EXMOOR NATIONAL PARK AUTHORITY
EXMOOR HOUSE, DULVERTON
SOMERSET TA22 9HL
TEL: (01398) 323665
FAX: (01398) 323150
www.exmoor-nationalpark.gov.uk
E-mail: info@exmoor-nationalpark.gov.uk

26 March 2024

EXMOOR NATIONAL PARK AUTHORITY
FINAL ACCOUNTS COMMITTEE

To: All Members of the Final Accounts Committee of the Exmoor National Park Authority

A meeting of the Final Accounts Committee will be held in the **Committee Room, Exmoor House, Dulverton** on **Tuesday 9 April 2024 at 10.00am**.

The meeting will be open to the press and public subject to the passing of any resolution under s.100(A)(4) of the Local Government Act 1972.

There is a Public Speaking at this meeting, when the Chairperson will allow members of the public two minutes each in which to ask questions, make statements, or present a petition relating to any item on the Agenda. Anyone wishing to ask questions should notify the Corporate Support Officer by 4pm on the working day before the meeting of the agenda item on which they wish to speak, indicating a brief summary of the matter or matters to be raised (contact details are set out above).

The meeting will be **recorded**. By entering the Authority's Committee Room and speaking during Public Speaking you are consenting to being recorded. We will make the recording available via our website for members of the public to listen to and/or view within 72 hours of the meeting taking place.

Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings at this meeting. Anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairperson so that those present may be made aware.

(The agenda and papers for this meeting can be downloaded from the National Park Authority's website www.exmoor-nationalpark.gov.uk).

S Bryan

Sarah Bryan
Chief Executive

A G E N D A

1. **Apologies for Absence**

2. **Declarations of Interest:** Members are asked to declare any interests they may have in relation to items on the agenda for this meeting.

3. **Minutes:** (1) To approve as a correct record the Minutes of the meeting of the Final Accounts Committee held on 1 December 2022 (Item 3).

   (2) To consider any Matters Arising from those Minutes.

4. **Public Speaking**
   The Chairperson will allow members of the public to ask questions, make statements or present a petition on any matter on the Agenda for this meeting.

5. **Statement of Accounts for 2022/23**

   To consider the report of the Chief Finance Officer (Item 5).

   Representatives from Grant Thornton will be in attendance to introduce the Audit Findings Report for 2022/23.

   - To consider the Audit Findings Report for 2022/23.
   - To consider and approve the Letter of Representation.
   - To adopt the Statement of Accounts for 2022/23.

   The Statement of Accounts to be signed by the Chairperson.

6. **Any Other Business of Urgency**

Further information on any of the reports can be obtained by contacting the National Park Authority at the address and telephone numbers at the top of the agenda. Details of the decisions taken at this meeting will be set out in the formal Minutes which the Committee will be asked to approve as a correct record at its next meeting. In the meantime, details of the decisions can be obtained by emailing Committees@exmoor-nationalpark.gov.uk

ITEM 3

EXMOOR NATIONAL PARK AUTHORITY
FINAL ACCOUNTS COMMITTEE

MINUTES of the meeting of the Final Accounts Committee of the Exmoor National Park Authority held on Thursday 1 December 2022 at 2.00pm in the Committee Room, Exmoor House, Dulverton.

PRESENT

Mr R Milton (Chairperson)
Miss A V Davis
Mr M Ellicott
Mrs F Nicholson
Miss E Stacey (observing via Teams)

In Attendance:
Mr G Bryant, Chief Finance Officer
Mr G Mills, Grant Thornton (via Microsoft Teams connection)
Mr L Royle, Grant Thornton (via Microsoft Teams connection)
Ms J Coles, Corporate Support Officer (notetaker)

1. **APOLOGIES FOR ABSENCE:** Apologies for absence were received from Mr J Patrinos, Mrs S J Pugsley and Mr V White

2. **DECLARATIONS OF INTEREST:** There were no declarations of interest.

3. **MINUTES:** The **Minutes** of the meeting of the Final Accounts Committee held on 11 January 2022 were approved as a correct record. There were no matters arising.

4. **PUBLIC QUESTION TIME:** There were no speakers at public question time.

5. **STATEMENT OF ACCOUNTS FOR 2021/22**

The Committee considered the **report** of the Chief Finance Officer.

Gareth Mills and Liam Royle of Grant Thornton joined the meeting remotely via Microsoft Teams, and presented the Audit Findings Report to the Committee which summarised the 2021/22 audit of the Authority's financial statements and its arrangements to secure value for money in its use of resources.

The Committee was advised that the audit process was now fully complete and subject to this meeting approving the accounts and the letter of representation being signed, it was anticipated that a 'clean', unqualified audit opinion would be released before the end of the week.

It was confirmed that the outstanding pensions assurance letter from the auditor of Somerset Pensions Fund had just been received. Work on the Value for Money (VFM) arrangements was ongoing, with no significant weaknesses having been found to date. This work was expected to be concluded by February 2023, which was within permitted timescales.

In response to a Member query, the Chief Finance Officer confirmed that the Authority was working with Somerset County Council in relation their new accounting system, which is proposed to be in place at the start of the new financial year, which is also when the new Somerset Unitary Council forms.

The Committee thanked the Chief Finance Officer and his team, along with the team at Grant Thornton, for their professional work on behalf of the Authority.

RESOLVED:

1. To receive the Audit Findings Report of the External Auditor as set out in Annex 1 to the report and to confirm that the changes contained within the report have been carried out.
2. To authorise the Chief Finance Officer to issue the letter of representation as set out in Annex 2 to the report.
3. To adopt the Statement of Accounts for 2021/22 as set out in Annex 3 to the report.

6. ANY OTHER BUSINESS OF URGENCY: There was none.

The meeting closed at 2.15pm.

(Chairperson)

ITEM 5

EXMOOR NATIONAL PARK AUTHORITY

FINAL ACCOUNTS COMMITTEE

9 April 2024

STATEMENT OF ACCOUNTS FOR 2022/23

Report of the Chief Finance Officer

Purpose of Report: To introduce the Audit Findings Report of the External Auditor and present the Statement of Accounts for 2022/23 for adoption.

RECOMMENDATIONS:

The Final Accounts Committee is recommended to:

1. **RECEIVE** the Audit Findings Report of the External Auditor at Annex 1 and **CONFIRM** that the changes contained within the report have been carried out.
2. **AUTHORISE** the Chief Finance Officer to issue the letter of representation as set out in Annex 2.
3. **ADOPT** the Statement of Accounts for 2022/23 as set out in Annex 3

Authority Priority: Develop and maintain effective and efficient services.

Legal and Equality Implications: Local Government Act 2003, Parts 1-3 (Capital Finance, Financial Administration and Grants), Sections 1-39 Accounts and Audit (England) Regulations 2011, Part 2 (Financial Management and Internal Control) CIPFA Code of Practice on Local Authority Accounts in the United Kingdom 2013 (the CODE).

The equality and human rights implications of this report have been assessed as having no impact on any particular individual or body.

Financial and Risk Implications: The external auditor's fees are provided for in the annual budget and the assurances given by the auditors form a key part of the Authority's risk management and governance processes.

Climate Change Response: This report does not have an adverse impact on our ability to respond to Climate Change.

1. THE AUDIT FINDINGS REPORT

1.1 The Audit Findings Report has been produced by Barrie Morris, Key Audit partner for Grant Thornton, and is attached at Annex 1. It is anticipated that a representative from Grant Thornton will be virtually attending the Committee meeting to present this report to Members.

2. LETTER OF REPRESENTATION

2.1 Annually the letter of representation is given by the Chief Finance Officer on behalf of the Authority.

2.2 It is regarded as best practice for the letter to be approved by the Final Accounts Committee before signing, and attached as Annex 2 of this report is the letter proposed for 2022/23. This follows the usual format required by the External Auditors and Members are recommended to approve it for signature.

3. STATEMENT OF ACCOUNT

3.1 The accounts of the Authority have been prepared on a going concern basis. This is based upon the judgement of management that:

- the Authority has a history of stable finances, responsible budget setting and has access to financial resources in the future; and
- there are no significant financial, operating or other risks that would jeopardise the Authority's continuing operation.

3.2 As a consequence of the external audit, some disclosure amendments have been made to the accounts – these adjustments will be referred to within the Audit Findings Report. These amendments have an insignificant impact on the financial outcome for 2022/23 and the financial position of the Authority at 31 March 2023. The updated and final Statement of Accounts is attached at Annex 3 for adoption. Following adoption these will be signed by the Authority Chairperson.

3.3 I would once again like to place on record my thanks to the Finance Team and other staff involved with the preparation of the Statement of Accounts and the audit process for their efforts in completing these accounts, and to the audit team at Grant Thornton who carried out their audit in a very professional manner.

Ben Barrett
Chief Finance Officer
March 2024

Grant Thornton

ANNEX 1

The Audit Findings Report (ISA260) for Exmoor National Park Authority

Year ended 31 March 2023

March 2024

Contents

Your key Grant Thornton team members are:

Barrie Morris
Key Audit Partner
T 0117 305 7708
E barrie.morris@uk.gt.com

Liam Royle
Manager
T 0117 305 7687
E liam.c.royle@uk.gt.com

Tsitsi Ganga
Audit In-charge
T 0117 305 7772
E tsitsi.ganga@uk.gt.com

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings (ISA260) presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed and agreed with management and will be presented to the meeting of the Final Accounts Committee on 9 April 2024.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Exmoor National Park Authority ('Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2023 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We commenced our post-statements audit in December 2023 and the audit was completed in March 2024.

Our findings are summarised on pages 6 to 19. We have not identified any audit adjustments affecting the primary financial statements or the Authority's level of useable reserves, although we have identified a number of required adjustments to disclosures as detailed in Appendix D. We have raised one recommendation for management as a result of our audit work in 2022-23, as detailed in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

The draft financial statements were submitted for audit in line with the agreed timetable and were supported by good quality working papers.

Our work is complete subject to completion procedures following the Final Accounts Committee and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements.

We anticipate issuing our audit opinion following the meeting of the Final Accounts Committee on 9 April 2024.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified. We have been able to satisfy ourselves that the Authority has made proper arrangements in securing economy, efficiency and effectiveness in its use of resources.

1. Headlines

Value for Money (VFM) arrangements	
Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria: • Improving economy, efficiency and effectiveness; • Financial sustainability; and • Governance	We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented at the 6 February 2024 meeting of the Exmoor National Park Authority. We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
Statutory duties	
The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties
Significant matters	We did not encounter any significant difficulties or identify any significant matters arising during our audit.
Acknowledgements	We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during the course of our audit.

