4<br>26.0 |
| Rate of Inflation (RPI/CPI) | 2.65%/1.85% | 3.20%/2.85% |
| Rate of increase in salaries | 2.85% | 3.85% |
| Rate of increase in pensions | 1.85% | 2.85% |
| Rate for discounting scheme liabilities | 2.35% | 2.00% |
| Take-up of option to convert annual pension into retirement lump sum | 50% | 50% |
| Take-up of active members to pay 50% contributions for 50% benefits | 10% | 10% |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2019/20.

| **Sensitivity Analysis** | £000 | £000 | £000 |
|---|---|---|---|
| Adjustment to discount rate | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 28,820 | 29,447 | 30,088 |
| Projected service cost | 1,025 | 1,059 | 1,095 |
| | | | |
| Adjustment to long term salary increase | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 29,511 | 29,447 | 29,384 |
| Projected service cost | 1,060 | 1,059 | 1,059 |
| | | | |
| Adjustment to pension increases and deferred revaluation | +0.1% | 0.0% | -0.1% |
| Present value of total obligation | 30,019 | 29,447 | 28,888 |
| Projected service cost | 1,094 | 1,059 | 1,025 |
| | | | |
| Adjustment to mortality age rating assumption | +1 Year | None | -1 Year |
| Present value of total obligation | 30,734 | 29,447 | 28,216 |
| Projected service cost | 1,105 | 1,059 | 1,016 |

**Note 35: Contingent Liabilities/Assets**

Devon County Council agreed as part of its Investing in Devon Programme to grant the sum of £600,000 to support the refurbishment, improvement and adaptation of Lynmouth Pavilion. A contingent liability exists as part of the grant conditions require that in the event of the premises ceasing to be used as a visitor and interpretation centre and learning hub during the period of 20 years from the date of completion of the Project the Grantee shall repay the Grant to the Council but subject to a reduction of five per cent for each complete year which has elapsed following the date of completion of the project. With the completion date being the 8 August 2013 at the balance sheet date a contingent liability exists for £390,000.

The Authority is owed over £100k in relation to a long running listed buildings enforcement case. Whilst the Authority has received some monies in respect of this case and will eventually recover the money in full, given the protracted nature of this case over the last 10 years, recovery of the costs may take some time.

**Notes to Support the Cash Flow Statement**

**Note 36: Cash Flow Statement – Adjustments to surplus or deficit on the Provision of Services for non-cash movements**

| 2019/20 £000 | | 2020/21 £000 |
|---:|---|---:|
| (53) | Depreciation and Amortisation | (50) |
| (93) | Impairment and Downward Valuations | 306 |
| (519) | Actuarial Charges for Retirement Benefits | (417) |
| 14 | Increase/(Decrease) in Inventory | (7) |
| (94) | Increase/(Decrease) in Debtors | (42) |
| 4 | (Increase)/Decrease in Creditors & Receipts in Advance | (34) |
| - | Carrying amount of Non-Current Assets de-recognised | 20 |
| **(741)** | | **(224)** |

**Note 37: Cash Flow Statement – Investing Activities**

| 2019/20 £000 | | 2020/21 £000 |
|---:|---|---:|
| 331 | Purchase of property, plant and equipment, investment property and intangible assets | 197 |
| - | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | (100) |
| **331** | **Net cash flows from investing activities** | **97** |

**Note 38: Cash Flow Statement – Financing Activities**

| 2019/20 £000 | | 2020/21 £000 |
|---:|---|---:|
| - | Cash receipts of short and long-term borrowing | - |
| - | Other receipts from financing activities | - |
| - | Cash payments for the reduction of the outstanding liabilities relating to finance leases | - |
| - | Repayment of short and long-term borrowing | - |
| - | Other payments for financing activities | - |
| **-** | **Net cash flows from financing activities** | **-** |
| | | |

**ANNUAL GOVERNANCE STATEMENT**

1. **Scope of responsibility**

1.1 Exmoor National Park Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. 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.

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

1.3 Exmoor National Park Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government.* A copy of the code can be obtained from the Chief Executive, Exmoor House, Dulverton,TA22 9HL. This statement explains how the Authority has complied with the code and also meets the requirements of regulations 4(3) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an annual governance statement.

2. **The purpose of the governance framework**

2.1 The governance framework comprises the systems and processes, and the culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and the leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 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, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies and aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 A governance framework has been in place at Exmoor National Park Authority for the year ended 31 March 2021 and up to the date of approval of the Corporate Plan and statement of accounts.

3. **The Governance Framework**

3.1 The key elements of the governance framework include:

- A National Park Partnership Plan that contains a vision, priorities and a corporate strategy to meet National Park purposes;
- The production of a Medium Term Financial Plan taking account of the anticipated level of National Park Grant;

- The production of a Corporate Plan that includes data on performance and objectives both achieved and planned;
- Committee papers that are linked to National Park Partnership Plan or Corporate Plan objectives and in compliance with equality and human rights legislation;
- Standing orders and financial regulations to regulate the conduct of the Authority's affairs;
- A Scheme of Delegation which sets out the functions and workings of the Authority and the powers delegated to Committees and the Chief Executive;
- Formal codes of conduct which define the standards of personal behaviour of members and staff. The code for Members was initially adopted in 2012 along with the establishment of a Standards Committee comprising 5 Authority members and the appointment of an "Independent Person" under the provisions of the 2011 Localism Act. A further process was the provision of guidance on the registration of interests. This was reviewed and refined in August 2012 with recommendations to Authority for standards arrangements and for the provision of member training on the new standards regime;
- Responsibility for audit matters are retained by the Authority;
- A Solicitor and Monitoring Officer who has a statutory responsibility supported by the Chief Finance Officer and financial regulations to ensure the legality of transactions, activities and arrangements the Authority enters;
- Financial management arrangements of the Authority which conform with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2016) ;
- A Complaints procedure and a whistle-blowing policy in place for members of the public, members, staff or contractors;
- An Anti Fraud, Corruption and Bribery Policy;
- An ICT Acceptable Use Policy;
- Risk Management Policy, Registers and Business Continuity and Disaster Recovery systems which are approved, in place and subject to annual regular review;
- Extensive arrangements for partnership working on a range of projects. Partnership working is crucial to the achievement of the priorities set out in the National Park Partnership Plan.
- A staff performance and development review process which identifies training and development needs;
- Training, briefing and induction programmes for members; and
- Wide consultation with interested parties and an Exmoor Consultative and Parish Forum meets to engage with the community and a Local Access Forum considers access and rights of way issues. Numerous diverse organisations are represented on these consultative mechanisms.

