

Statement of Accounts

2023/24

v31May 2024 unaudited

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# Narrative Report

# FOR THE PERIOD 1 APRIL 2023 TO 31 MARCH 2024

## Introduction

The Lake District National Park Authority (LDNPA) is an independent local authority, forming part of the system of local government in the Lake District. It does some, but not all, of the work that is done by the unitary authorities in other areas of the country. Other local authorities operating inside the Lake District National Park have an important role to play.

The National Parks and Access to the Countryside Act 1949, subsequently amended by the Environment Act 1995, sets out key responsibilities through two statutory purposes for National Parks:

To conserve and enhance the Parks’ natural beauty, wildlife and cultural heritage; and

To promote opportunities for the understanding and enjoyment of the special qualities (of the Parks) by the public.

The Authority’s services are delivered so as to contribute to the 2030 Vision for the Lake District National Park. The Vision sets out the strategic aims of the Lake District National Park Partnership, which is comprised of many key stakeholders with an interest in the future of the Park. The Vision is:

*“The Lake District National Park will be an inspirational example of sustainable development in action. A place where a prosperous economy, world class visitor experiences and vibrant communities come together to sustain the spectacular landscape, its wildlife and cultural heritage. Local people, visitors, and the many organisations working in the National Park, or have a contribution to make to it,*

*must be united in achieving this.”*

The Partnership’s near-term objectives are set out in the Partnership’s Plan. The plan will ensure that the Lake District’s World Heritage Site Status is protected and that we remain on track to achieving our 2030 Vision of the Lake District. A refreshed Partnership Plan was adopted on 20th October 2021 and work on the next full iteration of the plan is due to commence over the next 12 months.

The Authority’s strong working relationships with all member organisations within the Partnership are essential to its success in effective service delivery, working together to combine expertise and skill sets in the most effective ways. This model of operation allows the Authority to add significant value to the delivery of the Partnership’s Plan. The Partnership Plan also acts as the statutory Management Plan for the Lake District.

The Authority’s responsibilities within the Partnership’s Plan are formalised in, and monitored through, the Authority’s Business Plan. This sets out actions and milestones relating to our contribution to priority areas. The Business Plan also sets out the Authority’s values and behaviours which form a key reference point for our organisational culture and ethics. These are summarised below:

A close-up of a text

Description automatically generated

(source: 2024/27 Business Plan)

Our financial planning is set out in our Medium Term Financial Strategy (MTFS). The strategy formalises the Authority’s key revenue and capital principles in relation to the management of its finances, given the prevailing financial environment. It sets out projections for future years’ budgets over a five year period to inform understanding of the likely availability of financial resources, which will be used in the provision of services.

The full MTFS, Business Plan and Park Partnership Plan documents can be found on the Authority’s website.

One of the Authority’s key responsibilities to its communities is to act as the Planning Authority for the geographical area of the National Park. Other principal services include work in areas such as conservation, recreation management and transport, promoting understanding, rangers and volunteers, and forward planning and communities.

### Significant Matters Reported in the 2023/24 Accounts

The aim of our Statement of Accounts is to demonstrate the overall financial performance and position of the Authority at the end of the 2023/24 financial year. The Authority’s accounts for the year ending 31 March 2024 are presented in the format laid down in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code). This format incorporates the requirements of International Financial Reporting Standards (IFRS) wherever this is possible.

The external financial and economic environment has continued to pose a number of challenges to the Authority, both direct and indirect. There has been a continued impact of the steep price rises experienced since the pandemic. This has increased the Authority’s underlying running costs, with particular pressures around fuel and wages. At the same time, the general public have been experiencing increases to their cost of living, which indirectly impacts the Authority’s ability to increase income from sale of its goods and services. This, along with poor weather over the main summer season led to a challenging year for Visitor Services, with the trading reserve being fully depleted, based on normal trading. This was flagged through in-year monitoring, allowing time for significant changes to be made to the structures and operating models within the Service, and for this to be reflected in the approved 2024/25 budgets and MTFS.

Fortunately, the Authority was successful in a back dated VAT claim on certain sports and leisure activities, resulting in a refund of c£500k being confirmed by HMRC in March. This windfall has allowed the trading reserve to be reinstated to its target balance.

The Department of Environment, Food and Rural Affairs (Defra) sets the level of Government funding for the National Park Authority on an annual basis through National Park Grant. For 2023/24, the level of core funding allocated by Defra resulted in a flat-cash settlement at the same level as funding received in each year since 2019/20 at £5,590k. During 2022/23 the Authority also received a top up of £440k in year, this was not repeated so the level of grant for 23/24 actually fell compared to the prior year, with no compensating deflation in prices.

The Authority’s MTFS assumes a flat cash level of funding continues without uplift over subsequent years of the strategy. This leaves a significant level of income from other sources required to balance the budget. The Authority has grown it’s income from non-core grant sources which has helped preserve service levels. This also exposes the Authority to other risks, including non-achievement of Visitor Services net income, as discussed above.

The General Fund overall closed at £1.39m which is a slight improvement to the assumptions in the MTFS.

### Other significant items for 2023/24

There was significant revenue in year relating to Farming in Protected Landscapes (FiPL). The Farming in Protected Landscapes programme is a part of Defra’s Agricultural Transition Plan. It offers funding to farmers and land managers in Areas of Outstanding Natural Beauty (AONB), National Parks and the Broads.

The programme funds projects that:

* support nature recovery
* mitigate the impacts of climate change
* provide opportunities for people to discover, enjoy and understand the landscape and its cultural heritage
* protect or improve the quality and character of the landscape or place

During 2022/23 the authority received £1.2m including both payments to third parties and direct funding of LDNPA schemes. This increased for 2023/24 to £1.36m.

The Authority has also been involved in Wainright’s Coast to Coast National Trail programme to upgrade the coast to coast path. The scheme also involves the existing Fix the Fells partnership with the National Trust and is funded by Natural England. The total funding over three years on the Coast to Coast trail is expected to be in excess of £1m. Spend on the trail in the year was c£430k.

Overall Net Assets held by the Authority increased by £1.1m from £39,160k in 2022/23 to £40,268k in 2023/24. This largely related to movements in non-current assets, where asset values were increased due to capital expenditure (+£0.5m) and revaluations (+£2.1m), and reduced due to disposal (-£0.2m) and depreciation (-£1.3m).

The net defined benefit pension liability has seen much reduced volatility this year; it has marginally reduced from an £852k liability to an £809k liability. This is mainly the result of asset capping, in line with pension accounting rules. Ignoring the impact of capping, the funded asset would have increased from £5,655k to £9,043k. The defined benefit pension asset is valued by expert actuaries and the impact of changes in value are limited through statutory adjustments to the accounts. This means that there is no impact on the Authority’s usable reserves as a result of movements in the net liability, with or without the application of the asset cap. The underlying pension asset indicates that there is potential for reduced future contribution rates. However, this will not be confirmed until the next full valuation which is due in 2025.

Total capital expenditure for 2023/24 was £844k (£1.9m for 2022/23). The spend in year was spread across a range of projects (see capital investment section below and note 20) with the single largest element (£0.32m) on the West Windermere Way. This is a largely grant funded project which is enhancing existing rights of way and adding new sections to make a coherent route around the South-West area of Windermere. The scheme was effectively completed in June 2023 to align with the funding window for the European Structural and Investment Funds (ESIF) grant.

### Application of Funds

The table below summarises all revenue income and expenditure.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Net Exp** | **Budget** | **Variance** |
|  | **£000** | **£000** | **£000** |
| Executive Board & Legal | 923 | 1083 | -160 |
| Resources | 2,429 | 2395 | 34 |
| Visitor Services | 42 | 579 | -537 |
| People | 432 | 432 | 0 |
| Communications | 500 | 388 | 112 |
| Development Management | 573 | 572 | 1 |
| Strategy & Rangers | 2,115 | 2118 | -3 |
| Non Distributed Costs | 12 | 13 | -1 |
| **Cost of Services** | **7,026** | **7,580** | **-554** |
| Financing & Investment Income & Exp | -618 | -501 | -117 |
| Non-specific grant income | -5,608 | -5,608 | 0 |
| **(Surplus) or Deficit on Provision of Services** | **800** | **1,471** | **-671** |
| (Surplus) or deficit on revaluation of non-current assets | -2,145 | -2,145 | 0 |
| Remeasurements of the defined benefit liability | 237 | 237 | 0 |
| **Other Comprehensive (Income) & Expenditure** | **-1,908** | **-1,908** | **0** |
| **Total Comprehensive (Income) & Expenditure** | **-1,108** | **-437** | **-671** |
| Capital financing | 50 | 70 | **-20** |
| Other Movement In Reserves | 1,058 | 367 | 691 |
| **Total** | **0** | **0** | **0** |

The Authority translates the total resources available into an annual budget, managed by service areas, across which 188 FTE staff are employed. The table above shows how these resources were spent during 2023/24 compared to their respective budgets.

Budget monitoring information was reviewed by the Executive Board on a monthly basis, including IAS19 adjustments (pensions), capital charges and Movement In Reserves (MIRS) items.

The single largest variance relates to Visitor Service. This mainly relates to a £521k windfall from a backdated VAT refund relating to certain sports and leisure activities. The underlying performance, as reported during the year, effectively emptied the reserve, using up the full £500k balance over 2022/23 and 2023/24. There has been a slight (£16k) favourable variance against the Q3 reforecast budget which is also proposed to go into the trading reserve. This leaves the reserve slightly above the £500k target.

The other significant variances relates to:

* investment interest which was £117k higher than budget in the year. This was largely as a result of the underlying bank rate being significantly higher than the budget assumption. This is reflected in the financing and investment line.
* Savings relating to salaries (vacancy management) were £192k higher than budget; this related to a mixture of vacant posts and time spent on grant funded schemes. This is reflected within the Executive Board and Legal line. This may have a knock-on impact to service plan delivery so a significant element of these savings have been set aside in a reserve to support pressures which may arise during 2024/25
* There were a number of other smaller under and overspends, the details of which will be reported within the full out-turn report to Authority and available via the website.

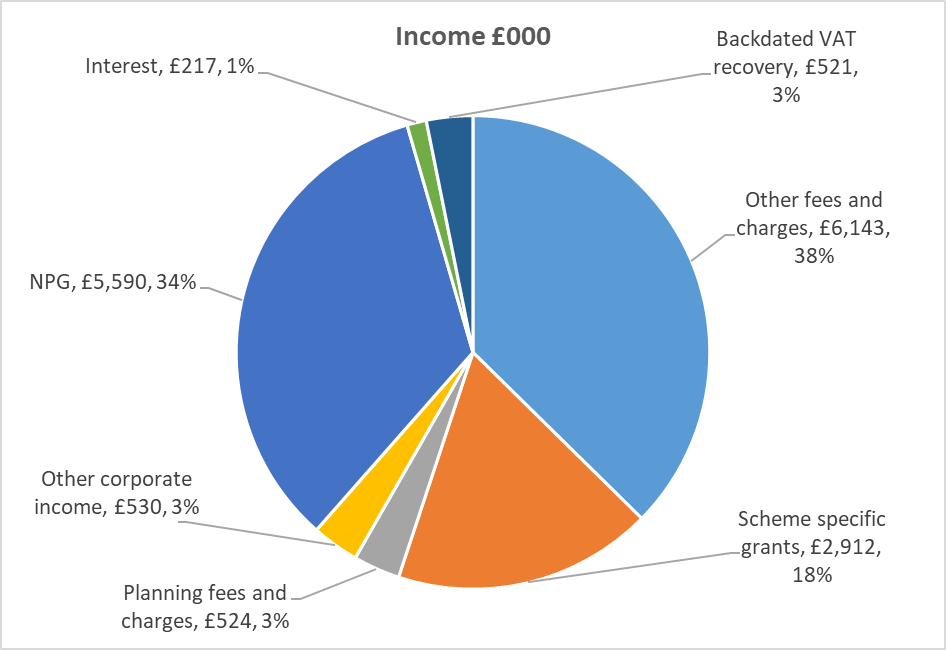
The General Fund balance closed at £1.39m which is c£50k above the target per the MTFS approved in March 2024. As noted, the Trading Reserve has been fully replenished and so is £537k higher than anticipated in the MTFS.

The improved reserves position has a knock on impact for the 2024/25 budget. Within the budget was a £125k contribution into the trading reserve which is now not required. Therefore, this will fall back into the General Fund. This should be the same for the subsequent 3 years which will be adjusted as part of the next iteration of the MTFS. Overall, this significantly improves the financial position of the Authority and will relieve revenue budget pressures in future years.