1. Headlines

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 1% (5 of 467) of local government bodies had received audit opinions in time to publish their 2022/23 accounts by the deadline of 30 September 2023. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see About time? (grantthornton.co.uk)

National context – level of borrowing

All local authorities, including national parks, are operating in an increasingly challenging national context. With inflationary pressures placing increasing demands on budgets, there are concerns as local authorities look to alternative ways to generate income. We have seen an increasing number of authorities look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by authorities' existing resources, we have also seen some authorities take excessive risks by borrowing sums well in excess of their revenue budgets to finance these investment schemes.

The impact of these huge debts on bodies, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits.

As a National Park Authority, we know your operations do not normally give rise to such business ventures. Considering the current national picture and economic climate, our view is any such decisions which might arise in future must be carefully considered in a manner that protects the Authority's future financial sustainability.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Audit & Governance Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Authority's business and is risk based, and in particular included:

- An evaluation of the Authority's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have completed our audit of your financial statements and we anticipate issuing our audit opinion following the meeting of the Final Accounts Committee on 9 April 2024, subject to the procedures to be completed following the Committee meeting:

- reviewing the final signed version of the financial statements, Narrative Report and Annual Governance Statement
- obtaining and reviewing the signed management letter of representation
- updating our post balance sheet events review to the date of signing the opinion.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan dated September 2023.

We set out in this table our determination of materiality for Exmoor National Park Authority.

	Materiality (£)	Qualitative factors considered
Materiality for the financial statements	117,000	We have determined materiality at 2% of gross operating expenditure. We consider this as the most appropriate criteria given stakeholders interest in the Authority delivering its budget.
Performance materiality	88,000	Assessed to be 75% of financial statement materiality.
Trivial matters	4,400	This equates to 5% of materiality. This is our reporting threshold to the Authority for any errors identified.

2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls	We have: • evaluated the design effectiveness of management controls over journals. • analysed the journals listing and determined the criteria for selecting high risk unusual journals. • identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration. • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness. • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. Our work has not identified any issues in respect of management override of controls. For all the journals reviewed we concluded that they were appropriate transactions.
Valuation of land and buildings The Authority re-values its land and buildings annually. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£20m in the draft 2022-23 financial statements) and the sensitivity of this estimate to changes in key assumptions. We therefore identified the closing valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. • evaluated the competence, capabilities and objectivity of the valuation expert used by the Authority. • discussed with the valuer the basis on which the valuation was carried out. • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding. • tested revaluations made during the year to see if they had been input correctly into the Authority's asset register. • evaluated the assumptions made by management for those assets not revalued during the year (as applicable) and how management has satisfied themselves that these are not materially different to current value at year end. Our work has not identified any issues in relation to the valuation of land and buildings.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of pension fund net liability The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability for 2022-23 is considered a significant estimate due to the size of the numbers involved (£1.9m in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Authority's pension fund net balance as a significant risk, which is one of the most significant assessed risks of material misstatement. 2022-23 is the first year in which the liability is based on the updated triennial valuation undertaken by the pension fund actuary based on data as at 31 March 2022. There has therefore been a significant reduction in the liability, which was £12.2m in the prior year.	We have: • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net balance is not materially misstated and evaluated the design of the associated controls. • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work. • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation. • assessed the accuracy and completeness of the information provided by the Authority's to the actuary to estimate the liability. • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary. • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report. • evaluated the triennial pension fund valuation outcomes and assessed the reasonableness and prudency in that overall valuation through our audit approach. • obtained assurances from the auditor of the Somerset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. Our audit work did not identify any issues in respect of valuation of the net pension liability.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Risk of fraud in revenue recognition and expenditure (Rebutted) **Revenue** Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including at the Authority, mean that all forms of fraud are seen as unacceptable. **Expenditure** Whilst not a presumed significant risk we have had regard to Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom). Having considered the nature of the expenditure streams at the Authority, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because: • there is little incentive to manipulate expenditure for an Authority where services are provided to the public through taxpayers funds • the culture and ethical frameworks of local authorities, including at the Authority, mean that all forms of fraud are seen as unacceptable.	As indicated in our Audit Plan, we do not consider this to be a significant risk for the Authority. We have therefore not undertaken any specific work in this area other than our standard audit procedures around income and expenditure which included: **Accounting policies and systems:** • evaluated the Authority's accounting policies for recognition of income and expenditure for its material income and expenditure streams and compliance with the CIPFA Code. • updated our understanding of the Authority's business processes associated with accounting for income and expenditure. **Grant income** • for grant income, we sample tested items for supporting evidence and checked the appropriateness of the accounting treatment in line with the CIPFA Code. **Expenditure** • agreed, on a sample basis, non pay expenditure and year end payables to supporting evidence. • undertook detailed substantive analytical procedures on pay expenditure. We also designed and carried out appropriate audit procedures to ascertain that recognition of income and expenditure is in the correct accounting period, for example, using cut off testing, focusing either side of the balance sheet date of 31 March 2023. Our work has not identified any issues in respect of the risk of fraud in revenue and expenditure recognition.

2. Financial Statements: new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
Leases During the course of our audit work we identified that a number of the Authority's properties were leased to tenants under operating leases. The income had been correctly accounted for, but there was no disclosure note reporting future minimum lease payments as required by the Code of Practice.	We discussed the issue with the Head of Finance and Operations to understand whether a disclosure ought to be included. He reviewed the balances and identified that there was a material balance of future minimum lease payments attributable to the Authority's leases (as a lessor) which would therefore require disclosure. He agreed to prepare a disclosure note on this basis.	We have reviewed the new disclosure note and tested the underlying documentation, with no issues arising.

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £19.857m	Land and buildings comprises £1.853m of specialised assets such as visitor centres and public conveniences, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£18.004m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority has engaged NPS Group Limited as their management expert to complete the valuation of properties as at 31 March 2023 on an annual basis. All assets were revalued as at 31 March 2023. The total year end valuation of land and buildings was £19.857m, a net increase of £0.370m from 2021/22 (£19.487m).	We have: • assessed the competence and expertise of management's expert. • reviewed the completeness and accuracy of the underlying information used to determine the estimate • reviewed the appropriateness of any alternative site assumptions. • ensured there have been no changes to the method used to revalue the assets and ensure that the method is suitable for different classes of the assets. • considered the adequacy of disclosure of the estimate in the financial statement. There are no significant issues arising from our work.	Light Purple

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability – £1.928m	The Authority's total net pension liability at 31 March 2023 is £1.928m (PY £12.242m) comprising the Somerset Pension Fund defined benefits pension scheme obligation. The Authority uses Barnet Waddingham to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation, based on the 31 March 2022 data, was completed in 2023. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been an £11.100m net actuarial gain during 2022/23.	In considering this estimate we have: • Made an assessment of management's expert. • Made an assessment of actuary's approach taken and deemed it reasonable. • Used PwC as our auditor's expert to assess the actuary and assumptions made by the actuary, and considered their assumptions as follows: (see table below) • Assessed the completeness and accuracy of the underlying information used to determine the estimate. • Reviewed the impact of any changes to valuation method. • Considered the reasonableness of the Authority's share of LGPS pension assets. • Considered the reasonableness of any increase/decrease in estimate. • Reviewed the adequacy of disclosure of the estimate in the financial statements. There were no significant issues arising from our work.	Light Purple

Assumption	Actuary Value	PwC range	Assessment
Discount rate	4.8%	4.8% - 4.85%	✓
Pension increase rate	2.85%	2.65%-2.95%	✓
Salary growth	3.85%	3.65%-3.95%	✓
Life expectancy – Males currently aged 45 / 65	23.1 / 21.4	20.9 - 23.4 19.5 - 22.1	✓
Life expectancy – Females currently aged 45 / 65	24.7 / 23.2	24.3 - 25.9 22.9 - 24.5	✓

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

			ITGC control area rating			
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks
SAP	ITGC assessment (design and implementation effectiveness only)	● (red)	● (red)	● (red)	● (grey)	Journals

Exmoor National Park Authority rely on Somerset Council (previously Somerset County Council) for the provision of their Financial Management system, SAP. The above ITGC assessment is the Somerset Council auditors' assessment of the system at the Council during the financial year ending 31 March 2023.

The IT audit identified a number of deficiencies in the SAP system which were reported to Somerset Council at their Audit Committee on 25 January 2024. These findings are highly technical in nature and relate to administrative access to the SAP system and its production environment. None of the users whose accounts are considered to have inappropriate access are employed by Exmoor National Park Authority. Although we are required to report the overall ITGC rating as above, we do not believe that there is any risk to the Authority arising from these deficiencies.

Assessment

- ● (red) Significant deficiencies identified in IT controls relevant to the audit of financial statements
- ● (amber) Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- ● (green) IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- ● (grey) Not in scope for testing

2. Financial Statements: matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary
Significant events or transactions that occurred during the year.	None noted
Conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement.	None noted
Concerns about management's consultations with other accountants on accounting or auditing matters.	None noted
Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services.	None noted
Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information.	None noted
Prior year adjustments identified.	None noted
Other matters that are significant to the oversight of the financial reporting process.	None noted

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with Authority. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority, which is included in the papers for the 9 April 2024 Final Accounts Committee meeting. As in the prior year, we have requested a specific representation in respect of the Authority's accounting treatment of £18k of monies held in an Authority bank account which is not included in the Authority's accounts.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banks. This permission was granted and the requests were sent. These requests were returned with positive confirmations and no issues were noted.
Accounting practices	We have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements: other communication requirements

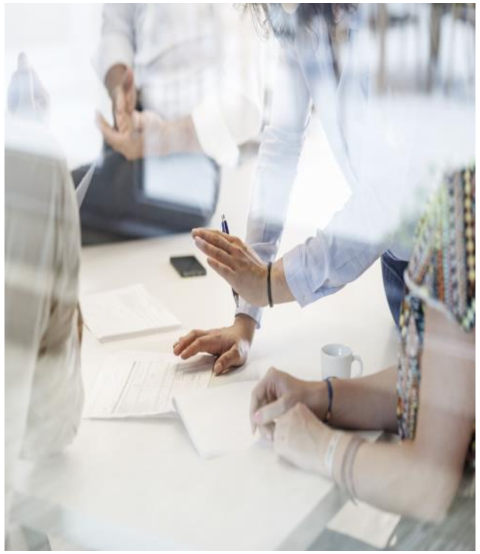
Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Authority recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Authority and the environment in which it operates • the Authority's financial reporting framework • the Authority's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. We have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA audit instructions. This work is not required as the Authority does not exceed the “minor bodies” threshold.
Certification of the closure of the audit	We intend to certify the closure of the 2022/23 audit of Exmoor National Park Authority in the audit report.



