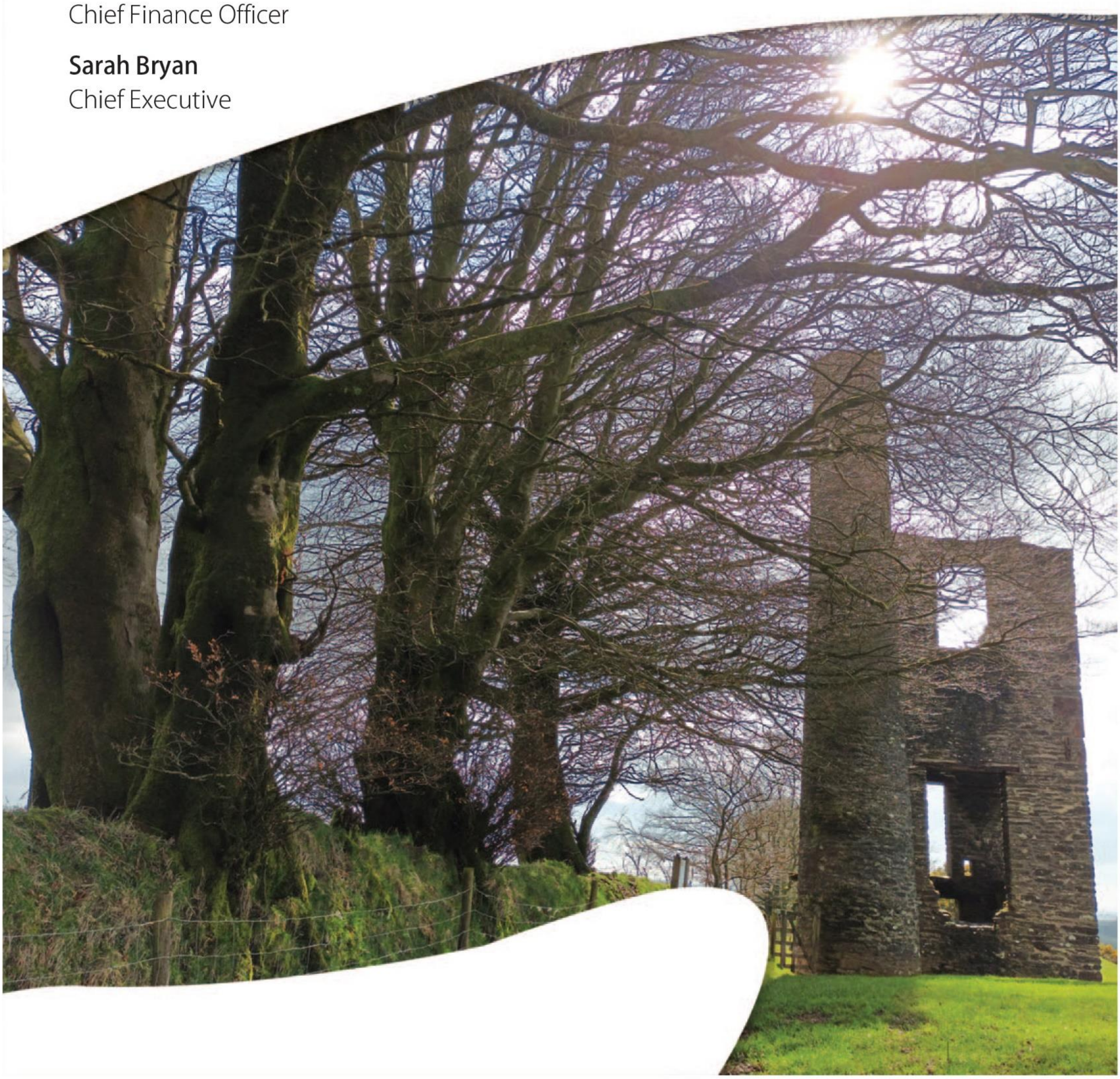
Exmoor National Park
Statement Of Accounts 2022/23

Ben Barrett
Chief Finance Officer

Sarah Bryan
Chief Executive



AUDITED STATEMENT OF ACCOUNTS

2022/23

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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.