### Sources of Revenue Funds

In addition to core grant from DEFRA, the Authority also receives income from a range of other sources, and these are summarised below:

**Sources of Revenue Funds 2023/24**

****

Other corporate income mostly relates to rental income (£384k). A further detailed split of grant income can be found in the notes to the accounts (note 15); as already noted, the Authority has had some large scheme specific grants in year relating to FiPL and the Coast to Coast National Trail. Other fees and charges largely relates to income from Visitor activities, including:

* car parking £2.48m
* catering £931k
* boat hire and activities £783k
* Tourist Information Centres £763k

This provides an indication of the relative split of activities within the Authority, with a mixture of core activities, scheme specific external funding and fees generated from service users.

### Capital Investment in 2023/24

The Authority’s capital investment can be analysed as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **Original Full Year Budget**  **£** | **Working Full Year Budget**  **£** | **Actual Year To Date**  **£** | **Budget Remaining**  **£** |
| Vehicle replacement | 0 | 38,600 | 38,600 | 0 |
| PM Plant & machinery | 45,000 | 70,800 | 26,840 | 43,960 |
| Car Park Re-surfacing and machines | 0 | 29,700 | 26,740 | 2,960 |
| IT Rolling Replacement Programme | 42,000 | 107,000 | 67,187 | 19,813 |
| CBC Jetty | 0 | 38,000 | 0 | 38,000 |
| Condition Survey Work - Property Team | 0 | 28,400 | 27,635 | 765 |
| LDF Brockhole Lodge Office | 41,200 | 27,600 | 27,276 | 324 |
| Ravenglass toilets | 20,000 | 22,900 | 0 | 22,900 |
| Southern Office fit out | 50,000 | 50,000 | 1,254 | 48,746 |
| Waterhead drainage | 38,000 | 48,300 | 47,650 | 650 |
| Northern Office Security | 23,000 | 23,000 | 21,898 | 1,102 |
| Hawkshead TIC | 216,700 | 160,100 | 148,393 | 11,707 |
| Southern Windermere trail | 175,000 | 297,500 | 314,134 | -16,634 |
| Lakeshore Cafe and Watersports Centre | 0 | 46,300 | 47,669 | -1,369 |
| Brockhole Lakeshore (Phase 2) | 650,000 | 164,700 | 31,111 | 133,589 |
| Brockhole Heating | 0 | 15,000 | 17,288 | -2,288 |
| **Total** | **1,405,200** | **1,167,900** | **843,674** | **259,250** |

A significant element of the budget was spent in year, with total expenditure of £844k. the majority unspent budgets relate to ongoing schemes where the budget will be added to the capital programme for 2024/25. There are no significant underlying savings within the programme or operational issues resulting from spend being later than anticipated.

A small number of schemes showed overspends. The single largest related to overspend relating to Southern Windermere Trail; this has been funded by resources set aside in reserves while the Low Carbon Lake District 2 programme was in progress.

The Authority used the following capital resources to finance its 2023/24 capital spend:

|  |  |
| --- | --- |
|  | **£000** |
| **Expenditure** | **844** |
|  |  |
| **Funded from:** |  |
| Capital receipts | -514 |
| Direct Revenue Financing | -50 |
| Capital Grant and other contributions | -32 |
| Revenue Expenditure funded from Capital Under Statute Grant | -248 |
| **Movement in Capital Financing Requirement** | **0** |

The Authority continues to strive to provide excellent value for money. Our organisational strategy aims to deliver maximum impact in terms of service delivery by using our staff and other resources in more efficient ways. Our effectiveness is a key consideration and our success in delivering the Vision for the National Park is monitored closely using a number of performance indicators and actions set out in our Business Plan (see Performance and Risk Management section below).

### Sources of Capital Funds

In 2023/24 the Authority received £266k of grants and other contributions to support the capital programme, this mainly came from the European Structural Investment Fund (ESIF). In addition, the Authority received £60k from the sale of assets.

There was £1.1m of usable capital resources remaining at 31 March 2024 (see detail in the reserve note). These will be used to fund the Authority’s future capital programme. A fully funded programme assuming no further significant receipts was approved as part of the Medium Term Financial Strategy in March 2024.

### Investment Plans

The Authority’s capital programme routinely includes re-investment in essential business infrastructure, such as operational buildings, vehicles and computer equipment.

The Authority is currently debt-free but acknowledges that modest borrowing may be necessary to support the financing of the capital programme in future years, in addition to the usual mixture of capital receipts and external grant funding. The impact of IFRS16 (leases) during 2024/25 will recognise lease liabilities on the balance sheet but will not change the underlying position or impact the underlying revenue account, although there will be presentational changes to leasing costs.

The Authority also has an approved Commercial Strategy. This has identified a pipeline of potential projects that primarily focus on expansion or review of current areas of service provision. There is an investment reserve to support investment in these with the ambition that these schemes will be able to make a significant contribution to a balanced and robust MTFS. Two examples that have already come through this route are Lakeshore phase 2 (expansion of access to Windermere through improvement and extension of the service available at Brockhole) and development of Hawkshead Information Centre (fit out and enhancement of premises including expansion of bike hire facilities). Both of these schemes are operational and are making a contribution to the MTFS.

## Performance and Risk Management

**Business Plan**

The Authority’s Business Plan sets out the priorities, objectives and key actions for the next three years. The 2023-2026 Business Plan came into effect from 1 April 2023.

The Business Plan is reviewed and updated at the end of each year, as part of an annual rolling programme. This allows us to plan three years ahead, with the annual review to ensure we remain on course towards achieving the Vision and to take account of changing circumstances and financial constraints.

The key components of the Business Plan are:

* Organisational Strategy – sets out our priorities for the Lake District, our values and behaviours, and a vision for how we want to work as an Authority in 2030.
* Key actions to help deliver our priorities for the Lake District over the three years of the Business Plan. For each key action we show the milestones for the first year.
* Service objectives – a broad description of the key objectives for each service area.
* Additional key actions for services – further areas of significant work to be undertaken during the first year of the Business Plan to help deliver service objectives.
* Risks – issues which could be detrimental to the delivery of the Business Plan (Business Plan risks) or to the Authority more widely (corporate risks).

We no longer include performance indicators in our Business Plan. Instead, we have a much broader suite of key performance indicators which are monitored at service level.

To support the delivery of the Business Plan, Heads of Service produce annual Service Plans which show the work that staff will undertake to deliver both the Business Plan actions and other service work which is not detailed in the Business Plan. To ensure that staff have the capacity to deliver our corporate plans, appropriate time is set aside for them in their Service Plans to engage in other essential day-to-day activities and to deliver any further work which might arise during the year.

**Monitoring Performance**

Progress with delivering our Business Plan, including the management of key risks, is informally reviewed by the Strategic Leadership Team each month. A formal Performance and Risk Monitoring Report is presented to Executive Board and to members at Resources Committee at the end of each quarter. These quarterly monitoring reports are available to view on our website.

The Performance and Risk Monitoring Reports include updates on:

* Delivery of Business Plan actions
* Management of key risks
* Overall service performance – this is based on each Head of Service’s assessment of Service Plan delivery, performance against key performance indicator targets, management of service risks and budgetary position.

**Performance and Risk Management in 2023/24 – key points**

**Delivery of Business Plan actions**

* The 2023-2026 Business Plan detailed 17 key actions to help deliver our priorities for the Lake District. Fourteen actions (82 per cent) had a green / ‘complete’ status at the year end, as the planned work for 2023/24 had been substantially delivered.
* The other three actions had a red / ‘not complete’ status. The elements of work which were not completed for these actions were all rolled forwards into 2024/25.
* The Business Plan also showed 16 key actions to help deliver service objectives. Fifteen of these actions (94 per cent) had a green / ‘complete’ status at the year end.
* One action had a red / ‘not complete’ status, with the outstanding work now due to be completed in 2024/25.

A summary of the status of Business Plan actions at the end of 2023/24 and 2022/23 is shown in the table below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2022/23** | | | **2023/24** | | |
|  | **Total number** | **Green status** | **Red**  **status** | **Total number** | **Green status** | **Red**  **status** |
| **Key actions to deliver our priorities for the Lake District** | **19** | **16** | **3** | **17** | **14** | **3** |
| **Key actions to deliver service objectives** | **15** | **13** | **2** | **16** | **15** | **1** |

**Management of Key Risks**

* For all key risks, we establish what control mechanisms are in place to manage them. We then decide what further mitigation actions are needed and these are included within the Business Plan or Service Plans, with necessary resources aligned to them.
* For our more significant risks, we state the contingency plans for if we are unable to manage the risk.
* During 2023/24, we assessed the Authority’s appetite for risk and produced a risk appetite statement to explain how willing we are to take risks while working to achieve our objectives. This has been incorporated into our Risk Management Strategy and is being embedded into our approach to managing risks.
* There were six Business Plan risks and seven corporate risks being monitored in the corporate Risk Register at the year end.
* One risk had a risk score above 10: Development Management – Enforcement was a medium level risk, with a risk score above tolerance and an amber status.
* Two lower scoring risks were also at a medium level: Special Area of Conservation Planning Reviews and Greenside Mine, both of which had a green status.
* The other 11 lower scoring risks were low level risks and had a green status.

**Overall Service Performance**

* An assessment of overall service performance at the end of 2023/24 was provided by each Head of Service and detailed commentary will be reported to Resources Committee in June 2024.
* Five of the six services reported a green status, which means that delivery of service objectives is on track.
* Development Management reported an amber status as Service Plan delivery is continuing to present challenges. This is, however, an improvement from the previous year when the service reported a red status.
* Delivery of Development Management’s service objectives remains challenging, with the service facing competing demands between core casework, managing the impacts of changes to the planning system, and meeting required non-planning demands which have not been initiated in service. Recruitment to vacancies is still proving difficult and service pressures have affected staff wellbeing. We are now pursuing recruitment through the Government's Pathways to Planning scheme, which seeks to place graduates into planning authorities.

The table below shows the status reported by each service area at the end of 2023/24, and compares it to that reported at the end of the previous year:

|  |  |  |  |
| --- | --- | --- | --- |
| **March 2023 Overall Service Performance** | | **March 2024 Overall Service Performance** | |
| **Service** | **Status** | **Service** | **Status** |
| Communications and  Visitor Services | **Green** | Communications and Engagement | **Green** |
| Visitor Services | **Green** |
| People and Organisational Development | **Green** | People and Organisational Development | **Green** |
| Resources | **Green** | Resources | **Green** |
| Development Management | **Red** | Development Management | **Amber** |
| Strategy and Ranger service | **Green** | Strategy and Ranger service | **Green** |

**Performance Indicators**

* We set targets for key performance indicators and monitor them at service level during the year.
* For consistency in our Statement of Accounts, in the table below we have shown performance indicators from across all service areas which are broadly comparable to those we have reported in previous years:

| **Performance Indicator** | **2022/23** | **2023/24** | | |
| --- | --- | --- | --- | --- |
| **Actual** | **Target** | **Actual** | **Target**  **met** |
| **Vision Outcome: Contributing to a Prosperous Economy** | | | | |
| Major planning applications: percentage determined within 13 weeks | **100%**  (9 / 9) | > 60% | **78%**  (7 / 9) | **☺**  **Yes** |
| Non-major planning applications: percentage determined within eight weeks | New indicator in 2023/24 | > 70% | **84%**  (488 / 581) | **☺**  **Yes** |
| County Matters major planning applications: percentage of decisions subsequently allowed on appeal, over two year period | **0%**  (1 decision  made, 0 allowed on appeal) | < 10% | **0%**  (2 decisions  made, 0 allowed on appeal) | **☺**  **Yes** |
| District Matters major planning applications: percentage of decisions subsequently allowed on appeal, over two year period | **4.3%**  (47 decisions made, 2 allowed on appeal) | < 10% | **0%**  (34 decisions made, 0 allowed on appeal) | **☺**  **Yes** |
| District Matters non-major planning applications: percentage of decisions subsequently allowed on appeal, over two year period | **0.5%**  (2,181 decisions made, 10 allowed on appeal) | < 10% | **0.5%**  (2,065 decisions made, 10 allowed on appeal) | **☺**  **Yes** |
| **Vision Outcome: Contributing to World Class Visitor Experiences** | | | | |
| Rights of Way: percentage of footpaths and other rights of way which are easy to use, even though they may not follow the definitive line | **56%** | > 70% | **57%** | **☹**  **No** |
| Miles without Stiles barrier-free routes: percentage which meet their designation category of ‘For All’, ‘For Many’ or ‘For Some’ | **50%**  (25 / 50) | > 85% | **59%**  (30 / 51) | **☹**  **No** |
| Number of visitors to Brockhole, Information Centres, Coniston Boating Centre, car parks and toilets | **1,408,000** | > 1,619,000 | **1,497,000** | **☹**  **No** |
| Customer engagement: number of users of the lakedistrict.gov.uk website | **1,669,000** | > 1,753,000 | **1,796,000** | **☺**  **Yes** |
| **Vision Outcome: Contributing to Vibrant Communities** | | | | |
| Local needs homes: number of units granted planning permission | **44** | > 40 | **76** | **☺**  **Yes** |
| Affordable homes: number of units granted planning permission | **2** | > 40 | **46** | **☺**  **Yes** |
| **Vision Outcome: Contributing to a Spectacular Landscape, Wildlife and Cultural Heritage** | | | | |
| Conservation areas: percentage in good condition | **74%**  (17 / 23) | > 74% | **74%**  (17 / 23) | **☺**  **Yes** |
| Scheduled monuments: number at risk | **20** | < 20 | **20** | **☺**  **Yes** |
| Listed buildings: percentage at risk | **4.4%**  (79 / 1,800) | < 4.2% | **4.2%**  (75 / 1,797) | **☺**  **Yes** |
| Fix the Fells: percentage of upland paths and associated landscape maintained on time | **97%** | > 80% | **96%** | **☺**  **Yes** |
| **LDNPA Outcome: Demonstrating a High Performance Culture** | | | | |
| Staff sickness absence: percentage of staff working time lost due to sickness absence | New indicator in 2023/24 | < 3.0% | **2.3%** | **☺**  **Yes** |
| Health and safety: number of internal accidents reported per 100,000 working hours  (12 month rolling average) | **2.9** | < 4.0 | **3.6** | **☺**  **Yes** |
| Staff survey results: percentage of staff who are satisfied working for the LDNPA | **82%**  (85 / 104) | > 80% | **87%**  (101 / 116) | **☺**  **Yes** |
| Staff survey results: percentage of staff likely to recommend the LDNPA as a place to work | **82%**  (83 / 101)  [2021/22 data] | > 80% | **78%**  (91 / 116) | **☹**  **No** |
| Carbon emissions: annual greenhouse gas emissions from our operations (tonnes) | **267.97 t** | < 250.02 t | **250.65 t** | **☹**  **No** |