3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM: our procedures and conclusions

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented at the 6 February 2024 meeting of the Exmoor National Park Authority.

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any risks of significant weakness. We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Authority's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Authority's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. No other audit or non-audit services are provided to the Authority.

4. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided to the Authority.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Authority's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

Appendices

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan – Audit of Financial Statements

We have identified one recommendation for the Authority as a result of issues identified during the course of our audit. We have agreed our recommendation with management and we will report on progress on these recommendations during the course of the 2023/24 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	During the course of our testing, we identified that several of the Authority's properties were leased out to third parties. However, there were no supporting disclosures for these lease arrangements as required by the Code of Practice.	Management should review the draft financial statements annually to ensure that all appropriate disclosures have been made, being mindful of the need to include all material disclosures and the possibility that previously immaterial items may have now become material. **Management response** Management have agreed to the inclusion of leasing disclosures in the 2022/23 Statement of Accounts on the grounds of materiality. As part of our year-end processes, we will undertake annual reviews of our operations against the CIPFA Code to ensure that material items are properly disclosed.

Key

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of Exmoor National Park Authority's 2021/22 financial statements, which resulted in 4 recommendations being reported in our 2021/22 Audit Findings report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk reported previously	Update
✓	**1. Driver Farm component accounting requirement:** Driver Farm is held in the asset register at £2m value as a land asset, and therefore not depreciated. Given the nature of the asset, it is likely that there is a material element which should be classified as a building, and as such, should componentized, allocated a useful economic life, and depreciated. The likely amount of any depreciation is estimated by management to be approximately £10k-£15k, which is immaterial but above our audit triviality.	The asset has now been componentised between its land and building elements within the Fixed Asset Register. We are therefore satisfied that this recommendation has been implemented.
✓	**2. 'De minimis' items included on the Fixed Asset Register (FAR):** Our review of the FAR and asset valuations in year identified a number of assets which are included in the FAR but not accounted for on the basis that their value is below £5,000 and therefore falls below the Authority's de minimis value for recognition of capital expenditure. These assets nevertheless are being treated as capital assets, and therefore should be recognised at their carrying value even if this falls below £5,000. and depreciated where this is appropriate. The total nominal value of the assets as valued at 31 March 2022 is £14k, which is immaterial.	All assets have now been appropriately accounted for within the Fixed Asset Register and Statement of Accounts.

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations (cont.)

Assessment	Issue and risk	Recommendations
✓	3. Identification of Heritage Assets: Two assets identified as per the issue above, would be more appropriately classified as heritage assets under the CIPFA Code of Practice. As detailed at Appendix C, management has agreed to reclassify these and update the heritage assets note in year to make disclosure of these assets in line with the Code. The assets are currently held at nil value, as their total value on their current valuation basis is £4k. However, this valuation is based on a commercially-focused Existing Use Value basis. We believe that due to their nature as heritage assets, an insurance valuation would be a more appropriate basis for determining their value.	Heritage assets have been re-evaluated in year and one asset has been valued at its insurance re-instatement value of £39k.
✓	4. Completeness of expenditure In the prior year we identified an invoice for £3,400 which had related to 2020-21 but had not been accrued for, and raised a recommendation in relation to this point as per Appendix B. In 2021-22 we have again identified two invoices totalling £5,977 which have not been accrued for. As in the prior year, this is not material. We tested a further sample with no issues arising.	No issues with completeness of expenditure have been identified in the 2022-23 audit.

Assessment

✓ Action completed

X Not yet addressed

D. Audit Adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

There were no adjustments affecting the primary statements and the reported net expenditure for the year ending 31 March 2023.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Note 16 Officers' Remuneration did not include comparators and stated these were "not applicable" as they were below £50,000. This was not the case as disclosure of these figures was made in the 2021/22 accounts.	The note should be updated to correctly reflect the 2021/22 balances.	✓
Note 28 Provisions included a provision for a debtor relating to the sale of a property in possession to satisfy a court order. As a bad debt provision, this should net off debtors in Note 25 rather than standing alone.	The disclosure should be updated so that the bad debt provision nets off the debtors' balance in Note 25.	✓
Note 23 Heritage Assets includes £39k of additions in year. This is the change in value of an asset previously with a nil value and not a new asset and should therefore be disclosed as a valuation update.	The disclosure in Note 23 should be updated to reflect that this is a valuation gain and not an addition.	✓
Note 18 External Audit Costs does not match the audit fees per our Audit Plan.	The disclosure should be updated to match the Audit Plan.	✓
The Authority has material lease income from operating leases. No leases disclosure has been included in the accounts.	The accounts should be updated to include a disclosure of balances relating to operating leases.	✓
Other minor disclosure errors were identified during the course of the audit.	These errors should be corrected in the final set of statements.	✓

D. Audit Adjustments (continued)

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which have not been made within the final set of financial statements. The Final Accounts Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
Due to an estimation difference reported to us by the pension fund auditor, there is a possible understatement of pension fund assets (and corresponding overstatement of the pension fund liability). This equates to a £12k difference in Exmoor's liability. There is a nil impact on the General Fund as the movement would be subsequently reversed to the pensions reserve.	(12)	12	(12)	0	The possible difference is immaterial.
Overall impact	(12)	12	(12)	0	

Impact of prior year unadjusted misstatements

There were no unadjusted misstatements in the prior year.

E. Fees and non-audit services

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non-audit services.

Audit fees	2021/22 Actual Fee (£)	2022/23 Proposed Fee (£)	2022/23 Final Fee (£)
Authority scale fee set by PSAA	9,004	13,692	13,692
Audit Fee Variations (as detailed in our Audit Plan)	9,450	6,225	6,225
Total audit fees (excluding VAT)	18,454	19,917	19,917

The fees reconcile to the updated Note 25 in the final statements.

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'
This impacts audits of financial statement for periods commencing on or after 15 December 2021.
ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'
ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: • the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures • the identification and extent of work effort needed for indirect and direct controls in the system of internal control • the controls for which design and implementation needs to be assess and how that impacts sampling • the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: • increased emphasis on the exercise of professional judgement and professional scepticism • an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence • increased guidance on management and auditor bias • additional focus on the authenticity of information used as audit evidence • a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a audit, will include both the auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the auditor. • Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: • clarification of the requirements relating to understanding fraud risk factors • additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

GrantThornton

grantthornton.co.uk

ANNEX 2

Exmoor National Park Authority
Exmoor House
Dulverton
Somerset TA22 9HL
Tel: 01398 323665
www.exmoor-nationalpark.gov.uk
info@exmoor-nationalpark.gov.uk

A member of National Parks England and National Parks UK

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

9 April 2024

Dear Grant Thornton UK LLP

Exmoor National Park Authority
Financial Statements for the year ended 31 March 2023

This representation letter is provided in connection with the audit of the financial statements of Exmoor National Park Authority for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Authority's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and buildings and the valuation of the defined benefit net liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the financial statements:

  a. there are no unrecorded liabilities, actual or contingent

  b. none of the assets of the Authority has been assigned, pledged or mortgaged

  c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Authority's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :

  a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

  b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

  c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

xv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

xvi. We confirm that we are holding a cash balance of £18,150 as at 31 March 2023 in respect of a deposit linked to those who rent the Pavilion cafe in Lynmouth. We are not able to spend this cash, nor do we control it. We are acting as the banker for this money, and it is excluded from the Authority's financial statements.

Information Provided

xvii. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Authority via remote arrangements from whom you determined it necessary to obtain audit evidence.

xviii. We have communicated to you all deficiencies in internal control of which management is aware.

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

xx. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxi. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xxii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxiii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxiv. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

xxv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxvi. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxvii. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

The approval of this letter of representation was minuted by the Final Accounts Committee at its meeting on 9 April 2024.

Yours faithfully

Name................................

Position..............................

Date.................................

Name................................

Position..............................

Date.................................