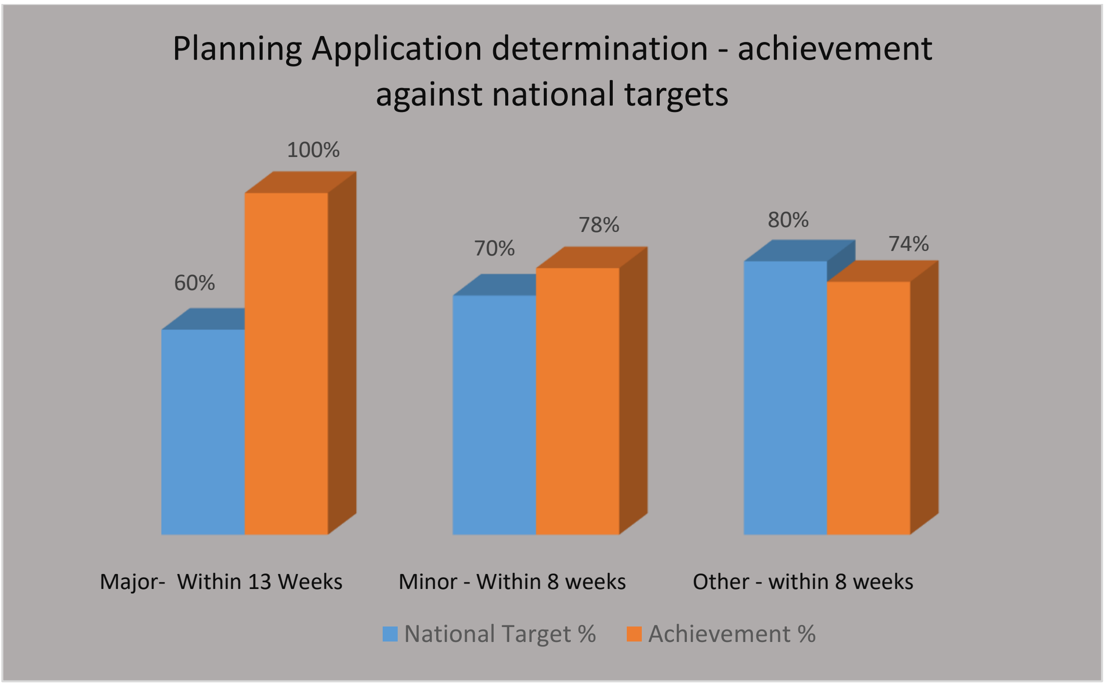
Performance

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.

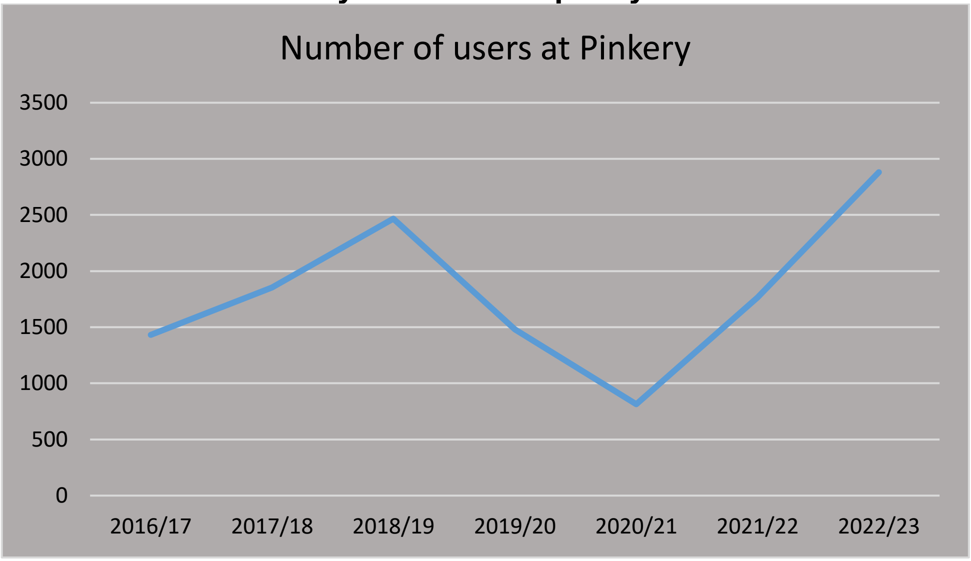
11. Progress against key corporate indicators is given in the charts below. Performance is monitored quarterly by Leadership Team to ensure that the actions within the Corporate Plan are being achieved and, if necessary, to provide an opportunity for resources to be re-allocated or to review the proposed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