## Going Concern

The Authority’s accounts have been prepared on the basis that the Authority continues to operate as a going concern for the foreseeable future. This is judged to be reasonable mainly based on the Medium Term Financial Strategy (MTFS) which was approved in March 2024. This projected a balanced budget position for 2024/25 with circa £700k of savings (or c£175k/pa recurring for 2025/26 onwards) required over the life of the MTFS to bring the General Fund and the Trading Reserve up to target balance.

The bulk of the £700k was required to bring the Trading Reserve back up its target of £500k. Since the MTFS was approved, the Authority has had a successful VAT claim which has fully replenished the Trading Reserve. In addition, the ongoing benefit of the change in VAT treatment of sports and leisure supplies should result in a greater level of retained income, sufficient to cover the residual £200k of savings required over the MTFS period. This means that the MTFS is now effectively balanced. Key controls including regular budget monitoring will continue to keep the MTFS updated to ensure that if budget assumptions are not met, corrective action can be taken in a timely manner.

## Changes to Accounting Policies and Accounting statements

The 2023/24 Code did not introduce any significant changes, which require a change to our accounting policies. The statements are structured to comply with the disclosure requirements of the Code and in an order judged to provide the most logical sequence, with reference to the significance of the main statements and supporting notes.

## Governance Arrangements

There were no significant changes to the underlying governance arrangements in year. The Annual Governance Statement for 2023/24, including the action plan of potential improvements, is included within this document.

## Cash flows and Other Issues

The Authority held only non-material provisions at 31 March 2024. During 2023/24 there were no significant debt write offs.

Cash flows during the year were managed within existing resources and there was no need for temporary borrowing. Both revenue and capital funds were monitored and re-projected on a frequent basis. Cash flows were well managed during 2023/24 and there were no significant issues to report. No cash flow difficulties are forecast within our existing planning horizons, with a good level of cash backed reserves held in highly liquid, high quality investment counterparties along with a broadly balanced MTFS position.

The Authority considers its staff and its positive working relationships with the other members of the Lake District National Park Partnership to be key strengths and drivers for its success and performance. Reserve balances are appropriate and not excessive. There were no material events after the reporting date.

## Materiality and Roundings

The financial statements are prepared and presented based on material grounds taking into account a materiality threshold of £367k, which is consistent with external audit’s planning materiality.

The Authority uses rounding to the nearest thousand pounds in the financial statements. Our accounting policies allow for small rounding differences in the accounts. These do not detract from the reader’s overall understanding of the Authority’s financial performance.

Jane Fretwell

Head of Resources (S151 Officer)

Date 31 May 2024

# Statement of Responsibilities

**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 Head of Resources (S151 Officer).
* To manage its affairs to secure economic, efficient and effective use of resources and safeguard assets.
* To approve the Statement of Accounts .

The Authority approves the Statement of Accounts for the period 1 April 2023 to 31 March 2024

**TO BE SIGNED ON COMPLETION OF AUDIT**

Name…

Date…

**Chair of Governance Committee**

# The Head of Resources’ (S151 Officer) Responsibilities

The Head of Resources (S151 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 2023/24 (the Code). In preparing this Statement of Accounts, the Head of Resources (S151 Officer) has:

* Selected suitable accounting policies and then applied them consistently.
* Made judgements and estimates that were reasonable and prudent.
* Complied with the requirements of the local authority Code of Practice.
* Kept financial records and accounts which were up to date.
* Taken reasonable steps for the prevention and detection of fraud and other irregularities.

These accounts were authorised for issue on the 31 May 2024. This the date up to which events after the balance sheet date have been considered.

The Accounts have been prepared in accordance with the requirements of the Code and give a true and fair view of the financial position of the Authority as at 31 March 2024 and its income and expenditure for the year then ended.

Name…Jane Fretwell

Date…31 May 2024

Position…Head of Resources (S151 Officer)



TO BE UPDATED ON COMPLETION OF 2023/24 AUDIT

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

**Report on the audit of the financial statements**

**Opinion on financial statements**

We have audited the financial statements of Lake District National Park Authority (the ‘Authority’) for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the core financial statements, including the statement of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

* give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
* have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and

have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

**Basis for opinion**

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

**Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the Head of Resources’ (S151 Officer) use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Head of Resources’ (S151 Officer) conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority’s financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority’s disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Head of Resources’ (S151 Officer) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Head of Resources (S151 Officer) with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor’s report thereon. The Head of Resources (S151 Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

**Responsibilities of the Authority and the Head of Resources (S151 Officer)**

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Head of Resources (S151 Officer). The Head of Resources (S151 Officer) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Head of Resources (S151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Resources (S151 Officer) is responsible for assessing the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

**Auditor’s responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

We enquired of management and the Governance Committee concerning the Authority’s policies and procedures relating to:

* the identification, evaluation and compliance with laws and regulations;
* the detection and response to the risks of fraud; and
* the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Governance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority’s financial statements to material misstatement, including how fraud might occur, by evaluating management’s incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to, material closing journals, journals posted by senior management, journals posted post year end above a certain threshold and journals posted in March above a certain threshold.

Our audit procedures involved:

* evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud
* journal entry testing, with a focus on journals posted by senior management, journals posted post year end above a certain threshold and journals posted in March above a certain threshold
* challenging assumptions and judgements made by management in its significant accounting estimates in respect of the Authority’s share of the pension fund and land and buildings valuations
* assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members when applicable. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

* understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
* knowledge of the local government sector
* understanding of the legal and regulatory requirements specific to the Authority including:
  + the provisions of the applicable legislation
  + guidance issued by CIPFA/LASAAC and SOLACE
  + the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

* the Authority’s operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
* the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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

**Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

**Report on other legal and regulatory requirements – Certificate**

We certify that we have completed the audit of Lake District National Park Authority for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

**Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

# Comprehensive Income and Expenditure Statement (CIES)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **2022/23 Restated** | | |  |  | **2023/24** | | |
| **Gross Exp** | **Gross Income** | **Net Exp** |  | **Note** | **Gross Exp** | **Gross Income** | **Net Exp** |
| **£000** | **£000** | **£000** |  | **£000** | **£000** | **£000** |
|  |  |  |  |  |  |  |  |
| 912 | (193) | 719 | Executive Board & Legal |  | 1,025 | (102) | 923 |
| 2,946 | (563) | 2,383 | Resources |  | 2,902 | (473) | 2,429 |
| 6,287 | (5,742) | 545 | Visitor Services |  | 6,275 | (6,233) | 42 |
| 572 | (5) | 567 | People |  | 432 | 0 | 432 |
| 641 | (81) | 560 | Communications |  | 539 | (39) | 500 |
| 1,240 | (465) | 775 | Development Management |  | 1,099 | (526) | 573 |
| 7,112 | (4,312) | 2,800 | Strategy & Rangers |  | 5,636 | (3,521) | 2,115 |
| 57 | 0 | 57 | Non Distributed Costs |  | 70 | (58) | 12 |
| **19,767** | **(11,361)** | **8,406** | **Cost of Services** | 32 | **17,978** | **(10,952)** | **7,026** |
|  |  |  |  |  |  |  |  |
|  |  | 203 | Financing & Investment Income & Exp | 14 |  |  | (618) |
|  |  | (6,150) | Non-specific grant income | 15 |  |  | (5,608) |
|  |  | **2,459** | **(Surplus) or Deficit on Provision of Services** | 9 |  |  | **800** |
|  |  |  |  |  |  |  |  |
|  |  | (2,043) | (Surplus) or deficit on revaluation of non-current assets | 19 |  |  | (2,145) |
|  |  | (18,245) | Remeasurements of the defined benefit liability | 16 |  |  | 237 |
|  |  | **(20,288)** | **Other Comprehensive (Income) & Expenditure** |  |  |  | **(1,908)** |
|  |  | **(17,829)** | **Total Comprehensive (Income) & Expenditure** |  |  |  | **(1,108)** |

This Statement shows the accounting cost in the year of providing services in accordance with the Code, rather than the amount to be funded from taxation. Some local authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. This authority does not routinely exercise its powers to raise local taxation and instead relies upon Defra grant and income from chargeable activities.

# Movement in Reserves Statement (MIRS)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Note** | **General Reserve Balance** | **Capital Receipts Reserve** | **Capital Grants Unapplied** | **Total Useable Reserves** | **Unusable Reserves** | **Total Authority Reserves** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| **Balance at 31 March 2023** |  | **3,411** | **1,275** | **255** | **4,941** | **34,219** | **39,160** |
| Movement in reserves during 2023/24 |  |  |  |  |  |  |  |
| Total Comprehensive Income and Expenditure |  | -800 |  |  | **-800** | 1,908 | **1,108** |
| Adjustments between accounting basis and funding basis under regulations | 9 | 1,178 | -455 | -3 | **720** | -720 | **0** |
| Increase/decrease for 2023/24 |  | 378 | -455 | -3 | -80 | 1,188 | 1,108 |
| **Balance at 31 March 2024 carried forward** |  | **3,789** | **820** | **252** | **4,861** | **35,407** | **40,268** |

The equivalent figures for 2022/23 were:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Restated | **Note** | **General Reserve Balance** | **Capital Receipts Reserve** | **Capital Grants Unapplied** | **Total Useable Reserves** | **Unusable Reserves** | **Total Authority Reserves** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| **Balance at 31 March 2022** |  | **3,535** | **0** | **283** | **3,818** | **17,513** | **21,331** |
| Movement in reserves during 2022/23 |  |  |  |  |  |  |  |
| Total Comprehensive Income and Expenditure |  | (2,459) |  |  | **(2,459)** | 20,288 | **17,829** |
| Adjustments between accounting basis and funding basis under regulations | 9 | 2,335 | 1,275 | (28) | **3,582** | (3,582) | **0** |
| Increase/decrease for 2022/23 |  | (124) | 1,275 | (28) | **1,123** | 16,706 | **17,829** |
| **Balance at 31 March 2023 carried forward** |  | **3,411** | **1,275** | **255** | **4,941** | **34,219** | **39,160** |

This Statement shows the movement in the year on the different reserves held by the Authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The ‘Surplus or (deficit) on the provision of services’ line shows the true economic cost of providing the Authority’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Reserve Balance. The ‘Net increase/decrease before transfers to earmarked reserves’ line shows the statutory General Reserve Balance before any transfers to or from earmarked reserves undertaken by the Authority.