Signed on behalf of the Authority

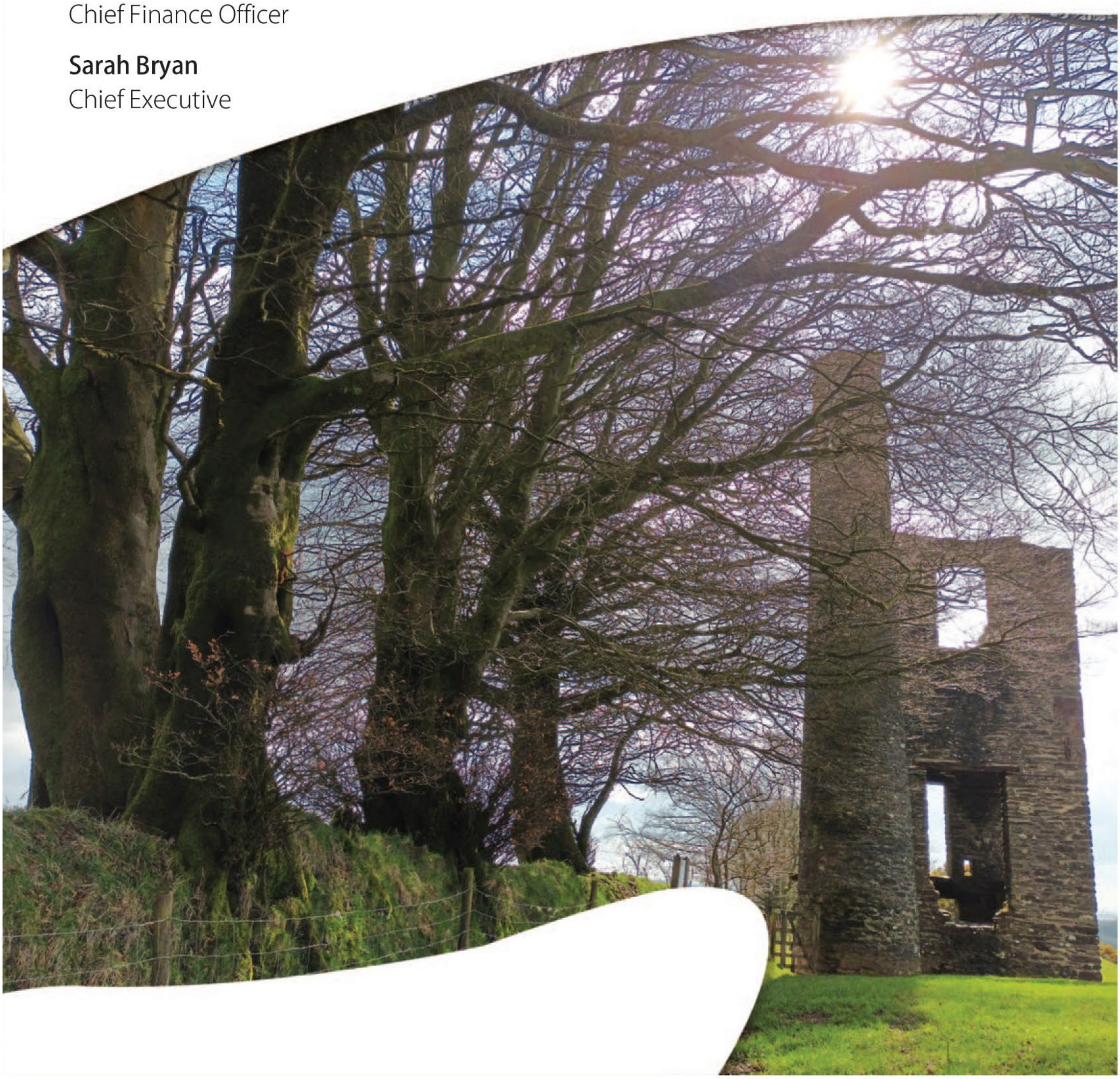
ANNEX 3

Exmoor National Park

Statement Of Accounts 2022/23

Ben Barrett
Chief Finance Officer

Sarah Bryan
Chief Executive



EXMOOR NATIONAL PARK

AUDITED STATEMENT OF ACCOUNTS

2022/23

CONTENTS

STATEMENT OF ACCOUNTS 2022/23

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'.

4. The Authority has recently established a steering group to support the preparation of the 2024-2029 Partnership Plan. The purpose of the Steering Group is to provide a strategic overview of the Plan; to help shape a collective partnership vision for Exmoor; to act as a challenge group to constructively examine what the Plan is seeking to achieve; and to help steer the work of the partnership organisations to contribute towards the delivery of the Plan vision and ambitions.

Governance

5. 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.

6. The AGS also details the impact of the pandemic on governance. Authority meetings are now undertaken in 'hybrid' form where presenters are able to deliver remotely and members are present in person.

7. An enhanced governance relationship with Defra began in 2020/21. This included an annual formal agreement and additional reporting requirements.

8. The AGS also details significant governance issues that will be covered over the course of 2023/24. These include the transition to a new Financial Information System and the commitment to implement an Anti-Money Laundering Policy.

Organisation

9. 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.

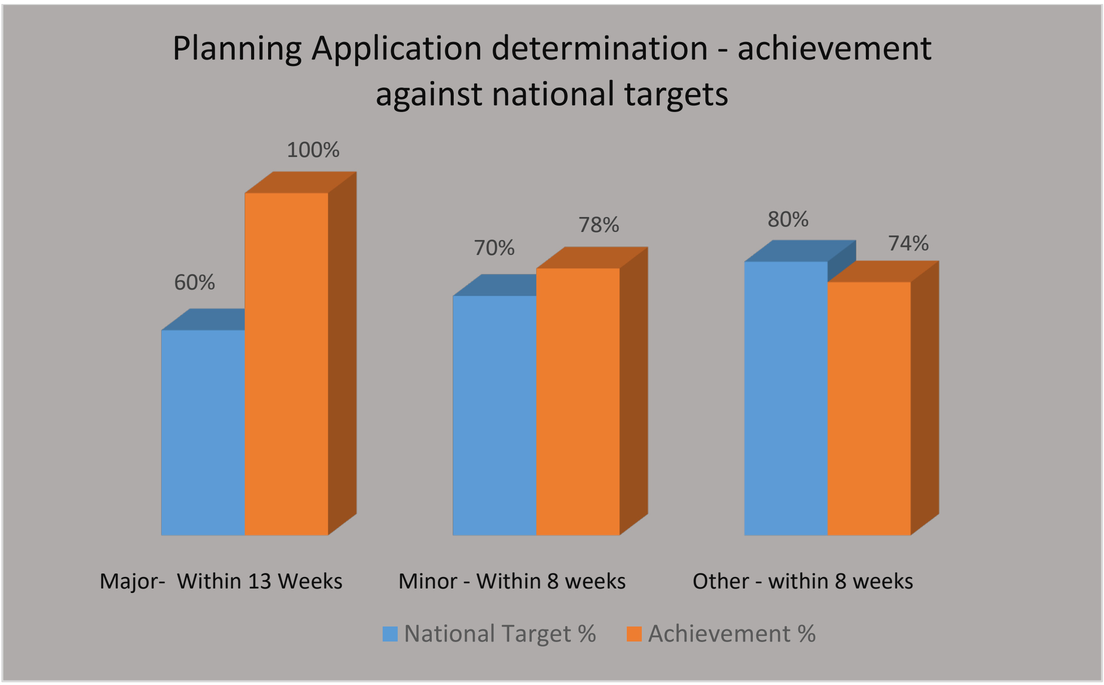
Performance

10. 2022/23 saw the completion of the single year Corporate plan for the Authority. A mid-year report of progress in implementing the previous Corporate Plan was taken to the Authority in December 2022, and the full report is due to go to the Authority in July 2023. Papers are available from the Exmoor National Park Authority's website.

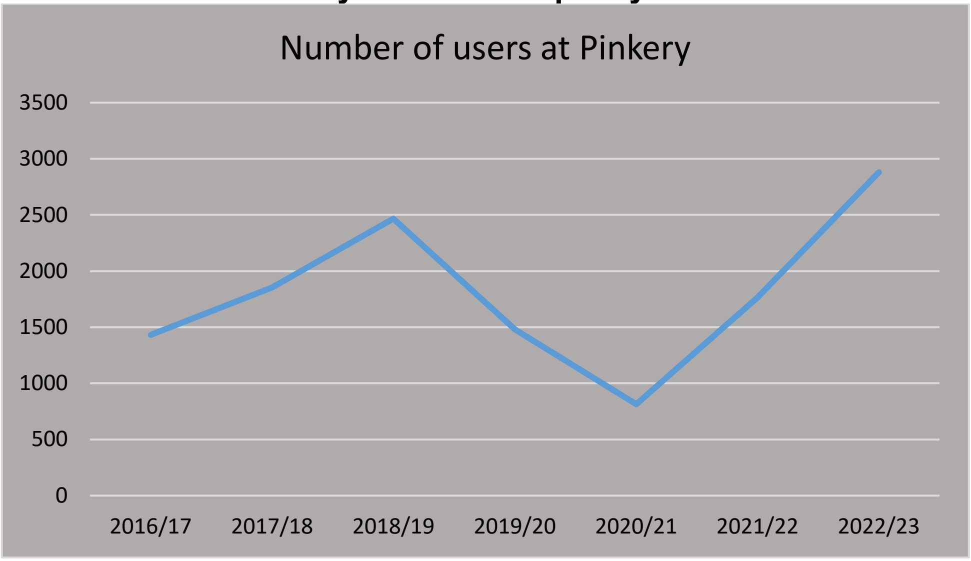
11. Progress against key corporate indicators is given in the charts below. Performance is monitored quarterly by Leadership Team to ensure that the actions within the Corporate Plan are being achieved and, if necessary, to provide an opportunity for resources to be re-allocated or to review the proposed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

12. For an analysis of performance in 2022/23 that goes beyond the Key Corporate Indicators please look to the report on the Authority's website.