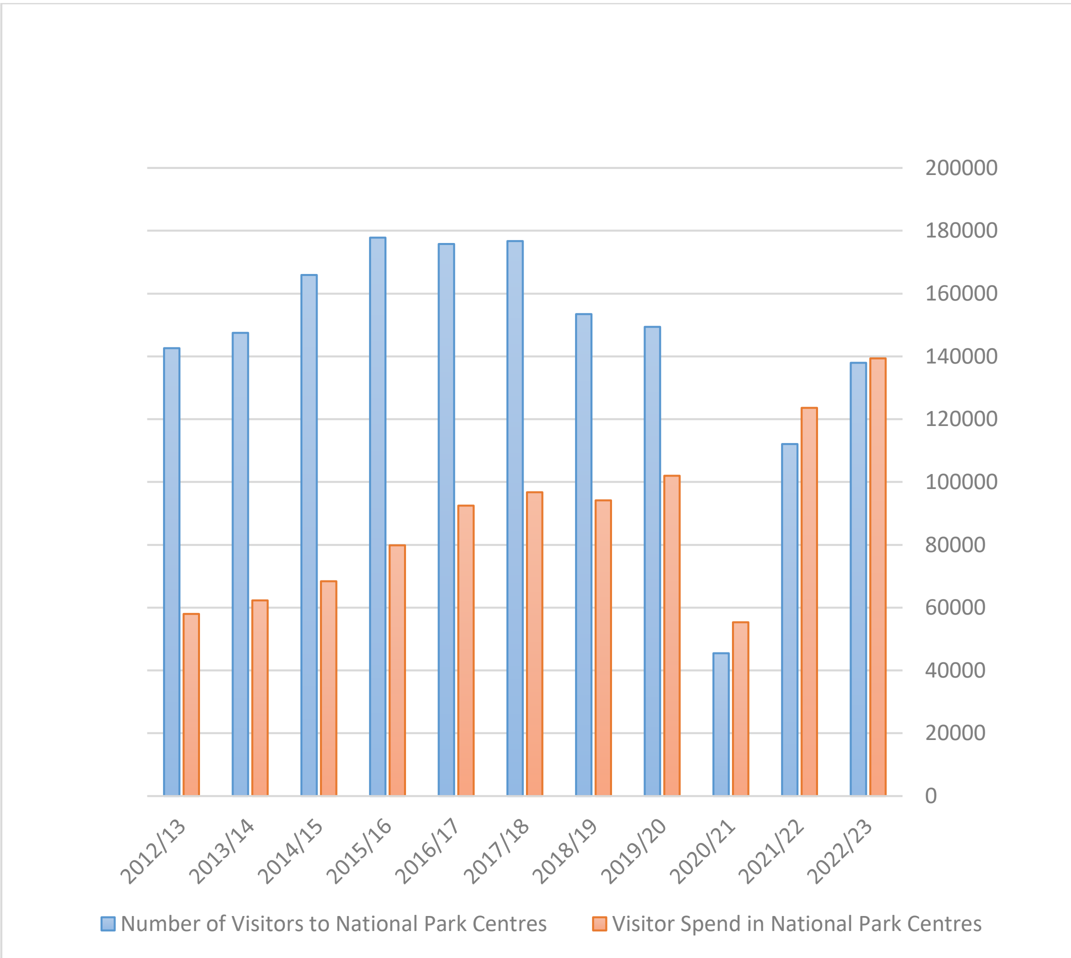


Pinkery Centre Occupancy rates

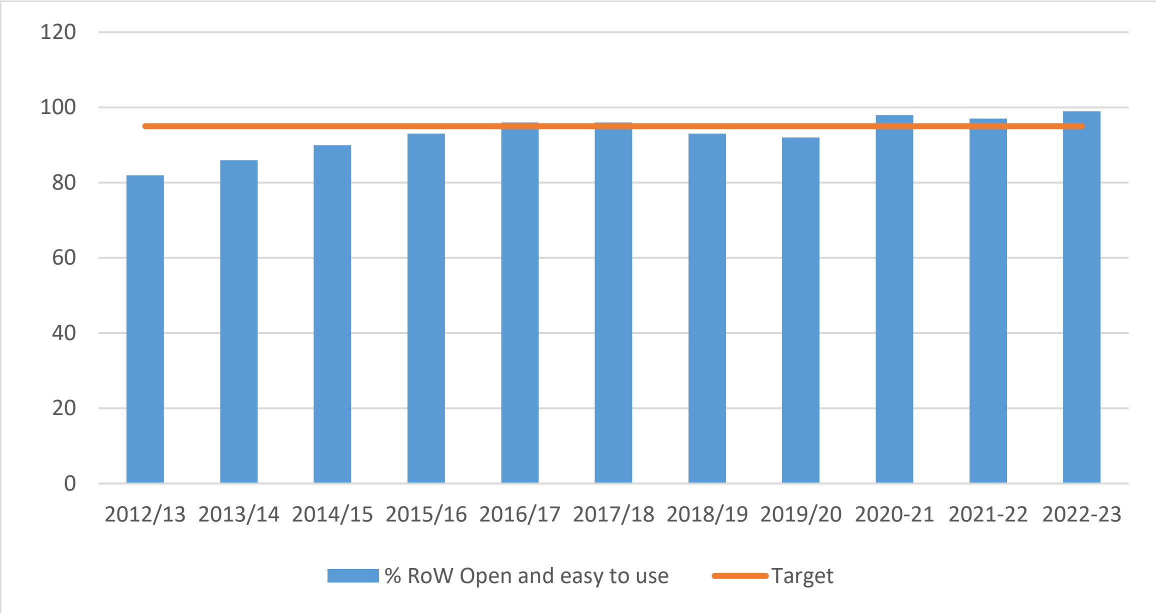


13. The Pinkery Centre is Exmoor National Park Authority's Centre for Outdoor Learning. The user numbers for 2022/23 show a clear trend back towards the pre-pandemic numbers.

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

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: B Barrett **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.

Chairman: A Davis **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.

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

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

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

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

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

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond (annualised yield at the 20-year point on the Merrill Lynch AA-rated corporate bond yield curve).

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

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

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

- **Service Cost comprising:**

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

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

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

- **Remeasurement comprising:**
    - The return on plan assets: excluding amounts included in net interest on the net defined liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - Actuarial gains and losses: changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Somerset 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.

<u>Depreciation</u>

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

Depreciation is calculated on the following bases:

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

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

<u>Disposals</u>

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

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

The written-off value of disposals is not a charge against National Park Grant, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Non-current assets-held-for-sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset-held-for-sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

xii **Contingent Liabilities and Contingent Assets (Note 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.

<u>The Authority as Lessee</u>
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.

<u>The Authority as Lessor</u>
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.

<u>Notes to Support the Cash Flow Statement</u>

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**

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 9 April 2024