# Balance Sheet

# 

# The Accounts have been prepared in accordance with the requirements of the code and give a true and fair view of the financial position of the Authority as at 31 March 2024 and its income and expenditure for the year then ended. The unaudited accounts were issued on 31 May 2024.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **31/03/2023**  **Restated** |  |  | **Note** | **31/03/2024** |
| **£000** |  |  |  | **£000** |
| 29,456 |  | Property, Plant & Equipment | 19 | 30,625 |
| 8 |  | Heritage Assets |  | 8 |
| 5,672 |  | Investment Property | 22 | 5,716 |
| 120 |  | Surplus Assets |  | 120 |
| 28 |  | Intangible Assets |  | 18 |
| **35,284** |  | **Long Term Assets** |  | **36,487** |
|  |  |  |  |  |
| 4,590 |  | Cash & cash equivalents | 27 | 4,477 |
| 261 |  | Inventories & Work in Progress |  | 276 |
| 2,318 |  | Short Term Debtors | 28 | 1,964 |
| 8 |  | Assets Held for Sale |  | 0 |
| **7,177** |  | **Current Assets** |  | **6,717** |
|  |  |  |  |  |
| (2,429) |  | Short Term Creditors | 29 | (2,107) |
| (20) |  | Provisions |  | (20) |
| **(2,449)** |  | **Current Liabilities** |  | **(2,127)** |
|  |  |  |  |  |
| (852) |  | Liability related to defined benefit pension scheme | 16 | (809) |
|  |  |  |  |  |
| **(852)** |  | **Long Term Liabilities** |  | **(809)** |
|  |  |  |  |  |
| **39,160** |  | **Net Assets** |  | **40,268** |
|  |  |  |  |  |
|  |  | **Usable Reserves** |  |  |
| 1,275 |  | Capital Receipts Reserve | 10 | 820 |
| 255 |  | Capital Grants Unapplied Reserve | 10 | 252 |
| 1,841 |  | Earmarked Reserves | 31 | 2,402 |
| 1,570 |  | General Reserve | 10 | 1,387 |
|  |  | **Unusable Reserves** |  |  |
| 10,714 |  | Revaluation Reserve | 10 | 12,390 |
| 24,611 |  | Capital Adjustment Account | 10 | 24,098 |
| (254) |  | Accumulated Absences Account |  | (272) |
| (852) |  | Pension Reserve | 16 | (809) |
|  |  |  |  |  |
| **39,160** |  | **Total Reserves** |  | **40,268** |
|  |  |  |  |  |

The Balance Sheet shows the value 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. Usable reserves, being those reserves that the Authority may use to provide services. Use of these is 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 are those that the Authority is not able to use to provide services. This category 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. It also includes reserves that hold timing differences shown in the Movement in Reserves Statement line “adjustments between accounting basis and funding basis under regulations”.

# Cash Flow Statement

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2022/23** |  |  |  | **2023/24** |  |
|  | **£'000** |  |  |  | **£'000** |  |
|  | **(2,459)** |  | **Net surplus/(deficit) on provision of services** |  | **(800)** |  |
|  | 831 |  | Capital items (Depreciation, amortisation & impairment) |  | 1,535 |  |
|  | (173) |  | Movement in Market Value Investment Properties |  | (186) |  |
|  | (975) |  | Increase/(decrease) in creditors, Debtors, inventories & Provisions | | 187 |  |
|  | 1,664 |  | Movement on pension liability- Increase/(decrease) |  | (280) |  |
|  | **1,347** |  | **Adjustment to net surplus/deficit on provision of services for non-cash movements** |  | **1,256** |  |
|  | 63 |  | Loss from the sale of PPE, Investment Property and Intangibles | | 139 |  |
|  | (128) |  | Capital Grant Income |  | (345) |  |
|  | (102) |  | Interest Receivable |  | (217) |  |
|  | **(167)** |  | **Adjustment for items included in the net surplus/deficit on provision of services that are investing and financing activities** |  | **(423)** |  |
|  | **1,180** |  | **Total Adjustments** |  | **833** |  |
|  | **(1,279)** |  | **Net cash flows from Operating Activities** |  | **33** |  |
|  | (1,899) |  | (Purchase) of property, plant & equipment & investment properties | | (845) |  |
|  | 93 |  | Net (Purchase)/Sale of short and long term investments |  | 0 |  |
|  | 1,476 |  | Proceeds from the sale of property, plant & equipment and Investment Property |  | 59 |  |
|  | 1,491 |  | Receipt of Capital Grants - Cash |  | 593 |  |
|  | 102 |  | Interest Received |  | 217 |  |
|  | 10 |  | Other receipts from investing activities |  | 0 |  |
|  | **1,273** |  | **Investing Activities** |  | **24** |  |
|  | 84 |  | Creditors relating to purchase of Property Plant and Equipment | | (170) |  |
|  | 0 |  | Change in Borrowing |  | 0 |  |
|  | **84** |  | **Financing Activities** |  | **(170)** |  |
|  | **78** | **Net increase/(decrease) in cash and cash equivalents** | |  | **(113)** |  |
|  | **4,512** | **Cash and Cash equivalents at the beginning of the reporting period** | | | **4,590** |  |
|  | **4,590** | **Cash and Cash equivalents at the end of the reporting period** | | | **4,477** |  |

The Cash Flow statement shows the changes in cash and cash equivalents 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 taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital, for example borrowing, to the Authority.

# Notes to the Core Financial Statements

## Statement of Significant Accounting Policies

**Introduction and General Principles**

The Statement of Accounts summarises the Authority’s transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the Service Reporting Code of Practice 2023/24, supported by International Financial Reporting Standards (IFRS)*.

**Accruals of Income and Expenditure**

Income and expenditure is accounted for in the year in which resources are consumed or when entitlement arises. The principles applied are as follows:

* 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 fixed 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.
* Where the Authority is acting as an agent for another party income and expenditure are recognised only to the extent that commission is receivable by the Authority for the agency services provided or the Authority incurs expenses directly on its own behalf in providing the services.
* Government Grants are recorded as Income when they are received provided there is reasonable assurance that the conditions of receipt are complied with or at a later date should the conditions be met at that later date. Grants and contributions used to finance the acquisition of a non-current asset are initially credited to Capital Receipts in Advance and then recognised in the Comprehensive Income and Expenditure Statement when any conditions are met. These grants are reversed out of the General Reserve to the Capital Grants Unapplied Account until the capital expenditure is incurred, in which case they are transferred to the Capital Adjustment Account through the Movement in Reserves Statement. Where grants are received but conditions are not met, these are accrued forward to the following financial year.
* In relation to the Local Government Pension scheme the liability that the Authority has for meeting the future cost of retirement benefits arising from service provided by employees up to the Balance Sheet date net of the contributions paid into the fund and the investment income generated.
* Changes in fair values of Investment Properties are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
* The Statutory basis of accounting for the Authority differs from that reported in the Comprehensive Income & Expenditure Account as required under IFRS. Details are provided in the following table:

The differences between the Statutory Basis of Accounting and the IFRS Accounting base are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Income or Expense** | **Basis of Statutory Charge to General Fund** | **Basis of Accounting Charge or Credit** | **Other Funds utilised to represent enhancement from Statutory Outturn to Accounting Outturn** |
| Consumption or usage of Long-Term Assets | Contribution to the reduction in borrowing requirement in excess of minimum required. | Full accrual principle determined by Depreciation, Amortisation & Impairment | Capital Adjustment Account with small portion to Revaluation Reserve in relation to Current Cost Element of Depreciation |
| Grant receipts relating to Long Term Assets | None | All Grants received in year providing no conditions are attached and/or conditional grants from prior years that were applied in year. | Unapplied Capital Grants Reserve |
| Disposal Receipts or entitlements relating to Long Term Assets | None | Net Profit or Loss | Capital Receipts Reserve (deferred if cash not received) minus Capital Adjustment Account (or Revaluation Reserve) in relation to holding value of asset at time of sale. |
| Financing of new Capital Investment | Contributions made where otherwise not funded by Capital Receipts or designated Capital Grants | None | Capital Adjustment Account |
| Upward Valuation of Assets | None | Credited | Revaluation Reserve or, for Investment Properties (or where reinstating past Impairment), Capital Adjustment Account |
| Pension Scheme Costs | Direct amounts paid in relation to the scheme | Full accrual principles including actuarial valuation | Pension Reserve |
| Staff Costs | Direct amounts paid | Accrual made for leave entitlement deferred forwards | Accumulated Absences Adjustment Account |
| ‘Revenue Expenditure Financed by Capital Under Statute’ (capex in respect of an asset owned by a third party) | None | Full accrual principles | Capital Adjustment Account |
| Minimum Statutory Provision for Capital Debt Repayment | Charge as required under statute | None | Capital Adjustment Account |

**Cash and Cash Equivalents**

Cash is defined as cash in hand, deposits held with financial institutions repayable without penalty on notice of not more than 24 hours and bank overdrafts. Cash equivalents are short-term, highly liquid investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes 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.

**Reserves**

The Authority’s Reserves represent the accumulation of surpluses (and deficits) upon the Comprehensive Income & Expenditure account overall years up to and including the Balance Sheet date. These also equal the Total Value of the Authority’s assets less its’ liabilities.

Reserves are classified into Useable (when currently available for application) and Un-useable (when there is no current liquidity).

The Notes to the Accounts upon the Reserves explain fully the purpose of each Reserve and the uses to which they are applied.

**Exceptional Items**

Where items of income and expenditure are material, their natures and amounts are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in notes to the accounts, depending on how significant the items are to an understanding of the Authority’s financial performance.

**Prior Period Adjustments, Changes in Accounting Policies 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 policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions or 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 year period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

**Accounting Estimates and Judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the notes. Changes in accounting estimates are applied prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

**Employee Benefits Payable During Employment**

Short term employee benefits include wages and salaries, annual leave and flex-time balances at year end. These liabilities are expected to be settled within 12 months of the reporting date. They are recognised as an expense in the year in which employees work for the Authority and are measured at the amounts the Authority expects to pay when the liabilities are settled. The accrual for the cost of any holiday entitlement earned but not taken before the year end, which can be carried forward, is reversed out of the General Reserve through the Movement in Reserves Statement.

**Employee Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer’s employment or an officer’s decision to take voluntary redundancy. They are charged on an accruals basis to the relevant service line of the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring. Where the termination benefits involve the enhancement of pensions the General Reserve is charged with the amount payable by the Authority to the pension fund.

**Employee Retirement Benefits**

Many employees of the Authority are members of the Local Government Pension Scheme (LGPS), administered by Cumbria County Council. The scheme is a funded defined benefit scheme meaning that the scheme provides retirement lump sums and pensions, earned as employees work for the Authority. As a defined benefit scheme, this is shown within the Authority’s accounts according to the details set out in the notes to the accounts.

Statutory provisions allow the Authority to charge amounts paid to the pension fund in the year to the General Reserve. This therefore means that within the Movement in Reserves Statement, there are appropriations to and from the Pensions Reserve to remove the notional transactions for retirement benefits and replace them with debits for the amounts paid to the pension fund in the year and any amounts payable but unpaid at the year end. Full details of the LGPS fund are available from its website.

**Employee 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 decision and accounted for using the same policies as are applied to the LGPS.

**Events after the Balance Sheet Date**

Events after the Balance Sheet date are events that might have a bearing upon the financial results of the past year and the financial position presented in the Balance Sheet and that occur between the Balance Sheet date and the date the financial statements are authorised for issue. There are two types of post Balance Sheet event:

1. Those that provide evidence of conditions that existed at the Balance Sheet date. Where material, the financial statements and notes are amended to reflect the impact of these events.
2. Those that are indicative of conditions that arose after the Balance Sheet date. The financial statements and notes are not amended to reflect these events but additional explanatory notes may be added where the effect is material.

Events taking place after the date of authorisation for issue are not reflected in the financial statements.

**Financial Instruments**

Financial instruments held by the Authority are all classed as either financial liabilities or financial assets under the Code. The following items meeting the definition are contained within the Authority’s Balance Sheet.

**Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. As the Authority is currently debt free it only has one type of financial liability and these relate to creditors.

Creditors are recognised when a contractual arrangement is entered into between the Authority and a supplier to provide goods and services for an agreed price. The value of the creditors recognised in the Balance Sheet represents the current value of the outstanding liabilities of the Authority at 31 March as a proxy for amortised cost.

**Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. The authority holds two main types, those accounted for at Amortised Cost and those at Fair Value.

**Amortised Cost**

Where the Authority’s business model is to hold financial assets to collect contractual cash flows, it classifies these financial assets as measured at amortised cost. These assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. The Authority has two types of assets that meet this class of financial asset, being trade receivables and cash and bank deposits.

Trade receivables are recognised when a contractual arrangement is entered into between the Authority and a debtor for the provision of goods and services for an agreed sum. The value of debtors in the Balance Sheet represents the current value of the outstanding debts owed to the Authority at 31 March as a proxy for amortised cost. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. The Authority recognises expected credit losses on its trade receivables using the simplified approach to the lifetime credit loss model. Using this approach, expected lifetime credit losses on individual debts are calculated based on an assessed credit risk. Changes to the impairment loss allowance are charged to the Comprehensive Income and Expenditure Statement.

Cash and bank deposits are shown in the Balance Sheet at amortised cost using the effective interest rate of the individual investments. For all the investments that the Authority has made, this means that the amount shown in the Balance Sheet is the amount of principal due to be repaid to the Authority, and the interest credited to the Comprehensive Income and Expenditure Statement, is the amount receivable by the Authority under the terms of the agreement. Expected credit losses are assessed using the credit rating of the financial institution and the related product.

**Fair Value through Other Comprehensive Income**

Changes in fair value are accumulated in the Financial Instruments Revaluation Reserve until the asset is derecognised, at which point the net gain or loss is transferred to the General Fund Balance.