Key Corporate Indicators 1 April 2022 to 31 March 2023

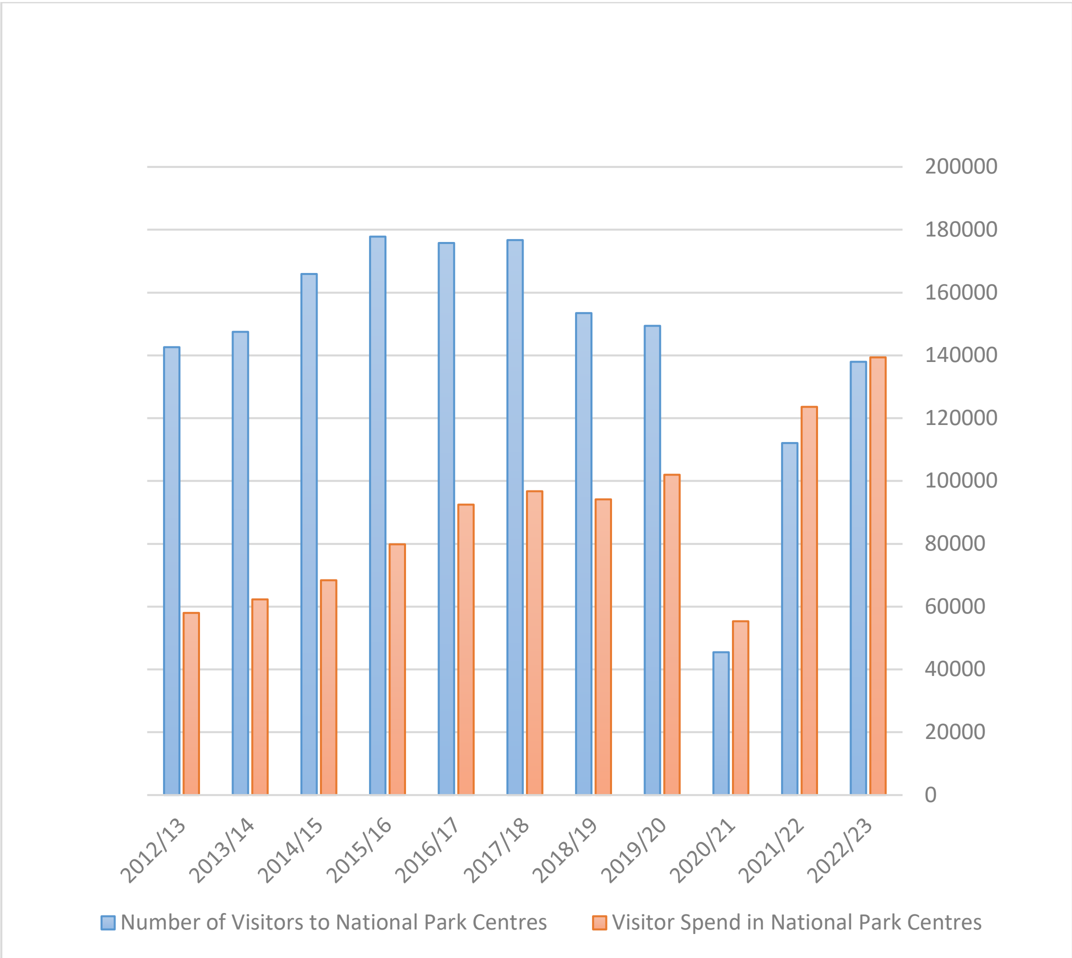


Pinkery Centre Occupancy rates

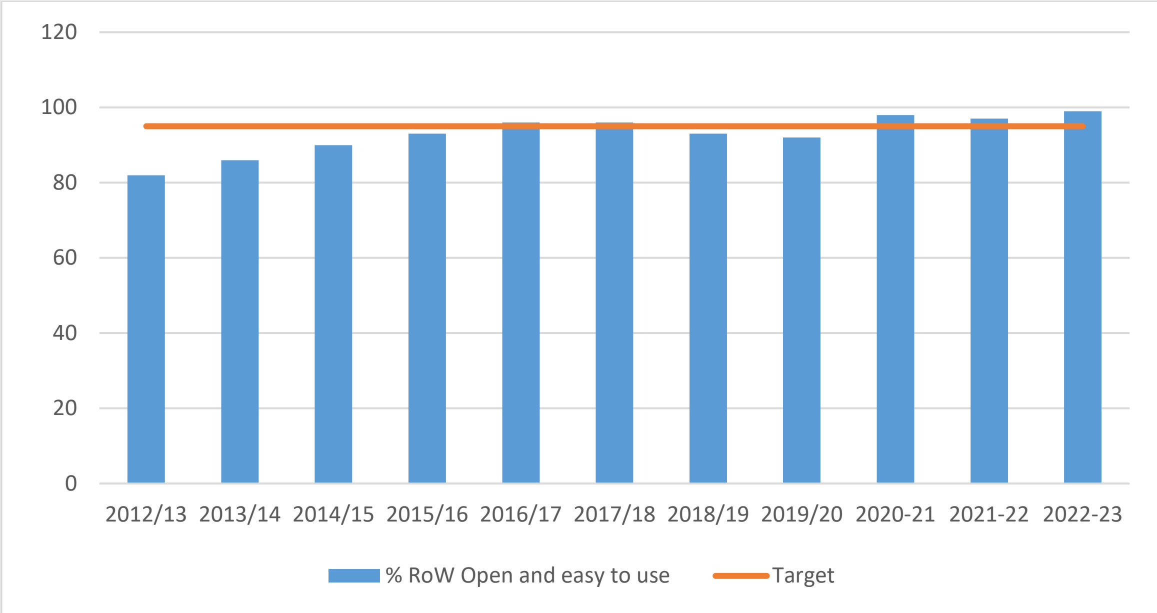


13. The Pinkery Centre is Exmoor National Park Authority's Centre for Outdoor Learning. The user numbers for 2022/23 show a clear trend back towards the pre-pandemic numbers.

National Park Centre Visitor Numbers and Income Trend



Rights of Way Open and Easy to Use Score



Financial Statements

14. Information relating to financial performance for the year ended 31 March 2023 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 surplus for 2022/23 of £10.924m. This contrasts with a surplus of £2.323m for 2021/22. 2022/23's surplus is due to a large reduction in the pension fund liabilities and a small increase in values in the estate.

    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 £180k over the course of 2022/23 to £3.213m and unusable also increased over the same period by £10.744m to £18.174m. The increase in usable reserves is primarily due to the receipt of £440k of additional core grant from DEFRA.

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 £21.387m of assets in excess of its liabilities at the end of 2022/23. This is an increase of £10.924m which is primarily due to the decrease in the pensions deficit. The Authority owns £20.143m 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 decreased by £517k over the course of 2022/23.

Financial Performance

15. The revenue budget for 2022/23 was agreed on the 1 March 2022. 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 £3,830,000 and income of £801,500 giving a net requirement of £3,028,500.
    - A Partnership budget involving expenditure of £183,000 of which £68,000 was top sliced for priority elements and £115,000 added to reserves.

16. When the 2022/23 budget was set, funds were found to support the transfer of Driver Farm and to clear trees affected by Ash Die-Back.

17. The Authority considered a revised budget and reviewed the elements of the budget at its meeting on 1 November 2022. Additional resources were found for the cost of the staff pay award and to meet the cost of external consultants employed within Development Management.

18. 2022/23 is the second year of the Farming in Protected Landscapes (FiPL) programme. There was significant spend in Development Management on consultants, £200k on a long running planning dispute, and over £350k was spent on our woodlands. The National Park centres underwent a significant programme of internal development and the County Gate facilities were transferred. In addition, there was also significant capital spend. This is shown below:

    - £90k on the establishment of Bye Wood;
    - £90k on the decarbonisation scheme at the Outdoor Education Centre;
    - £27k on an electric minibus; and
    - £12k on secondary double glazing at Exmoor House.

19. The key recommendations to the Authority the year ended 31 March 2023 are:

- The allocations of the £440k additional core grant from Defra. It has been recommended to transfer this to the Legal and General Contingencies, and the DM reserve after they have been used to finance one-off spend in year.
- The revenue outturn for the year recommends that funds are redistributed towards the Web Development, Woodlands, Ashcombe Gardens and the Development of the Planning Service Reserves. Funding was also allocated to extend the Learning and Engagement Assistant post.
- The core budget shows an underspend for the year of £16k 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		**650**
Non Cash Transactions		
Net Transfers from Reserves	166	
Reverse IAS19 Pensions transactions	(786)	
Reverse Depreciation & Impairment charges	(97)	
Capital grant received	(175)	
Capital Expenditure	299	
Refcus	(69)	
Movement in Employee absence Accrual	17	
Downwards Revaluation of Assets	(35)	
Capital Grants Applied	175	
Asset written off on disposal	(161)	
Management Accounts Budget Surplus		**(16)**

20. 2022/23 was a more financially stable year than the previous three. The impact of the pandemic was reduced, although visitor numbers were down. The Authority has continued to perform well against the original and revised budgets set and shown the ability to adapt to be able to meet new challenges. The next great challenge is to meet budgetary pressures in the near term.

Financial Outlook and Medium-Term Financial Plan

21. 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 effectively meant trimming budgets, increasing trading income and the scope and level of charging and seeking external funding for larger schemes. This has been less than ideal but we have been able to maintain service provision.

22. We have been informed that the National Park Grant figures will be flat for 2023/24 and 2024/25. In the context of high inflation, this is very challenging. The savings target when the 2023/24 budget was set was £193k for 2024/25 and increasing in later years. This target will increase if the staff pay award is above 5%, as currently appears likely.

23. It will clearly be a major challenge to continue with our existing level of service provision and set balanced budgets. The Leadership Team has begun considering how this will be delivered. It is possible that the failure of funding to keep pace with inflation means that service provision will need to be scaled back.

24. We remain optimistic that the Authority will be able to deliver exciting conservation and engagement activities and meet our legal responsibilities in the future. The Authority has £1,600k of FiPL funds to deliver over the course of 2023/24 and 2024/25, £450k from legacies and is in a strong position to receive major funding from the Heritage Lottery Fund.

25. 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.

B Barrett
Chief Finance Officer
March 2024

……….………………….	….……………………..
Mrs S Bryan Chief Executive	**A Davis, Chairman**

Date: 9th April 2024

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 2023 and its income and expenditure for the year ended 31 March 2023.

B Barrett

Chief Finance Officer: ……………………………… Date: 9th April 2024

Approval of Accounts:

I confirm that these accounts were approved by resolution of the Final Accounts Committee on 9th April 2024.

A Davis

Chairman: ……………………………………………. Date: 9th April 2024

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.

2021/22				2022/23		
Gross Expenditure £000	Gross Income £000 (Notes 10 & 11)	Net Expenditure £000		Gross Expenditure £000	Gross Income £000 (Notes 10 & 11)	Net Expenditure £000
1,877	(658)	1,219	Support to Land Managers	2,024	(993)	1,031
648	(553)	95	Support to the Community	881	(136)	745
940	(456)	484	Support to National Park Users	944	(427)	517
1,565	(286)	1,279	Support Services	1,577	(402)	1,175
303	-	303	Corporate Management	296	-	296
128	(20)	108	Partnership Fund	133	(21)	112
5,461	**(1,973)**	**3,488**	**Cost of Services**	**5,855**	**(1,979)**	**3,876**
7	-	7	Other Operating Expenditure (Note 12)	170	-	170
276	(9)	267	Financing and Investment Income and Expenditure (Note 13)	311	(55)	256
-	(3,211)	(3,211)	Taxation and Non-Specific Grant Income (Note 14)	-	(3,652)	(3,652)
5,744	**(5,193)**	**551**	**(Surplus)/Deficit on Provision of Services**	**6,336**	**(5,686)**	**650**
		(222)	(Surplus) or deficit on revaluation of Property, Plant and Equipment (Notes 22 & 23)			(474)
		(2,652)	Remeasurement of Net Defined Benefit Liability/(Asset) (Note 33)			(11,100)
		(2,874)	**Other Comprehensive Income and Expenditure**			**(11,574)**
		(2,323)	**Total Comprehensive Income and Expenditure (Surplus)/Deficit**			**(10,924)**

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 2021	**2,823**	**100**	**2,923**	**5,217**	**8,140**
Movement in reserves during 2021/22					
Total Comprehensive Income and Expenditure	(551)	-	**(551)**	2,874	**2,323**
Adjustments between accounting basis & funding basis under regulations (Note 20)	761	(100)	**661**	(661)	**-**
Net Increase/(Decrease)	**210**	**(100)**	**110**	**2,213**	**2,323**
Balance at 31 March 2022	**3,033**	**-**	**3,033**	**7,430**	**10,463**
Movement in reserves during 2022/23					
Total Comprehensive Income and Expenditure	(650)	-	**(650)**	11,574	**10,924**
Adjustments between accounting basis & funding basis under regulations (Note 20)	830	-	**830**	(830)	**-**
Increase/(Decrease) in 2022/23	**180**	**-**	**180**	**10,744**	**10,924**
Balance at 31 March 2023 (Notes 21 and 30)	**3,213**	**-**	**3,213**	**18,174**	**21,387**

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 2022 £000		Notes	31 March 2023 £000
19,638	Property, Plant & Equipment	22	20,012
92	Heritage Assets	23	131
19,730	**Long Term Assets**		**20,143**
70	Inventories	-	69
485	Short Term Debtors	25	1,342
2,900	Cash and Cash Equivalents	26	2,308
3,455	**Current Assets**		**3,719**
(13)	Receipts in Advance	-	(8)
(75)	Cash and Cash Equivalents	26	-
(392)	Short Term Creditors	27	(406)
-	Bad Debt Provision	25	(133)
(480)	**Current Liabilities**		**(547)**
(12,242)	Other Long-Term Liabilities	33	(1,928)
(12,242)	**Long Term Liabilities**		**(1,928)**
10,463	**Net Assets**		**21,387**
3,033	Usable Reserves	21	3,213
7,430	Unusable Reserves	30	18,174
10,463	**Total Reserves**		**21,387**

Authorised for Issue

The un-audited Accounts were authorised for issue by the Chief Finance Officer on 12 June 2023.