## 4 Review of Effectiveness

4.1 Exmoor National Park Authority has responsibility for conducting at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Chief Executive and Heads of Section within the Authority who have responsibility for the development and maintenance of the governance environment, the annual report on internal audit, and by the Annual Governance Report of the external auditors.

4.2 The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is:

- The adoption of an updated Code of Corporate Governance in March 2017 with an annual review by the National Park Authority carried out by the Authority's Solicitor and Monitoring Officer to ensure compliance with the Code and audited by the Chief Finance Officer;
- Adoption of Standing Orders, the scheme of delegation and financial regulations which are periodically reviewed, updated and approved;
- Reports to the Authority on performance management including sustainability and the corporate planning and performance framework;
- Annual reports presented to the Authority in respect of internal audit which is a contracted service, and from the external auditor appointed by the Public Sector Audit Appointments;
- Annual reports presented to the Authority on risk management, performance indicators and treasury management; and
- An internal audit service is contracted from the Devon Audit Partnership and an annual work programme is agreed with the Chief Finance Officer with the internal auditors producing an annual report covering their activities for presentation to the Authority.

**5. Significant governance issues**

5.1 In general the governance and internal control systems within the Authority are working effectively and have been reviewed by the Solicitor and Monitoring Officer and the Chief Finance Officer and are independently validated by the internal and external auditors. As a consequence of certain Internal Audit findings, the Authority has undertaken a review of Safeguarding policies and practices. These changes were agreed with Internal Audit in May 2021.

5.2 During 2021/22 the Authority will be:

- Continuing the communication and implementation of the 2018-23 National Park Partnership Plan;
- Producing guidance on the recently adopted Local Plan;
- Working with Defra to deliver the eight points of the National Parks Plan;
- Monitoring new legislation and changes in policy to ensure that account is taken of the impact on National Parks and National Park communities;
- Responding to the Government on the Landscape Review;
- Continuing to operate within limited resources while increasing revenue from alternative sources;
- Continuing to develop customer service standards and culture; and
- Monitoring the performance of the Corporate Plan.
- Abide by the working arrangements determined by law and recommended guidance in the context of the current pandemic.
- Implement the updated Safeguarding policies and procedures.
- Potentially establish a method of allocating new funding streams.
- Manage the ongoing impact of cv19.
- Implement the transition back to in person but distanced meetings, and staff gradually returning to Exmoor House.
- Continue to engage and communicate flexibly while making best use of technology.

5.3 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our annual review.

**Signed** ........................................................ ........................................................

Mrs S Bryan, Chief Executive Chairman

**Date** 11th January 2022

# Independent auditor's report to the members of Exmoor National Park Authority

## Report on the Audit of the Financial Statements

### Opinion on financial statements

We have audited the financial statements of Exmoor National Park Authority (the 'Authority') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

The responsibilities of the Chief Finance Officer with respect to going concern are described in the 'Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements' section of this report.

### Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

We draw attention to Notes 4 and 22 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings as at 31 March 2021. As disclosed in notes 4 and 22 to the financial statements, the potential impact of the Coronavirus pandemic on property values has led to a material valuation uncertainty on property valuation being disclosed in the Authority's property valuer's report. Our opinion is not modified in respect of this matter.

### Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements

As explained in the Statement of 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 officer is the Chief Finance Officer. Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

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

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

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

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 Local Government Act 2003 and the Local Government Act 1972).
- We enquired of senior officers and the Authority, concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit, and the Authority, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of the risk of management override of controls and fraudulent revenue recognition. We determined that the principal risks were in relation to:

- Journals and transactions outside the course of business.
- management estimates in particular those relating to land and buildings valuations and the valuation of the net pension fund liability

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on unusual and high risk journals made during the year and accounts production stage; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings valuations and defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority’s operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

## Report on other legal and regulatory requirements – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

### Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority’s arrangements in our Auditor’s Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor’s report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

### Responsibilities of the Authority

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

### Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

## Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Exmoor National Park Authority for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor’s Annual Report.
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2021.

### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014, and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

***Gareth D Mills***

**Gareth Mills, Key Audit Partner**
for and on behalf of Grant Thornton UK LLP, Local Auditor

**Leeds**

**14 January 2022**

# Independent auditor's report to the members of Exmoor National Park Authority

In our auditor's report issued on 14 January 2022, we explained that we could not formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2021, in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- Completed our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.
- Completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the year ended 31 March 2021.We have now completed this work.

## Opinion on the financial statements

In our auditor's report for the year ended 31 March 2021 issued on 14 January 2022 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave this opinion.

## Report on other legal and regulatory requirements - the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

### Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in respect of the above matter.

### Responsibilities of the Authority

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

### Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

## Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Exmoor National Park Authority for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

***Gareth D Mills***

Gareth Mills, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Leeds

27 July 2022