**Government Grants and Contributions**

Revenue grants are recognised as income at the date that there is reasonable assurance that the grant conditions will be met and that the grant will be paid by the funding body. Conditions are stipulations that specify that the grant must be returned to the funder if not used as specified. Grants where conditions have not been met are carried in the Balance Sheet as creditors until conditions are satisfied, at which point they are credited to the relevant service line in the Comprehensive Income and Expenditure Statement. Grants and contributions used to finance the acquisition of a non-current asset are initially credited to Capital Receipts in Advance and then recognised in the Comprehensive Income and Expenditure Statement when any conditions are met. These grants are reversed out of the General Reserve to the Capital Grants Unapplied Account until the capital expenditure is incurred, in which case they are transferred to the Capital Adjustment Account through the Movement in Reserves Statement.

**Inventories, Work in Progress and Long-Term Contracts**

Inventories held for resale at the Lake District Visitor Centre and the Information Centres and at the Authority’s depots for repairs and maintenance are reflected in the Balance Sheet at the lower of cost or net realisable value.

Work in progress is valued at cost in the Balance Sheet.

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

**Investment Property**

Investment properties are defined as those held solely to earn rentals or for capital appreciation or both. Investment property is measured initially at cost and subsequently at fair value based on the amount at which the asset could be exchanged between knowledgeable parties at arm’s length. As a non-financial asset, investment properties are measured at highest and best use. Properties are revalued annually according to market conditions at year end. Statutory adjustments are applied so that revaluation movements have no impact on the Authority’s usable reserves.

**Leases**

The Authority accounts for leases as finance leases when substantially all the risks and rewards relating to the leased asset transfer from the lessor to the lessee. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Leases that do not meet the definition of finance leases are accounted for as operating leases.

**1. Authority as Lessee**

Lease payments relating to finance leases are apportioned between a charge for the acquisition of the interest in the asset, which is recognised as a liability in the Balance Sheet at the start of the lease and written down as the rent becomes payable, and a finance charge - debited to the Comprehensive Income and Expenditure Statement as the rent becomes payable. Non-current assets recognised under finance leases are accounted for using the policies applied generally to Property, Plant and Equipment assets.

Lease payments for operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the service benefitting from the use of the leased asset. Charges are made on a straight-line basis over the life of the lease.

**2. Authority as Lessor**

The Authority acts in the capacity of lessor for the lease of land and property it owns. Lease payments receivable under finance leases are apportioned between a charge for the acquisition of the interest in the property, applied to write down the lease debtor and finance income which is credited to the Comprehensive Income and Expenditure Statement. In addition, for new finance leases, a charge will be made to the General Fund Balance and a credit made to the Capital Receipts Reserve to the value of the non-interest element.

Lease payments due under operating leases are accounted for on an accruals basis in the Comprehensive Income and Expenditure Statement as they become due. Where the Authority acts as lessor, land and property leased under operating leases are held as a non-current asset within the Balance Sheet and valued in accordance with the measurement bases set out in the policy on Property, Plant and Equipment.

**Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the authority’s arrangements for accountability and financial performance.

**Property, Plant and Equipment**

Assets that have physical substance and are held for use in the provision of services and are expected to be used during more than one financial year are classified as Property, Plant and Equipment

**1. Recognition and Measurement**

All 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. All other expenditure on assets is charged as an expense to revenue as it is incurred. Property, Plant and Equipment assets also include assets held under finance leases, which have been capitalised and included in the Balance Sheet at the lower of fair value of the property and the present value of the minimum lease payments.

The de-minimis level below which expenditure on the acquisition, creation or enhancement of a non-current asset is treated as revenue expenditure has been set at £10,000.

Assets are initially measured at cost, comprising the purchase price and any costs that are directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using an appropriate measurement bases as declared in the fixed asset disclosures.

High value assets included in the Balance Sheet at current value are revalued annually to ensure that their carrying amount is not materially different from their current value at year end.  High value assets are those whose values could lead to a serious or material misstatement of the Balance Sheet should their valuations become outdated. All other assets included in the Balance Sheet at current value are revalued sufficiently regularly but as a minimum every five years.

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.

**2. 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. This is charged to the revaluation reserve up to the value held for the asset in this reserve. Any further loss is charged to the Comprehensive Income & Expenditure Statement. Where a subsequent event is judged to reverse an impairment, 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).

**3. Component Accounting**

Where a component of a non-current asset is replaced or restored, the carrying amount of the old component shall be derecognised and the new component reflected in the carrying amount. Each part (component) of an item of property, plant and equipment that is significant in relation to the total cost of the item is depreciated separately. Componentisation is only applied where the difference between the depreciation on each component and the depreciation on the asset as a whole is considered material, which for this Authority is considered to be assets with a value over £1M.

**4. Depreciation**

Depreciation is provided for on all assets with a determinable finite life (except for investment properties, assets held for sale and assets under construction), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is calculated using the relevant life year schedule as declared in the fixed asset disclosures. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation 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.

**Non-Current Assets Held for Sale**

Non-current assets held for sale are defined as assets that are:

* Available for immediate sale in their present condition
* The sale is highly probable
* The asset must be actively marketed for a sale price that is reasonable
* The sale should be expected to complete in one year.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, revaluations or amortisation that would have been recognised had they not been classified as held for sale and their recoverable amount at the date of the decision not to sell.

Non-current assets held for sale are revalued immediately prior to reclassification, and then measured at the lower of their carrying amount and fair value less selling costs. Any reduction in asset value is recognised as an impairment loss.

**Provisions**

Provisions are required for any liabilities of uncertain timing or amount in circumstances where:

* the Authority has a present legal or constructive obligation as a result of a past event.
* it is probable that a transfer of economic benefits will be required to settle the obligation.
* a reliable estimate of the amount of the obligation can be made, taking into account the risks and uncertainties surrounding the obligation.

A transfer of economic benefits is regarded as being probable if it is more likely than not to occur. Provisions are charged to the appropriate revenue account of the Authority and expenditure related to the provision is charged directly to that provision. The value of provisions is reviewed at each Balance Sheet date to reflect current best estimates.

**Contingent Assets and Liabilities**

Contingent assets and liabilities arise where an event has taken place that gives the Authority a possible asset or 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 assets and liabilities are not recognised in the financial statements but are disclosed as a note to the accounts, unless the possibility of inflow/outflow of resources is remote. They are assessed continually to determine if the inflow/outflow is probable. In the case of a contingent liability, if the outflow becomes probable a provision is recognised unless a reliable estimate cannot be made. If the inflow from a contingent asset becomes probable and can be measured reliably, the debtor (or cash where consideration has been received) and the related revenue are recognised in the financial statements in the period in which the change occurs.

**Value Added Tax**

Value Added Tax payable is only included as income and expenditure received or paid by the Authority if it is classed as irrecoverable by HM Revenue and Customs.

**Fair Value Measurement**

The authority measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either in the principal market for the asset or, in the absence of a principal market, in the most advantageous market for the asset.

The authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the authority’s financial statements are categorised within the fair value hierarchy as follows:

Level 1 quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date

Level 2 inputs other that quoted prices included within Level 1 that are observable for the asset, either directly or indirectly

Level 3 unobservable inputs for the asset

**Rounding**

The authority accepts that minor rounding differences of between £1k and £2k may occur within its Statement of Accounts, these amounts are not material and the Authority does not intend to alter any totals where this occurs.

## Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rate payers how the funding available to the Authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority’s services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The outturn report for 2023/24 prepared for Resource Management will reflect the Net Expenditure Chargeable to the General Fund without the need for Adjustments to arrive at the net amount charged to the General Fund.



The comparative figures for the prior year are as follows:



## Accounting Concepts

In all cases, due consideration has been given to the relevance, reliability, comparability and understandability of financial information. The materiality of particular items and issues has also been considered.

The following accounting concepts have been used:

* Accruals - this means that income and expenditure are recognised as they are earned and incurred, not as money is received or paid
* Going concern – this assumes that the Authority will continue to operate in the future
* Primacy of legislative requirements – this means that where specific legislative requirements and accounting principles conflict, the legislative arrangements shall be used.

These concepts have been used in the selection of the accounting policies, estimation techniques and professional judgements employed.

This approach aims to provide information about the Authority’s financial position, performance and cash flows in a way that meets the common needs of most users and shows the stewardship and accountability of members and management for the resources entrusted to them.

## Accounting Standards that have been issued but have not yet been adopted

There are a number of standards that have been issued but have not been adopted by the 2023/24 Code. These are as follows

a) IFRS 16 *Leases* issued in January 2016

b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

d) Non-current Liabilities with Covenants (Amendments to IAS 1)

e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)

f) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The only change anticipated to have a material impact on the Authority relates to a), IFRS 16 leases. The initial estimates of the impact of this standard in 2024/25 are as follows:

|  |  |
| --- | --- |
|  | **£000** |
| **Balance sheet** |  |
| Recognition of Right of use asset | 752 |
| Recognition of Lease liability | -752 |
|  |  |
| **CIES** |  |
| Removal of rental expense from cost of services | -94 |
| Inclusion of MRP expense in MIRS | 55 |
| Inclusion of interest expense in financing costs | 39 |
| Inclusion of deprecation in cost of services | 70 |
| Inclusion of depreciation contra in MIRS | -70 |

## Critical Judgements in Applying Accounting Policies

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

* the macro-economic climate has been volatile since the COVID-19 pandemic and during 2023/24; recent cost rises have put pressure on the Authority but the going concern assumption has been used in the application of accounting policies. This is consistent with the balanced Medium Term Financial Strategy that was approved by Authority in March 2024.
* The Authority owns several properties that are not specifically used to provide services. These properties have been treated as investment properties. It also owns several pieces of woodland that don’t fulfil an operational role and are instead held for capital appreciation or rental income earning purposes. These have also been treated as investment properties in accordance with the Code as interpreted in the context of a National Park Authority.
* The Authority had submitted a claim of c£500k of overpaid VAT to HMRC. As at year end none of this had been received. The full value of the claim had been agreed by the HMRC case officer with £400k authorised for payment. Although the balance was pending authorisation, following the income recognition principals for non-exchange transactions, the full balance was recognised at the balance sheet date, the Authority’s judgement being that full payment was highly likely. The full sum had been received by the date of issuing the unaudited accounts.
* The Authority has followed the same recognition criteria as the prior year in relation to the defined benefit pension asset/liability and the asset ceiling. The principals of IFRIC 14 have been applied to assess the potential for reductions in contributions. The asset ceiling calculation has been provided by actuary based on the present value of the projected future service cost less the minimum future contributions. The current contribution rate has been judged to be the best indication of a minimum funding rate with the future service cost being derived from the actuary projections. This has resulted in the funded asset being capped at £0. This has no impact on the Authority’s usable reserves.

## Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, currenttrends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from assumptions and estimates. The items for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

* + 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 expert advice on the assumptions applied. The effects on the net pensions liability of changes in individual assumptions can be measured. During 2022/23 the Authority saw a significant movement in the value of the defined benefit pension liability, where this is would have been disclosed as a funded asset, but was capped at £0 due to the provisions in IAS19 and IFRIC14 around asset ceilings (see also accounting judgements, note 5 above); in addition an unfunded liability of £852k was split out and recognised. This has been updated for 2023/24; per the actuary’s uncapped valuation, the net funded asset has increased further; however, the Authority judges that using a consistent method to the prior year, the funded asset is still capped to £0. The unfunded liability has reduced slightly to £809k. Although the figures relating to the pension scheme are large, with a significant capping as well as credits and debits to the Comprehensive Income and Expenditure statement, statutory accounting adjustments mean these have no impact on the Authority’s usable reserves.
  + Fair value measurements – Our investment properties and surplus assets are valued at fair value. The market valuation technique has been used to value these assets taking account of the market participant’s ability to generate economic benefits by using the asset in its highest and best use. For most of these assets observable inputs from the sale of similar assets in the local area have been used to inform the valuation.
  + Operational Land and Buildings – these form a significant part of the total balance sheet value and a small movement in estimation inputs can lead to a significant movement in value. To mitigate the risk of mis-statement, a significant element of operational properties are now subject to annual valuation.
* The UK economy experienced periods of high inflation during 2023/24, although this had reduced significantly by the reporting date. We are satisfied that the wider economic conditions at the balance sheet date are reflected in the values within the statement of accounts. However, we note that inflation remains above the Bank of England target balance of 2% and given the magnitude of non-current assets, there is still potential for material changes in the value of assets and liabilities at the next reporting date. It is not practicable to project what these impacts may be. Statutory overrides exist to prevent fluctuations in the value of the net defined benefit pension liability and non-current assets from impacting on the General Fund balance.

## Impact of Changes to the Code of Practice

There are no changes to the 2023/24 Code that have a material impact on the information reported in these financial statements. The Accounting policies for 2023/24 were approved by Governance Committee on 17 April 2024.