These financial statements replace the unaudited financial statements and were confirmed by the Chief Finance Officer on 9th April 2024.

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.

2021/22 £000		**2022/23 £000**
551	**Net (surplus) or deficit on the Provision of Services**	**650**
	Adjustments for-	
(748)	Non Cash Movements (Note 35)	(432)
(197)	**Net Cash flows from Operating Activities**	**218**
227	Investing Activities (Note 36)	299
-	Financing Activities (Note 37)	-
30	**Net (increase)/decrease in Cash and Cash equivalents**	**517**
2,855	Cash and Cash Equivalents at the beginning of the reporting period	2,825
2,825	**Cash and Cash Equivalents at the end of the reporting period**	**2,308**
30	**Net (increase)/decrease in Cash and Cash equivalents**	**517**

NOTES TO THE ACCOUNTS

Note 1: Accounting Policies

i **General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end 31 March 2023. 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 2022/23 (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 26)**

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 16,33)**

<u>Benefits Payable During Employment</u>

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.

<u>Termination Benefits</u>

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.

Post Employment Benefits

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 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 6)**
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 (Note 24)**

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 the lower of net realisable value and cost.

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.

Recognition

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-minimis

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.

Depreciation

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.

Disposals

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 34)**

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, 30)**

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 three Heritage Assets; the Brendon Hills Incline, the Simonsbath Sawmill and the Pottery Kiln in Dunster. The incline and the sawmill are valued at Existing Use Value while the Pottery Kiln applies the reinstatement (insurance) value as there is no existing use for the Pottery Kiln.

Xv **Provisions (Note 28)**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.
Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the Provision is reversed and credited back to the relevant service. leases.

Xvi **Leases (Note 38)**
Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee
Operating Leases
Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment.

The Authority as Lessor
Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet

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

The 2022/23 Code of Practice on Local Authority Accounting requires the Authority to identify any accounting standards that have been issued and are due to be adopted for the next financial year's accounts. 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.

The following accounting changes may impact on future Statements of Accounts.

- IAS 37 Provisions, Contingent Assets and Contingent Liabilities - specification of costs to be included when assessing whether a contract will be onerous.
- IFRS 16 Leases – lease incentives
- IAS 16 Property, Plant and Equipment - proceeds before intended use.

None of these changes in accounting requirements for future years are anticipated to have a material impact on the Council's financial performance or financial position.

Note 3: Material Items of Income and Expenditure

There are no material items to disclose in 2022/23.

Note 4: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out within the notes in the Statement of Accounts the Authority may have to make certain judgements about complex transactions or those involving uncertainty about future events. These accounts contain no such judgements.

Note 5: Assumptions Made About the Future and Other Major Sources of Estimation

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.

There are three items in the Authority's Balance Sheet as at 31 March 2023, for which there is a significant risk of material adjustment in forthcoming financial years. They are 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 £411K. However the assumptions interact in complex ways. During 2022/23, 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 decreased by £10.3m.
Property Plant and Equipment - Valuation	The Authority engages a qualified Royal Institution of Chartered Surveyors (RICS) surveyor from NPS, to provide valuations of land and property assets at the year end. The values of assets are adjusted to their current values by reviewing the sales of similar assets in the region, applying indexation and considering impairment of individual assets. The valuer works closely with the finance staff on all valuation matters.	Significant changes in the assumptions of future income streams/growth, occupancy levels, ongoing property maintenance and other factors would result in a significantly higher or lower fair value measurement for these assets. In particular, the pandemic and the high levels of inflation being experienced continue to affect economies and real estate markets globally. Nevertheless, an adequate quantum of market evidence exists upon which to base opinions of value. The year-end balance of PPE was £20.143m.

Debtors/ Bad Debt provision	Contained within these accounts are estimates of the debt outstanding related to a long running planning dispute. These have been estimated by lawyers based upon actual costs incurred but not all of these may be recognized by the courts.	A 10% difference between the costs estimate by lawyers and that determined by the courts would equate to a £40k misestimate in the debtor.
	The debt will be recovered based upon a house that has been repossessed and we are in the process of selling. We have commissioned a Fair Value assessment of the value of the property as at 31/03/23 but the actual proceeds could be different to this. These accounts contain a provision for the difference before the estimated debt and the possible proceeds on the repossessed property that are available to the Authority.	A 10% difference between the sale proceeds and the estimated value would equate to £82k. This would directly impact on the funds available to meet the related debt.

Note 6: Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 12 June 2023. 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 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no events after the Balance Sheet date that need to be reported.

Note 7: 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 2022/23 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 Council Pension Fund are detailed within Note 33 to the Financial Statements.

Note 8: 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.

2021/22				**2022/23**		
Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding & Accounting basis £000 (Note 9)	Net Expenditure in the CI&ES £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding & Accounting basis £000 (Note 9)	Net Expenditure in the CI&ES £000
1,072	147	1,219	Support to Land Managers	987	44	1,031
80	15	95	Support to the Community	657	88	745
512	(28)	484	Support to National Park Users	509	8	517
1,097	182	1,279	Support Services	1,012	163	1,175
258	45	303	Corporate Management	262	34	296
91	17	108	Partnership Fund	100	12	112
3,110	**378**	**3,488**	**Net Cost of Services**	**3,527**	**349**	**3,876**
(3,320)	383	(2,937)	Other Income & Expenditure	(3,707)	481	(3,226)
(210)	**761**	**551**	**(Surplus)/Deficit on Provision of Services**	**(180)**	**830**	**650**
(2,823)			**Opening General Fund Balance**	**(3,033)**		
(210)			Deficit/(surplus) on General Fund in Year	(180)		
(3,033)			**Closing General Fund Balance**	**(3,213)**		

Note 9: Note to the Expenditure and Funding Analysis

Adjustments between the Funding and Accounting Basis 2022/23.

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	(78)	126	(4)	**44**
Support to the Community	-	91	(3)	**88**
Support to National Park Users	(54)	65	(3)	**8**
Support Services	32	136	(5)	**163**
Corporate Management	-	35	(1)	**34**
Partnership Fund	-	13	(1)	**12**
Net Cost of Services	**(100)**	**466**	**(17)**	**349**
Other Income & Expenditure	161	320	-	**481**
Surplus/Deficit on the Provision of Services	**61**	**786**	**(17)**	**830**

Adjustments between the Funding and Accounting Basis 2021/22

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	(35)	191	(9)	**147**
Support to the Community	1	15	(1)	**15**
Support to National Park Users	(97)	72	(3)	**(28)**
Support Services	(5)	195	(8)	**182**
Corporate Management	-	47	(2)	**45**
Partnership Fund	-	18	(1)	**17**
Net Cost of Services	**(136)**	**538**	**(24)**	**378**
Other Income & Expenditure	100	283	-	**383**
Surplus/Deficit on the Provision of Services	**(36)**	**821**	**(24)**	**761**

a) Adjustments for Capital Purposes - this column adds in depreciation and impairment, financing 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 10: Expenditure and Income Analysed by Nature

2021/22 £000	Expenditure	2022/23 £000
2,913	Employee Benefits Expenses	3,074
2,424	Other Service Expenses	2,815
131	Depreciation, Amortisation & Impairment	136
276	Interest Payments	311
5,744	**Total Expenditure**	**6,336**
	Income	
(1,973)	Grants, Fees, Charges and other Service Income	(1,979)
(3,211)	Government Grants & Contributions	(3,652)
(9)	Interest & Investment Income	(55)
(5,193)	**Total Income**	**(5,686)**
551	**Deficit on the provision of service**	**650**

Note 11: Segmental Income

2022/23

	Grants & Contributions	Fees & Charges	Sales Income	Other	Total
	£000	£000	£000	£000	£000
Support to Land Managers	(976)	(12)	-	(5)	**(993)**
Support to the Community	(40)	(96)	-	-	**(136)**
Support to National Park Users	(30)	(241)	(126)	(30)	**(427)**
Support Services	(38)	(28)	(5)	(331)	**(402)**
Partnership Fund	-	(21)	-	-	**(21)**
Total Income	**(1,084)**	**(398)**	**(131)**	**(366)**	**(1,979)**

2021/22

	Grants & Contributions	Fees & Charges	Sales Income	Other	Total
	£000	£000	£000	£000	£000
Support to Land Managers	(620)	(33)	-	(5)	**(658)**
Support to the Community	(435)	(118)	-	-	**(553)**
Support to National Park Users	(112)	(207)	(107)	(30)	**(456)**
Support Services	(12)	(5)	(10)	(259)	**(286)**
Partnership Fund	-	(20)	-	-	**(20)**
Total Income	**(1,179)**	**(383)**	**(117)**	**(294)**	**(1,973)**

Note 12: Other Operating Expenditure

2021/22 £000		2022/23 £000
-	(Gains)/Losses on the disposal of non-current assets	161
7	IAS19 Administration expense	9
7	**Total**	**170**

Note 13: Financing and Investment Income and Expenditure

2021/22 £000		2022/23 £000
276	Net interest on the net defined pensions liability	311
(9)	Interest receivable and similar income	(55)
267	**Total**	**256**

Note 14: Taxation and Non-Specific Grant Incomes

2021/22 £000		2022/23 £000
(3,211)	Non-ring-fenced government grants	(3,652)
(3,211)	**Total**	**(3,652)**

Note 15: Members Allowances

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

2021/22 £000		2022/23 £000
16	Special Responsibility Allowance	17
62	Basic Allowance	66
2	Allowance for mileage	4
80	**TOTAL**	**87**

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 Allowance £000	Expense Allowance £000	Total Remuneration (excl. pension contribution) £000	Pension Contribution £000	Total Remuneration including pension contribution £000
Chief Executive –					
2022/23 -	90	-	88	17	**107**
2021/22 -	88	-	88	16	**104**
Head of Finance and Operations					
2022/23 -	55	-	55	10	**65**
2021/22 –	52	-	52	10	**62**
Head of Strategy & Performance					
2022/23 -	55	-	55	10	**65**
2021/22 –	52	-	52	10	**62**
Head of Planning & Sustainable Development					
2022/23 -	55	-	55	10	**65**
2021/22 –	52	-	52	10	**62**
Head of Conservation & Access					
2022/23 -	55	-	55	10	**65**
2021/22 –	52	-	52	10	**62**

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:

2021/22 Number of employees	Remuneration band	2022/23 Number of employees
4	£50,000 - £54,999	-
-	£55,000 - £59,999	4
-	£60,000 - £64,999	-
-	£65,000 - £69,999	-
-	£70,000 - £74,999	-
-	£75,000 - £79,999	-
-	£80,000 - £84,999	-
1	£85,000 - £89,999	-
-	£90,000 - £94,999	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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	-	-	-	-	-	-	-	-
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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:

2021/22 £000		2022/23 £000
9	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor.	14
*9	Audit Fee variation (*Proposed)	6*
18	**Total**	**20**

Note 19: Grant Income

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

Credited to Taxation and Non Specific Grant Income	2021/22 £000	2022/23 £000
National Park Grant – DEFRA	3,211	3,652
Total	**3,211**	**3,652**
Credited to Services		
Access Improvement Grant	-	43
Farming in Protected Landscapes - DEFRA	281	529
BIO Support (Planning Policy) - DEFRA	10	27
VESP Grant – Somerset Council	-	7
Tree Planting Grant - SWAT	5	-
Covid Support/ Rate reliefs – SWAT & NDDC	45	-
Walks Project – SWAT	11	-
Generation Green – Access Unlimited Coalition	51	-
Rural Crime Grant – Avon & Somerset Police	3	-
Woodlands – Plantlife	16	3
Coast Path & Landscape Monitoring – Natural England	16	-
ENNIS – Natural England	-	8
Sowing the Seeds – Natural England	5	5
English Coast Path – Natural England	5	6
South West Coast Path – Natural England	-	16
Grey Squirrel Control – Forestry Commission	-	45
Bye Wood - Forestry Commission	53	-
Bye Wood – Exmoor Trust	5	-
Basic Payment & Higher Level Stewardship Scheme – RPA	79	74
Countryside Stewardship – RPA	67	65
Total	**652**	**828**

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.

2022/23	**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	786	-	-	(786)
Holiday pay	(17)	-	-	17
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)	185	-	175	(360)
Total Adjustments to Revenue Resources	**954**	**-**	**175**	**(1,129)**
Adjustments between Revenue and Capital Resources:				
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(124)	-	-	**124**
Transfer of sales proceeds credited as part of the gain/loss on disposal	-	-	-	**-**
Total Adjustments between Revenue and Capital resources	**(124)**	**-**	**-**	**124**
Adjustments to Capital Resources:				
Application of Capital Grants to finance Capital Expenditure		-	(175)	**175**
Application of Capital Receipts to finance Capital Expenditure	-	-	-	**-**
Total Adjustments to Capital Resources	**-**	**-**	**(175)**	**175**
Total Adjustments	**830**	**-**	**-**	**(830)**

2021/22	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	821	-	-	(821)
Holiday pay	(24)	-	-	24
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)	39	-	52	(91)
Total Adjustments to Revenue Resources	**836**	**-**	**52**	**(888)**
Adjustments between Revenue and Capital Resources:				
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(75)	-	-	**75**
Transfer of sales proceeds credited as part of the gain/loss on disposal	-	-	-	**-**
Total Adjustments between Revenue and Capital resources	**(75)**	**-**	**-**	**75**
Adjustments to Capital Resources:				
Application of Capital Grants to finance Capital Expenditure	-	-	(52)	**52**
Application of capital Receipts to finance Capital Expenditure	-	(100)	-	**100**
Total Adjustments to Capital Resources	**-**	**(100)**	**(52)**	**152**
Total Adjustments	**761**	**(100)**	**-**	**(661)**

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 2021 £000	**Transfers between Reserves £000**	**Transfers In 2021/22 £000**	**Transfers Out 2021/22 £000**	**Increase/ Decrease (-) in useable Reserves 2021/22 £000**	**Balance at 31 March 2022 £000**	**Transfers between Reserves £000**	**Transfers In 2022/23 £000**	**Transfers Out 2022/23 £000**	**Increase/ Decrease in useable Reserves 2022/23 £000**	**Balance at 31 March 2023 £000**
Earmarked Reserves	**2,222**	23	857	(650)	**230**	**2,452**	457	371	(570)	**258**	**2,710**
Partnership Fund Reserves	**301**	(34)	99	(101)	**(36)**	**265**	(38)	93	(169)	**(114)**	**151**
General Fund Balance	**300**	11	5	-	**16**	**316**	(419)	455	-	**36**	**352**
Capital Grants Unapplied	**-**	-	52	(52)	**-**	**-**	-	175	(175)	**-**	**-**
Capital Receipts Reserve	**100**	-		(100)	**(100)**	**-**	-	-	-	**-**	**-**
Total Useable Reserves	**2,923**	**-**	**1,013**	**(903)**	**110**	**3,033**	**-**	**1,094**	**(914)**	**180**	**3,213**

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 2022	**19,487**	**224**	**70**	**0**	**19,781**
Additions	191	39	**-**	**-**	**230**
De-recognition – Disposals	(161)	-	-	-	**(161)**
Revaluation Increase/ decrease (-):	-	-	-	-	**-**
- to Revaluation Reserve	374	-	-	-	**374**
- to Surplus/Deficit on the provision of service	(34)	-	-	-	**(34)**
Other movement in cost of valuation	-	-	-	-	**-**
Cost or Valuation 31 March 2023	**19,857**	**263**	**70**	**0**	**20,190**
Accumulated depreciation 1 April 2022	**-**	**(137)**	**(6)**	**-**	**(143)**
Depreciation Charge	(101)	(32)	(3)		**(136)**
Derecognition - Disposals	-	-	-	-	**-**
Depreciation written out to the Revaluation Reserve	28	-	-	-	**28**
Depreciation written out to the Surplus/ Deficit on the provision of services	73	-	-	-	**73**
Total Depreciation at 31 March 2023	**-**	**(169)**	**(9)**	**-**	**(178)**
Net Book Value at 1 April 2022	**19,487**	**87**	**64**	**-**	**19,638**
Net Book Value at 31 March 2023	**19,857**	**94**	**61**	**-**	**20,012**

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000	Assets Under Construction £000	Total £000
Cost or Valuation 1 April 2021	**19,094**	**224**	**70**	**0**	**19,388**
Additions	227	-	-	-	**227**
De-recognition – Disposals	-	-	-	-	**-**
Revaluation Increase/ decrease (-):	-	-	-	-	**-**
- to Revaluation Reserve	162	-	-	-	**162**
- to Surplus/Deficit on the provision of service	4	-	-	-	**4**
Other movement in cost of valuation	-	-	-	-	**-**
Cost or Valuation 31 March 2022	**19,487**	**224**	**70**	**0**	**19,781**
Accumulated depreciation 1 April 2021	**-**	**(104)**	**(3)**	**-**	**(107)**
Depreciation Charge	(94)	(33)	(3)	-	**(130)**
Derecognition - Disposals	-	-	-	-	**-**
Depreciation written out to the Revaluation Reserve	25	-	-	-	**25**
Depreciation written out to the Surplus/Deficit on the provision of services	69	-	-	-	**69**
Total Depreciation at 31 March 2022	**-**	**(137)**	**(6)**	**-**	**(143)**
Net Book Value at 1 April 2021	**19,094**	**120**	**67**	**-**	**19,281**
Net Book Value at 31 March 2022	**19,487**	**87**	**64**	**-**	**19,638**

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 2022/23 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 2023.

Note 23: Heritage Assets

	Heritage Assets £000
Cost or Valuation 1 April 2022	**92**
Additions	-
Revaluation Increase/ decrease (-):	
- to Revaluation Reserve	39
- to Surplus/ Deficit on the provision of service	-
Cost or Valuation 31 March 2023	**131**
Cost or Valuation 1 April 2021	**92**
Additions	-
Revaluation Increase/ decrease (-):	
- to Revaluation Reserve	-
- to Surplus/ Deficit on the provision of service	-
Cost or Valuation 31 March 2022	**92**

Note 24: 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 2022 £000		**31 March 2023 £000**
2,900	Funds held by Somerset Council	2,302
-	Cash in hand and at bank	-
448	Contractual Debtors	1,323
3,348	**Total**	**3,625**

Financial Liabilities: Amortised Cost

31 March 2022 £000		**31 March 2023 £000**
(75)	Bank Overdraft	-
(336)	Contractual Creditors	(354)
(411)	**Total**	**(354)**

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 2022 £000		31 March 2023 £000
(9)	Interest Income	(55)
(9)	**Total**	**(55)**

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 with Somerset Council.

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 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 £23,000 more or less than budget if investments were held for a year.

Note 25: Debtors

31 March 2022 £000		31 March 2023 £000
138	Central government bodies	528
112	Other local authorities	13
122	Public corporations and trading funds	171
113	Other entities and individuals	630
-	Bad Debts	(133)
485	**Total**	**1,209**

Note 26: Cash and Cash Equivalents

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

31 March 2022 £000		31 March 2023 £000
(75)	Bank Current Accounts	6
2,900	Funds held by Somerset Council	2,302
2,825	**Total Cash and Cash Equivalents**	**2,308**

Note 27: Creditors

31 March 2022 £000		31 March 2023 £000
(58)	Other local authorities	(51)
(55)	Public corporations and trading funds	(52)
(279)	Other entities and individuals	(303)
(392)	**Total**	**(406)**

Note 28: Provisions

31 March 2022 £000		31 March 2023 £000
-	Provisions	-
-	**Total**	**-**

Note 29: Capital Grants

31 March 2022 £000		31 March 2023 £000
-	**Balance at 1 April**	**-**
(52)	Capital grants received	(175)
52	Capital grants used to finance spend	175
-	**Balance at 31 March**	**-**

Note 30: Unusable Reserves

31 March 2022 £000		31 March 2023 £000
(11,017)	Revaluation Reserve	(11,354)
(8,712)	Capital Adjustment Account	(8,788)
12,242	Pensions Reserve	1,928
57	Accumulated Absences Account	40
(7,430)	**Total Unusable Reserves**	**(18,174)**

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.