## Material Items of Income and Expense

Significant transactions relating to non-current assets include revaluations, depreciation and disposals; these are set out in detail in the non-current asset note.

During the year work was undertaken to recover £521k from HMRC following a change in interpretation of the VAT guidance around supplies by Local Authorities of sports and leisure. This was recognised in full in 2023/24 and appears within the Visitor Services income line in the CIES.

There have been significant movements on the defined benefit pension liability, these are disclosed in the pension note.

Total capital expenditure for 2023/24 was £844k (£1.9m in 2022/23). A further split of this capital expenditure is provided in the capital expenditure note.

The core grant settlement from Defra was £5,590k. This is within the non-specific grant income line in the CIES.

Further details around individually material grant income amounts are disclosed in note 15 (grants).

## 

## Expenditure and Income Analysed by Nature

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| **2022/23 General Fund** | **2022/23 Other Reserves** | **2022/23 Total** |  | **2023/24 General Fund** | **2023/24 Other Reserves** | **2023/24 Total** |
| **£000s** | **£000s** | **£000s** |  | **£000s** | **£000s** | **£000s** |
|  |  |  |  |  |  |  |
|  |  |  | **Expenditure** |  |  |  |
| 8,394 | 1,339 | 9,733 | Employee benefits expenses \* | 8,588 | (5) | 8,583 |
| 6,495 | 1,293 | 7,788 | Other service expenses \* | 7,613 | 314 | 7,927 |
| 0 | 1,003 | 1,003 | Depreciation, amortisation and revaluation \* | 0 | 1,468 | 1,468 |
| 0 | 64 | 64 | Loss on disposal of non current assets | 0 | 139 | 139 |
| 0 | 477 | 477 | Interest payments (IAS 19 - non cash) | 0 | (257) | (257) |
| 14,889 | 4,176 | 19,065 |  | 16,201 | 1,659 | 17,860 |
|  |  |  | **Income** |  |  |  |
| (8,875) | (1,243) | (10,118) | Fees, charges and other service income \* | (10,704) | (248) | (10,952) |
| (6,030) | (120) | (6,150) | Non specific grants and contributions | (5,608) | 0 | (5,608) |
| (63) | (173) | (236) | Investment Property Income | (95) | (186) | (281) |
| (102) | 0 | (102) | Interest & investment income | (217) | 0 | (217) |
| (15,070) | (1,536) | (16,606) |  | (16,624) | (434) | (17,058) |
|  |  |  |  |  |  |  |
| **(181)** | **2,640** | **2,459** | **(Surplus) / Deficit on Provision of Services** | **(423)** | **1,225** | **802** |
|  |  |  |  |  |  |  |
| **6,014** | **2,392** | **8,406** | **Cost of services \*** | **5,497** | **1,529** | **7,026** |

1. Movement in Reserves Statement - 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. The adjustments are made to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets outs a description of the capital reserves that the adjustments are made against:

Capital Receipts Reserve – this 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. The balance on the reserve shows the resources that have yet to be applied for these purposes at year end.

Capital Grants Unapplied – this reserve holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings to the Revaluation Reserve to convert current and 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 subsequent costs. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the authority. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Revaluation Reserve - records the amount by which the current value of fixed assets in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost. The balance on the Revaluation Reserve at 31 March 2024 in relation to fixed assets represents the revaluation gains accumulated since 1 April 2007. Accumulated gains arising before this date are consolidated into the balance on the Capital Adjustment Account. The balance is reduced when assets with accumulated gains are revalued downwards or impaired, disposed of, or used in the provision of services in which case the gains are consumed through depreciation.

Deferred Capital Receipts Reserve – Same principles as Capital Receipts Reserve but reflects circumstances where the timing between Asset Sale and Cash Receipt is offset.

Adjustments between the Funding and Accounting Basis for Capital Purposes are allocated to Income & Expenditure reporting segments are explained in detail as set out below:



The comparable figures for 2022/23 were as follows:



**ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION**

General Reserve – this is the statutory fund into which all the receipts of the Authority are required to be paid and out of which all liabilities are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources the Authority is statutorily empowered to spend on its services or on capital investment at the end of the financial year.



Other Items as reflected in the Table above shows movements upon the Accumulated Absences Reserve and Financial Instruments Reserve. These are immaterial in nature.

## Officers’ Remuneration

The following table discloses details of remuneration to senior employees who earned over £50,000. There were no senior employees earning over £150,000.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Salary including Allowances** | **Expense Allowances** | **Compensation for Loss of Office** | **Employers Pension Contributions** | **Total** |
|  | **£** | **£** | **£** | **£** | **£** |
|  |  |  |  |  |  |
| **2023/24** |  |  |  |  |  |
| Chief Executive | 107,652 | 0 | 0 | 19,485 | 127,137 |
| Director of Sustainable Development | 77,491 | 0 | 0 | 14,026 | 91,517 |
| Director of Visitor Services & Resources | 76,125 | 0 | 0 | 12,964 | 89,090 |
| Head of Resources (S151 Officer) | 63,699 | 0 | 0 | 11,529 | 75,228 |
|  | 324,967 | 0 | 0 | 58,005 | 382,972 |
|  |  |  |  |  |  |
| **2022/23** |  |  |  |  |  |
| Chief Executive | 104,262 | 0 | 0 | 18,098 | 122,360 |
| Director of Sustainable Development | 74,870 | 0 | 0 | 13,027 | 87,897 |
| Director of Communications & Resources \* | 26,524 | 0 | 0 | 3,257 | 29,781 |
| Director of Visitor Services and Resources \*\* | 54,455 | 0 | 0 | 9,475 | 63,931 |
| Head of Resources (S151 Officer) \*\*\* | 31,693 | 0 | 0 | 5,514 | 37,207 |
|  | 291,804 | 0 | 0 | 49,372 | 341,176 |
|  |  |  |  |  |  |

\*(S151 Officer to 30 June 2022) \*\*(new post from 1 July 2022) \*\*\*(S151 Officer from 3 October 2022)

The Accounts and Audit Regulations 2015 also require that local authorities disclose details of the number of other employees whose remuneration, excluding pension contributions, exceeds £50,000 in bands of £5,000.

|  |  |  |
| --- | --- | --- |
| No of Employees | Remuneration Band | No of Employees |
| 2022/23 |  | 2023/24 |
| 3 | £50,000 - £54,999 | 7 |
| 3 | £55,000 - £59,999 | 2 |
| 1 | £60,000 - £64,999 | 1 |
| 1 | £65,000 - £69,999 | 2 |

Exit Packages in the year are summarised below

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Number** | **Value Range £** | **Total £000** |
| **2023/24** |  |  |  |
| Compulsory | 4 | 1-39,999 | 39 |
| **2022/23** |  |  |  |
| Voluntary | 2 | |  | | --- | | 1-19,999 | | 14 |
| Compulsory | 1 | 1-19,999 |

## Members’ Allowances

The Code of Practice on Local Authority Accounting requires that Local Authorities disclose details of allowances paid to elected members during the year.

Details of allowances paid in 2023/24 to members and independent persons appointed by the Authority to comply with its obligations under the Localism Act 2011 are as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Name** |  | **Appointing body** | **Notes** | **Basic Allowance** | **Special Responsibility** | **Travel and Subsistence** | **Total** |
|  |  |  | **£** | **£** | **£** | **£** | **£** |
|  |  |  |  |  |  |  |  |
| Brereton | M | Westmorland and Furness Council | 1 | 2,808 | 0 | 313 | 3,121 |
| Calland | G | Secretary of State | 1 | 2,234 | 0 | 131 | 2,365 |
| Campbell-Savours | M | Cumberland Council | 1 | 2,867 | 0 | 0 | 2,867 |
| Carter | M | Secretary of State |  | 3,000 | 4,500 | 896 | 8,396 |
| Clark | W | Westmorland and Furness Council | 1 | 2,808 | 0 | 415 | 3,223 |
| Davies | G | Secretary of State | 2 | 750 | 500 | 159 | 1,409 |
| Drake | J | Westmorland and Furness Council | 1 | 2,808 | 0 | 34 | 2,842 |
| Endsor | P | Westmorland and Furness Council | 1,2 | 302 | 0 | 0 | 302 |
| Hughes | N | Westmorland and Furness Council | 1 | 2,342 | 0 | 112 | 2,454 |
| Hughes | V | Westmorland and Furness Council | 1 | 2,808 | 0 | 60 | 2,868 |
| Hunt (MBE) | T | Secretary of State |  | 3,000 | 6,000 | 1,193 | 10,193 |
| Jackson | J | Secretary of State |  | 3,000 | 2,000 | 44 | 5,044 |
| Jones-Bulman | L | Cumberland Council | 1 | 2,867 | 0 | 109 | 2,976 |
| Kidd | M | Secretary of State |  | 3,000 | 2,000 | 201 | 5,201 |
| Lywood | T | Former member | 3 | 0 | 0 | 44 | 44 |
| Mackenzie | A | Secretary of State | 2 | 379 | 0 | 0 | 379 |
| Minshaw | R | Cumberland Council | 1 | 2,867 | 0 | 553 | 3,420 |
| Mosner | S | Secretary of State |  | 3,000 | 952 | 506 | 4,458 |
| Outhwaite | R | Secretary of State |  | 3,000 | 0 | 944 | 3,944 |
| Pratt | A | Cumberland Council | 1 | 2,867 | 0 | 412 | 3,279 |
| Rathbone | D | Westmorland and Furness Council | 1 | 2,808 | 0 | 86 | 2,894 |
| Sayers | J | Secretary of State | 2 | 323 | 0 | 199 | 522 |
| Southorn | A | Independent Person |  | 150 | 0 | 39 | 39 |
| Stuart | J | Secretary of State |  | 3,000 | 1,366 | 705 | 5,071 |
| Tweddle | D | Independent Person |  | 150 | 0 | 0 | 0 |
| Walter | P | Secretary of State | 1 | 2,234 | 0 | 409 | 2,643 |
| Wharton | I | Secretary of State | 1 | 2,234 | 0 | 252 | 2,486 |
| **Total** |  |  |  | **57,605** | **17,318** | **7,816** | **82,439** |
|  |  |  |  |  |  |  |  |

Notes:

* 1. The following Members joined the Authority during the year:

Mr M Brereton – 24 April 2023

Mr G Calland – 3 July 2023

Mr M Campbell-Savours – 17 April 2023

Mr W Clark – 24 April 2023

Ms J A Drake – 24 April 2023

Mr P Endsor – 24 April 2023

Mr N Hughes – 20 June 2023

Ms V Hughes – 24 April 2023

Ms L Jones-Bulman – 17 April 2023

Mr R G Minshaw – 17 April 2023

Mr A Pratt – 17 April 2023

Mr D Rathbone – 24 April 2023

Mr P Walter – 3 July 2023

Mr I Wharton – 3 July 2023

* 1. The following Members left the Authority during the year:

Dr G Davies – 30 June 2023

Mr P Endsor – 27 May 2023

Mr A Mackenzie – 16 May 2023

Ms J Sayers – 9 May 2023

3 – Expenses paid to former Member after they had left the Authority

Comparative figures for 2022/23 are shown below:

|  |  |  |
| --- | --- | --- |
| **2022/23** |  | **2023/24** |
| **£000** |  | **£000** |
|  |  |  |
| 76 | Allowances | 75 |
| 3 | Expenses | 8 |
| **79** |  | **83** |

1. Related Party Transactions

The Authority is required to disclose details of material transactions with related parties. Related parties are generally either individuals or organisations that could exert direct or indirect control over the other party.

The Authority’s transactions with related parties can be summarised as follows:

**Central Government** exerts significant influence over the general operations of the Authority. It is responsible for providing the statutory framework in which it operates, provides a significant element of its funding in the form of grants and prescribes the terms of many of the transactions the Authority has with other parties. The majority of the Authority’s grant funding is provided by the Department of Environment, Food and Rural Affairs. All grants received during 2023/24 are detailed in note 15 (Grants) to the Financial Statements.

**Members** – Members of the Authority have direct control over the Authority’s financial and operating policies. Members allowances paid in 2023/24 are detailed in note 12 to the Financial Statements. As set out in note 12 a significant number of the Authority’s members during the year were also elected members of other local authorities within Cumbria. Details of the Authority’s transactions with these authorities are detailed in the table below. All elected members are required to keep a register of their disclosable pecuniary interests up to date and complete a declaration of related party transactions at the end of the year. The authority also has representation on the Board of Cumbria LEP.

Allerdale and Copeland now form part of Cumberland Council. South Lakeland and Eden now form part of Westmorland and Furness Council; Cumbria County Council was split and also forms part of the new unitary authorities. The items in 2023/24 relating to these bodies are the release of income in advance received from them in prior years:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Related Party** | **Business Rates** | **Other Payments** | **Income** | **Support Grants** | **Owed To** | **Owed From** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
|  |  |  |  |  |  |  |
| Westmorland and Furness Council | 410 | 59 | 52 | 0 | 109 | 3 |
| Cumberland Council | 27 | 2 | 24 | 25 | 21 | 3 |
| Cumbria County Council | 0 | 0 | 0 | 78 | 0 | 0 |
| Copeland Borough Council | 0 | 0 | 0 | 74 | 0 | 0 |
| Allerdale Borough Council | 0 | 0 | 0 | 8 | 0 | 0 |
| Total | **437** | **61** | **76** | **185** | **130** | **6** |
|  |  |  |  |  |  |  |

The comparative values for 2022/23 are shown below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Related Party** | **Business Rates** | **Other Payments** | **Income** | **Support Grants** | **Owed To** | **Owed From** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
|  |  |  |  |  |  |  |
| Allerdale Borough Council | 20 | 2 | 13 | 0 | 7 | 1 |
| Copeland Borough Council | 8 | 0 | 1 | 0 | 75 | 0 |
| Cumbria County Council | 0 | 74 | 50 | 0 | 184 | 7 |
| Eden District Council | 30 | 1 | 0 | 0 | 0 | 0 |
| South Lakeland District Council | 364 | 52 | 71 | 0 | 0 | 14 |
| Total | **422** | **129** | **135** | **-** | **266** | **22** |
|  |  |  |  |  |  |  |

**Officers** - the Authority’s senior managers were asked to declare any direct financial relationship with the Authority through outside bodies or companies for the financial year 2023/24. The Authority’s Chief Executive Officer is a trustee of the Lake District Foundation. The Director of Visitor Services and Resources is on the Cumbria County Council Pensions Board, the National Parks Partnership and the Cumbria Tourism board; the Director of Sustainable Development is a Trustee of World Heritage UK. Details of the Authority’s transactions with these organisations in 2023/24 are listed in the table below. A small number of other non-material declarations were made by other Officers.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Related Party** | **Payments** | **Income** | **Owed to** | **Owed from** | **Payment details include** |
|  | **£000** | **£000** | **£000** | **£000** |  |
|  |  |  |  |  |  |
| Lake District Foundation |  | 80 |  | 71 | Donations and grant funding |
| Lake District Foundation | 18 |  | 18 |  | Annual contribution and consultancy |
| Lake District Foundation | 599 |  |  |  | ESIF grant payments (agency) |
| Cumbria Tourism | 21 |  |  |  | Annual contribution and consultancy |
| Cumbria Tourism | 18 |  |  |  | ESIF grant payments (agency) |
| National Parks Partnership | 10 |  |  |  | Subscription |
| National Parks Partnership |  | 61 |  |  | Grants |
| World Heritage | 3 |  |  |  | Sponsorship and events |

Comparative figures for 2022/23 are shown below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Related Party** | **Payments** | **Income** | **Payment details include** |
|  | **£000** | **£000** |  |
|  |  |  |  |
| Lake District Foundation | 472 |  | ERDF Grant funding |
| Lake District Foundation |  | 181 | Cumbria Woodland projects and stone for paths |
| Discover England (led by Peak District NPA) |  | 13 | Partnership costs |
| Cumbria County Council |  | 54 | ROW agreement |
| Cumbria County Council |  | 50 | Cumbria Coastal community forest grant |
| Cumbria Tourism | 35 |  | Contributions to projects and TVMG funding |
| Great Place | 5 |  | Subscription |
| Cumbria Living Heritage | 4 |  | Subscription |
| World Heritage | 1 |  | Subscription |
|  |  |  |  |

Details of Members disclosable pecuniary interests are available on the LDNPA website or can be inspected at the LDNPA head office in Kendal during office hours. Details of officers’ interests are recorded in the Register of Officers Interests which can also be inspected at the head office in Kendal during working hours.

The Authority’s transactions with Cumbria Local Government Pension Fund are shown in note 16 to the Financial Statements.

1. Financing and Investment Income and Expenditure

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2022/23** | | |  | **2023/24** | | |  |
|  | **Gross Exp** | **Gross Income** | **Net Exp** |  | **Gross Exp** | **Gross Income** | **Net Exp** |  |
|  | **£000** | **£000** | **£000** |  | **£000** | **£000** | **£000** |  |
|  |  |  |  |  |  |  |  |  |
|  | 2,260 | (1,783) | 477 | Pension Net Interest Cost | 2,714 | (2,971) | (257) |  |
|  | 0 | (102) | (102) | Interest receivable | 0 | (217) | (217) |  |
|  | 1,624 | (1,771) | (146) | Income & expenditure on investment properties and changes to their fair value | 212 | (295) | (83) |  |
|  | 23 | -49 | -26 | Net Profit / Loss upon Sale of non IP Assets | 0 | (61) | (61) |  |
|  | **3,907** | **(3,705)** | **(203)** | **Total** | **2,926** | **(3,544)** | **(618)** |  |
|  |  |  |  |  |  |  |  |  |

1. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24.

**Non Specific Grant Income:**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
|  | **2022/23** | **2023/24** |  |
|  | **£000** | **£000** |  |
|  |  |  |  |
|  |  |  |  |
| National Park Grant | 6,030 | 5,590 |  |
| Capital Grants & Contributions: |  |  |  |
|  |  |  |  |
| DEFRA | 62 | 0 |  |
| LDF | 17 | 0 |  |
| Insurance receipts | 41 | 18 |  |
|  |  |  |  |
|  | **6,150** | **5,608** |  |
|  |  |  |  |

**Specific Grant Income:**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2022/23** | **2023/24** |  |
|  | **£000** | **£000** |  |
|  |  |  |  |
|  |  |  |  |
| DEFRA | 1,105 | 1,365 |  |
| Cumbria County Council Total | 250 | 78 |  |
| National Trust | 25 | 137 |  |
| Lake District Foundation | 63 | 141 |  |
| Rural Payments Agency | 14 | 13 |  |
| South Lakeland District Council | 60 | 0 |  |
| South Downs National Park | 168 | 0 |  |
| Forestry Commission | 24 | 53 |  |
| Cumbria Action | 21 | 25 |  |
| Allerdale Borough Council | 24 | 19 |  |
| Fipl - agent | 200 | 37 |  |
| Department Levelling Up Housing Communities | 127 | 47 |  |
| Heritage Lottery | 0 | 25 |  |
| ESIF | 12 | 20 |  |
| Other Grants & Contributions less than £10,000 | 51 | 1 |  |
| National Grid | 300 | 261 |  |
| Woodland Trust | 15 | 15 |  |
| Revere | 68 | 62 |  |
| NDA (Nuclear Decommissioning Authority) | 100 | 5 |  |
| ERDF | 196 | 0 |  |
| Copeland Borough Council | 25 | 74 |  |
| Eden District Council | 12 | 0 |  |
| Natural England | 0 | 427 |  |
| Ribble Valley Trail repairs | 0 | 6 |  |
| Cumberland Council | 0 | 4 |  |
| National Parks Partnership - Generation Green | 0 | 30 |  |
| Action with communities | 0 | 10 |  |
| Westmorland and Furness | 0 | 132 |  |
|  |  |  |  |
|  | **2,860** | **2,987** |  |
|  | #REF! | #REF! |  |

£245k of capital ESIF grant was credited as specific grant income to the cost of services as REFCUS grant, off-setting expenditure of a capital nature on assets that were not owned by the Authority.

In addition, as part of the Low Carbon Lake District 2 scheme, the Authority acted as accountable body for other partners in the programme. Income and expenditure relating to these have been excluded from the Authority’s accounts on the basis that the Authority was acting as an agent in these transactions. Grant relating to partners in the year totalled £617k (£394k in 2022/23), this mostly related to payments made to the Lake District Foundation carbon reduction grants programme as set out in the related parties note above.

The Authority has also received grant with unmet conditions that it has yet to recognise as income. The following were held as grant receipts in advance:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
|  | **2022/23** | **2023/24** |  |
|  | **£000** | **£000** |  |
|  |  |  |  |
| **Grant Receipts in Advance** |  |  |  |
|  |  |  |  |
| National Grid | 175 | 75 |  |
| Cumbria Country Council | 76 | 0 |  |
| Copeland Borough Council | 74 | 0 |  |
| Copeland Community Fund | 22 | 0 |  |
| Private Indivduals | 2 | 0 |  |
| Allerdale Borough Council | 6 | 0 |  |
| Lake District Foundation | 5 | 5 |  |
| Woodland Trust | 89 | 85 |  |
| Estee Lauder | 22 | 9 |  |
| Westmorland & Furness | 0 | 95 |  |
| Alpine Fire Engines | 0 | 5 |  |
| Police Crime Commissioner | 0 | 3 |  |
| National Parks England | 0 | 2 |  |
| Cumbria Woodlands | 0 | 16 |  |
| Cumberland Council | 0 | 20 |  |
| National Trust | 0 | 20 |  |
|  | **472** | **335** |  |
|  |  |  |  |

1. Pension Reserve

The Pension Reserve represents the overall surplusof the Authority for pension payments to employees and ex-employees who are, or have been, members of the Local Government Pension Scheme. In years prior to 2022/23 the balance of the Pension Reserve represented a deficit position. The Pension 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 & 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 employers contributions to pension funds or eventually pays any pensions for which it is directly responsible. The credit balance on the pension reserve shows a surplus in the benefits earned by past and current employees and the resources set aside to meet them. The position fluctuates from year to year as it represents a snapshot at the end of the financial year, based on prevailing market and other economic conditions and assumptions. The statutory arrangements ensure that funding is set aside by the time any benefits come to be paid.

**Discretionary Post-Retirement Benefits**

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities. The following tables outline transactions affecting the Authority’s share of the pension fund’s liabilities and assets during the year:







1. Defined Benefit Pension Schemes

**Participation in Pension Schemes**

As part of the terms and conditions of employment the Authority makes contributions to the cost of employee’s retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority is committed to making these payments. This commitment to make retirement payments at a future date is disclosed in the year that the employees have earned their future pension entitlement in accordance with IAS 19.

At 31 March 2024 the Authority’s pension arrangement for its employees was the Cumbria Local Government Pension Scheme, which is part of the Local Government Pension Scheme (LGPS). The LGPS is a funded defined benefit pension arrangement for local authorities and related employers, and is governed by statute (principally now the Local Government Pension Scheme Regulations 2013).

The Cumbria Local Government Pension Scheme is a multi-employer arrangement, under which each employer is responsible for pension costs, liabilities and funding risks relating to its own employees and former employees. Each employer’s contribution to the scheme is calculated in accordance with the LGPS Regulations which require an actuarial valuation to be carried out every three years. The latest actuarial valuation of the scheme, for which results are known, took place on 31 March 2022 and at that date showed a funding level of 110% (assets of £3.3 billion against accrued liabilities of about £3 billion). The duration of the liabilities for the individual employers who participate in the scheme can be significantly different from this, reflecting the profile of its employees and former employees.

**Governance and Risk Management**

The surplus associated with the Authority’s pension arrangements is material to the Authority, as is the cash funding required. The details in relation to each arrangement, including the relevant provisions for governance and risk management, are set out below:

* Nature of the Scheme

The Scheme targets a pension paid throughout life. The amount of pension depends on how long employees are active members of the scheme and their salary when they leave the scheme (a ‘final salary’ scheme) for service up to 31 March 2014 and on revalued average salary (a ‘career average’ scheme) for service from 1 April 2014 onwards.

* Governance

Management of the scheme is vested in Cumbria County Council as Administering Authority of the Scheme. Cumbria County Council has appointed a Pension Committee to manage the Scheme. Advice is given by Cumbria County Council’s Assistant Director – Finance (s151 Officer), the Council’s finance team and by two independent advisers. The current advisers are appointed for their knowledge of investments and of pension funds; one adviser being primarily an investment specialist, the other complementing these investment skills with actuarial knowledge of the liability profile of the Scheme. A Local Pension Board, established under the Public Service Pensions Act 2013, assists with the governance of the scheme.

* Funding the Liabilities

Regulations governing the Scheme require actuarial valuations to be carried out every three years.  Contributions for each employer are set having regard to their individual circumstances.  The Regulations require the contributions to be set with a view to targeting the Scheme’s solvency, and the detailed provisions are set out in the Scheme’s Funding Strategy Statement.  The most recent available valuation was carried out as at 31 March 2022, which showed a surplus of assets against liabilities of £0.31 billion as at that date, equivalent to a funding level of 110%.  A surplus buffer of 110% has been introduced to reflect current economic uncertainty and aid future contribution stability. In addition to the funded benefit liabilities, there are a small number of unfunded benefit liabilities. These have been included as a liability of £809k on the balance sheet.

* Net defined benefit pension asset recognition

As part of assessing whether the net defined benefit pension surplus on the balance sheet should be recognised in full, the Authority has assessed the level of potential for reduction in future contributions in line with IFRIC 14. An asset ceiling calculation has been completed to assess this level of future contributions against the minimum funding requirement for the scheme. This aims to assess whether contributions could be lowered to provide the authority with future economic inflows (through reduced contributions). This has resulted in the asset being fully capped with the unfunded liability of £809k.