2021/22 £000		2022/23 £000
(10,861)	**Balance at 1 April**	**(11,017)**
(290)	Upward revaluation of assets	(622)
68	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of Services	211
(222)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**(411)**
66	Difference between fair value depreciation and historical cost depreciation	20
-	Accumulated gains on assets sold or scrapped	54
66	**Amount written off to the Capital Adjustment Account**	**74**
(11,017)	**Balance at 31 March**	**(11,354)**

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 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.

2021/22 £000		2022/23 £000
(8,511)	**Balance at 1 April**	**(8,712)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
132	Charges for depreciation and impairment of non-current assets	136
(40)	Revaluation gains on Property, Plant and Equipment	(67)
(66)	Difference between fair value depreciation and historical cost depreciation	(20)
-	Revenue expenditure funded from capital under statute	69
-	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	106
(8,485)		**(8,488)**
-	Adjusting amounts written out of the Revaluation Reserve	-
(8,485)	**Net written out amount of the cost of non-current assets consumed in the year**	**(8,488)**
	Capital financing applied in the year:	
(52)	Use of Capital Grants to finance capital expenditure	(175)
(100)	Use of Capital Receipts to finance capital expenditure	-
(75)	Capital Expenditure charged against the General Fund	(125)
(8,712)	**Balance at 31 March**	**(8,788)**

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.

2021/22 £000		2022/23 £000
14,073	**Balance at 1 April**	**12,242**
(2,652)	Remeasurement of net defined liability	(11,100)
1,427	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI & E	1,356
(606)	Employer's pensions contributions and direct payments to pensioners payable in the year	(570)
12,242	**Balance at 31 March**	**1,928**

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.

2021/22 £000		2022/23 £000
82	**Balance at 1 April**	**57**
(82)	Settlement or cancellation of accrual made at the end of the preceding year	(57)
57	Amounts accrued at the end of the current year	40
-	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.	-
57	**Balance at 31 March**	**40**

Note 31: 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.

	2021/22 £000	2022/23 £000
Capital Investment		
Property, Plant & Equipment	**227**	**231**
Revenue Expenditure Funded from Capital under Statute	-	69
Sources of finance		
Capital Receipts	100	-
Government Grants and other contributions	52	175
Sums set aside from revenue	75	125

Note 32: Impairment Losses

The Authority did not recognise any impairment losses during 2022/23 (2021/22 £0k). Impairment losses are recognised as part of the valuation of the authority's non-current assets.

Note 33: 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 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 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 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 2022 and contributions have been set for the period from 1 April 2023 to 31 March 2026. 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 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.

The Court of Appeal judgment on the McCloud and Sargeant cases, relate to age discrimination against the age-based transitional provisions put into place when the new judicial pension arrangements were introduced in 2015. There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgements. Remedial regulations are expected in 2023 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalized.

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:

	2021/22 £000	2022/23 £000
Service Cost		
• Current Service Cost • Past Service Costs (including curtailments)	1,112 32	1,036 -
Total Service Cost	**1,144**	**1,036**
Financing and Investment Income and Expenditure		
• Net interest on the defined liability • Administration expenses	276 7	311 9
Total Net Interest	**283**	**320**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**1,427**	**1,356**
Remeasurement of the Net Defined Liability Comprising:		
• Return on plan assets excluding amounts included in net interest • Experience (gain)/loss on defined benefit obligation • Actuarial losses arising from changes in demographic assumptions • Actuarial losses arising from changes in financial assumptions • Other actuarial gains & losses on assets	(927) 59 - (1,784) -	750 2,430 (2,308) (11,944) (28)
Total re-measurements recognised in Other Comprehensive Income	**(2,652)**	**(11,100)**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**(1,225)**	**(9,744)**
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	**(1,427)**	**(1,356)**
Actual amount charged against the General Fund Balance for pensions in the year:		
• Employer's contributions payable to scheme	**606**	**570**

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

	2021/22 £000	2022/23 £000
Present value of funded obligation	(28,509)	(18,154)
Fair value of employer assets	16,544	16,412
Present value of unfunded obligation	(277)	(186)
Net Liability Arising from Defined Benefit Obligation	**(12,242)**	**(1,928)**

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

	2021/22 £000	2022/23 £000
Opening Balance at 1 April	**(29,447)**	**(28,786)**
Current service cost	(1,112)	(1,036)
Interest cost	(583)	(743)
Change in financial assumptions	1,784	11,944
Change in demographic assumptions	-	2,308
Experience loss / (gain) on defined benefit obligation	(59)	(2,430)
Estimated benefits paid net of transfers in	777	528
Past service costs, including curtailments	(32)	-
Contributions by scheme participants	(137)	(146)
Unfunded pension payments	23	21
Closing Balance at 31 March	**(28,786)**	**(18,340)**

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

	2021/22 £000	2022/23 £000
Opening Balance at 1 April	**15,374**	**16,544**
Interest on assets	307	432
Return on assets less interest	927	(750)
Other actuarial gains/(losses)	-	28
Administration expenses	(7)	(9)
Contributions by employer including unfunded	606	570
Contributions by scheme participants	137	146
Estimated benefits paid plus unfunded net of transfers in	(800)	(549)
Closing Balance at 31 March	**16,544**	**16,412**

The liabilities show the underlying commitments that the authority has to pay post-employment (retirement) benefits. In recent years the pension fund liability of £1,928k (2021/22 £12,242k) has had a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, the £10m reduction in the deficit over the course of 2022/23 significantly reduces the pension fund's impact on the balance sheet total of £21,387k (2021/22 £10,463k).

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

	2021/22		2022/23	
	£000	**%**	£000	**%**
Equities	12,013	72%	12,241	75%
Gilts	835	5%	587	4%
Other Bonds	1,601	10%	1,705	10%
Property	1,329	8%	1,317	8%
Cash and cash equivalents	766	5%	562	3%
Total	**16,544**	**100%**	**16,412**	**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 2024 is £535k.

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 Somerset Council Fund being based on the latest full valuation as at 31 March 2022. The deficit is assumed to be repaid over a period of 16 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	**2021/22**	**2022/23**
Retiring today: • Men • Women	 23.1 24.7	 21.4 23.2
Retiring in 20 years: • Men • Women	 24.4 26.1	 22.7 24.7
Rate of Inflation (CPI)	3.20%	2.85%
Rate of increase in salaries	4.20%	3.85%
Rate of increase in pensions	3.20%	2.85%
Rate for discounting scheme liabilities	2.60%	4.80%
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 2021/22.

Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	18,040	18,340	18,647
Projected service cost	411	424	437
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	18,368	18,340	18,311
Projected service cost	424	424	424
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	18,624	18,340	18,063
Projected service cost	438	424	411
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	19,024	18,340	17,682
Projected service cost	439	424	409

Note 34: Contingent Liability

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 £330,000.

Notes to Support the Cash Flow Statement

Note 35: Cash Flow Statement – Adjustments to surplus or deficit on the Provision of Services for non-cash movements

2021/22 £000		2022/23 £000
(131)	Depreciation and Amortisation	(97)
40	Impairment and Downward Valuations	(34)
(821)	Actuarial Charges for Retirement Benefits	(786)
3	Increase/(Decrease) in Inventory	-
270	Increase/(Decrease) in Debtors	857
-	(Increase) in Provisions	(133)
(109)	(Increase) in Creditors & Receipts in Advance	(9)
-	Refcus	(69)
-	Carrying amount of Non-Current Assets de-recognised	(161)
(748)		**(432)**

Note 36: Cash Flow Statement – Investing Activities

2021/22 £000		2022/23 £000
227	Purchase of property, plant and equipment, investment property and intangible assets	299
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
227	**Net cash flows from investing activities**	**299**

Note 37: Cash Flow Statement – Financing Activities

2021/22 £000		2022/23 £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**	**-**

Note 38: Leases

Finance Leases

The Authority does not hold any Lease considered to be a Finance Leases as either Leasee or lessor.

Operating Leases

The Authority has entered into leases in relation to land holdings in prior years. The future minimum lease payments due under non-cancellable leases in future years are:

2021/22		2022/23
6	<12 Months	8
3	1-5 Years	2
4	5 Years +	3
13		**13**

The Authority leases out property for the fulfilment of National Park Purposes. The future annual minimum lease payments receivable under non-cancellable leases in future years are:

2021/22 £000		2022/23 £000
49	<12 Months	73
7	1-5 Years	7
100	5 Years +	77
156		**157**

EXMOOR
NATIONAL PARK

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 regulation 6 of the Accounts and Audit 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 2023 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 (2010) ;
- 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. The annual review of the effectiveness of the governance framework is undertaken by the Standards Committee and the Authority approve this Annual Governance Statement. The Standards Committee now also undertake an annual self-assessment of effectiveness.

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 Audit Commission;
- 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.

4.3 In the April meeting, the Authority was presented with a list of suggested changes to governance. These included a reduction to the number sitting on the Planning Committee, changes to the scheme of delegation and reductions to the number of formal meetings. The Leadership Team are currently consulting further on possible changes.

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 confirmed with Internal Audit during 2022/23.

5.2 During 2023/24 the Authority will be:

- Develop a new National Park Partnership Plan;
- Progressing work arising from the five year review of the Local Plan including on affordable housing delivery, climate change and a new Design Guide; also making preparations for the introduction of new statutory Biodiversity Net Gain requirements for planning;
- Working with Defra to deliver the National policy agenda on climate, nature and engagement with communities;
- Monitoring new legislation and changes in policy to ensure that account is taken of the impact on National Parks and National Park communities;
- Continuing to operate within limited resources while increasing revenue from alternative sources;
- Continuing to develop customer service standards and culture;
- Monitoring the performance of the Corporate Plan;
- Continue to engage and communicate flexibly while making best use of technology;
- Implement an Anti-Money Laundering policy;

- Ensure capital investment decisions are fully debated by FAPAP in advance of budgetary decisions being made by Authority;
- Continue to adapt the Farming in Protected Landscapes panel and model of decision making;
- Understand the implications of the new Somerset Unitary on the Authority's decision making; and
- Support Somerset Council in their implementation of a new financial ledger to ensure that ENPA's requirements are fully met.

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 ………………………………………… ……………………………………...

S Bryan, Chief Executive A Davis, Chairman

Date …………………………………………