* Risk and Investment Strategy

The Scheme’s primary long-term risk is that the Scheme’s assets will fall short of its liabilities (i.e. promised benefits payable to members). The aim of investment risk management is to balance the minimisation of the risk of an overall reduction in the value of the Scheme with maximising the opportunity for gains across the whole Scheme portfolio. The Scheme achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and keep credit risk to an acceptable level. In addition, the Scheme manages its liquidity risk to ensure there is sufficient liquidity to meet the Scheme’s forecast cash flow.

* Market Risk

Market value risk is the risk that the fair value or future cash flows of a financial institution will fluctuate because of changes in market price. The Scheme is exposed to the risk of financial loss from a change in the value of its investments. This may result in the Scheme’s assets failing to deliver the returns required to match the underlying liabilities of the Scheme over the longer term. To mitigate against market value risk, the Scheme has set restrictions on the type of investment it can hold. Mitigation against market risk is also achieved by diversifying across multiple investment managers and regularly reviewing the Investment Strategy and performance of the Scheme.

* Interest Rate Risk

The Scheme invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risks that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

* Foreign Exchange Risk

The Scheme holds a number of financial assets and liabilities in overseas financial markets and is therefore exposed to the risk of loss arising from exchange rate movements of foreign currencies. To reduce the volatility from foreign currency exposure, the Cumbria Scheme has approximately 30% of investments denominated in overseas currencies hedged into sterling in accordance with the passive currency overlay program.

* Credit / Counterparty Risk

Credit risk is the risk that a counterparty to a transaction or a financial instrument will fail to discharge an obligation or commitment that it has entered into and cause the Scheme to incur financial loss. The selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. Through review of the Scheme’s external Investment Managers annual internal control reports the Scheme monitors its exposure to credit and counterparty risk.

* Liquidity Risks

Liquidity risk represents the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Administering Authority, with the Actuary, frequently reviews the overall cash flow position of the Scheme to ensure its obligations can be covered. The Scheme holds a large value of very liquid securities which could be promptly realised if required.

* Other Risks

Actions taken by the Government, or changes to European legislation, could result in stronger local funding standards, which could materially affect the authority’s cash flow.

There is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation and/or the liabilities for actuarial valuation purposes. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

**Local Government Pension Scheme assets comprised:**

Assets in the pension fund are valued at realisable value which is principally market value for investments. As the type of asset will determine the risk associated with that asset, details of the categories of fund asset are shown below. The total assets of £67m set out below have been capped for accounting purposes by £9m to reconcile the net position of liabilities and assets back to the £809k liability per the balance sheet.



**Basis for Estimating Assets and Liabilities**

**Assets** have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme and discretionary benefit liabilities have been estimated by Mercer Limited, an independent firm of actuaries, with estimates for the Cumbria County Council Fund being based on the latest full valuation at 31 March 2022.The significant assumptions used by the actuary have been:



The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while 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 credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.



**Asset and Liability Matching Strategy**

Cumbria Local Government Pension Scheme does not have an asset and liability matching strategy. However, Local Government Pension Schemes have a long term liability profile, and their investment strategy must be undertaken with a view to matching this. The Scheme’s Investment Strategy is to hold assets across a range of products and managers in order to diversify risk.

The policy documents for the Cumbria Local Government Pension Scheme include a ‘Funding Strategy Statement’ (FSS) which is reviewed and published whenever there is a material change in either the policy on the matters set out in the FSS or the scheme’s ‘Statement of Investing Principles’. The FSS addresses the issue of managing the need to fund benefits guaranteed by statute over the long term. The implementation of the funding strategy is the responsibility of Cumbria County Council, acting on the professional advice provided by the actuary. The purpose of the FSS is to:

* establish a clear and transparent fund-specific strategy which will identify how employers pension liabilities are best met going forward;
* to support the regulatory requirement to maintain as nearly constant employer contribution rates as possible; and
* to take a prudent longer-term view of funding those liabilities

In practice the funding target is met by a range of combinations of funding plan, investment strategy and investment performance. The Investment Strategy Statement and the Funding Strategy Statement are published in the Cumbria LGPS Annual Report, which is available on the Cumbria Pension Fund website.

**Impact on the Authority’s Cash Flows**

The objectives of the scheme are to keep employers’ contributions at a constant a rate as possible. Each employer’s position within the scheme is assessed separately and their individual contribution rate takes into account their differing circumstances and the funding plan, as laid down in the Funding Strategy Statement. The last valuation was dated 31 March 2022, at which time the funding level was 110% and the recovery period reduced to 10 years.

If any employer becomes unable to pay contributions or make good deficits in the future, the Fund’s assets will be lower than expected and the funding level will be worse than expected. This risk can be mitigated by regular employer covenant reviews by the Administering Authority. However, in the ultimate default of an employer any shortfall would then become the responsibility of any guarantor or all other employers in the Fund. If an employer terminates participation and becomes an Exiting Employer under the Regulations then the shortfall will be determined in line with the termination policy set out in the Funding Strategy Statement.

The Authority anticipates making contributions of £1,164k to the scheme in 2024/25. This excludes an annual surplus refund payment of £58,000. The contributions for 2024/25 have been paid up front in April resulting in net cash savings to the Authority of c£25k.

The weighted average duration of the defined benefit obligation for scheme members is 18 years for 2023/24 (18 years 2022/23). The very mature duration profile has been used to determine these assumptions.

1. Disclosure of External Audit Costs

In 2023/24 the Authority incurred the following fees relating to external audit and inspection:

|  |  |  |
| --- | --- | --- |
|  | **2022/23 Restated\*** | **2023/24** |
|  | **£** | **£** |
| Scale Fee | 16,283 | 50,283 |
| Non-scale fee work pending PSAA approval | 7,078 | 2,510 |
| \*Further non-scale fee work per 22/23 final ISA 260, pending PSAA approval | 4,000 |  |
|  | 27,361 | 52,793 |
|  |  |  |

Due to the timing of audit work, some element of the fees relating to 2022/23 has been amended. Therefore the 2022/23 figures above have also been amended to include the proposed £4k additional bill for work relating to the defined benefit pension asset. This is still subject to approval by the Authority and the PSAA.

2023/24 is the first year of the new 5 year audit contracts awarded to Grant Thornton UK LLP through the PSAA. This process resulted in a significant increase to the underlying scale fees for all Local Authorities. It is anticipated that there will be some further work during the 2023/24 audit for activity not covered by the revised scale fee. The estimate provided in the 2023/24 audit plan is shown above. This will be subject to confirmation of the final amounts on completion of the audit and the PSAA fee variation process.

No non-audit services were provided.

1. Property, Plant and Equipment

The table below sets out the balances relating to Property, Plant and Equipment in 2023/24.



All assets were owned at the balance sheet date.

A £320k PPA has been processed in 2022/23. This relates to an error identified in relation to a car parking valuation – further information can be found in Note 32. The comparative movements in 2022/23 shown below have been adjusted to correct this error:



At 31 March 2024, the authority had entered into three contracts which form part of one capital project for the construction or enhancement of property, plant and equipment in 2024/25. These capital commitments are:



The comparative capital commitments for 2021/22 are shown below.



1. Bases of Valuation

From 1 April 1994 all of the Authority’s fixed assets have been valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Details of the valuation bases applied are set out in the Statement of Accounting Policies.

Valuations on high value assets are undertaken on an annual basis. Valuations of other assets are carried out through a rolling five-year revaluation programme with all assets being re-valued at intervals of five years or less. The 2023/24 valuations were carried out by Mrs H Lancaster MSc MRICS of the Authority’s internal Property Service in compliance with the guidance notes provided by the Royal Institute of Chartered Surveyors. In addition to our investment properties, car parks and major assets, which are valued annually, valuations of our different types of other asset have been carried out as follows:



* 31 March 2022 - Depots
* 31 March 2023 – Other Land & Buildings
* 31 March 2024 - Brockhole, Coniston Boating Centre, Murley Moss office & Northern Office, Toilets & TIC’s
* Our valuers also provided a report confirming that there were no other changes in market conditions during 2023/24 that would give rise to a material change in the valuations reported at 31 March 2024 except where specified.

The values of all operational assets other than land and buildings were reconsidered by managers within the Authority at 31 March 2024. The basis of asset valuation is set out below.

|  |  |
| --- | --- |
| **Asset Category** | **Basis of Valuation** |
| Operational Land and Buildings -  non specialised | Current Value - Existing Use Value |
| Operational Land and Buildings - specialised | Depreciated Replacement Cost |
| Infrastructure, and Community Assets | Depreciated Historic Cost |
| Vehicles, Plant and Equipment | Depreciated Historic Cost (as a proxy for fair value) |
| Surplus Assets | Current Value – Fair value estimated at highest and best use from a market participant’s perspective |

The fair value for the Authority’s surplus assets, which are land assets, has been determined using level 2 of the above hierarchy. These assets have been categorised as Assets Held for Sale as they meet the requirements set out in the code of practice. The market approach valuation technique using current market conditions and recent sales prices and other relevant information for similar assets in the local area has been used to determine fair value. Any adjustments applied in the assessment of fair value are those consistent with established practices.

In estimating the fair value of the Authority’s assets held for sale, the highest and best use of the properties is their current use. The authority has carried out sufficient work to satisfy itself that the carrying value of assets not valued in year are not materially different to their current values.

Depreciation is provided on assets with a finite useful life, other than freehold land. Three of the Authority’s assets, Murley Moss, Brockhole and the Keswick to Threlkeld Multi User Trail have been split into components with estimated useful lives as follows:

|  |  |
| --- | --- |
| **Component** | **Useful Life (Years)** |
| Structure/Tunnels | 50 |
| Mechanical & Electrical | 20 |
| Roof | 35 |
| External Works | 30 |
| Path surfaces & fencing | 15 |

For all other assets depreciation is charged, in line with the accounting policies, on a straight line basis over the following estimated useful lives:

|  |  |
| --- | --- |
| **Asset Type** | **Useful Life (Years)** |
| Operational Buildings | 10 to 50 depending on the type of asset and the construction material |
| Vehicles and Plant | 5 to 15 |
| Fixtures and Fittings | 5 to 15 |
| Infrastructure Assets | Generally 30 years but may differ depending on specific asset |
| Computer Equipment | 3 to 5 |
| Other Equipment | 5 to 10 |

Residual values are based on the expected age and condition of the asset at the end of its useful life.

An analysis of all property, plant and equipment, heritage assets & investment property and non-current assets held for sale includes: -



1. Capital Expenditure

Capital Expenditure and its financing, including schemes under construction were as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **2022/23** | **2023/24** |  |
|  |  |  | **£000s** | **£000s** |  |
|  |  |  |  |  |  |
|  | **Land and Buildings** | |  |  |  |
|  |  | Information Centre works | 44 | 148 |  |
|  |  | Brockhole Improvements | 216 | 151 |  |
|  |  | Depot works | 28 | 0 |  |
|  |  | Murley Moss | 0 | 1 |  |
|  |  | Northern Office | 0 | 22 |  |
|  |  | Southern Office | 0 | 1 |  |
|  |  | Car Parks | 0 | 74 |  |
|  |  |  | 288 | 397 |  |
|  | **Investment Properties** | |  |  |  |
|  |  | Haverthwaite Heights | 0 | 0 |  |
|  |  |  | 0 | 0 |  |
|  | **Infrastructure & Community** | |  |  |  |
|  |  | Multi-User Trails \* | 1,270 | 315 |  |
|  |  | DEFRA Access works | 86 | 0 |  |
|  |  | Electric Charge Points | 11 | 0 |  |
|  |  | Stanley Ghyll Enhancements | 0 | 0 |  |
|  |  |  | 1,367 | 315 |  |
|  | **Vehicles and Plant** | |  |  |  |
|  |  | Vehicles | 117 | 39 |  |
|  |  | Boats | 42 | 0 |  |
|  |  | Plant & Equipment | 41 | 27 |  |
|  |  |  | 200 | 66 |  |
|  | **Equipment** | |  |  |  |
|  |  | Computer Equipment | 26 | 67 |  |
|  |  | Brockhole Equipment | 0 | 0 |  |
|  |  |  | 26 | 67 |  |
|  | **Intangible Assets** | |  |  |  |
|  |  | Software & Electronic Images | 18 | 0 |  |
|  |  |  | 18 | 0 |  |
|  |  |  |  |  |  |
|  | **Total Capital Expenditure to be Financed** | | **1,899** | **845** |  |
|  |  |  |  |  |  |
|  | **Financing used** | |  |  |  |
|  |  | Useable Capital Receipts | 201 | 514 |  |
|  |  | Capital Grants & Contributions | 1,363 | 281 |  |
|  |  | Direct Revenue Financing | 335 | 50 |  |
|  |  |  |  |  |  |
|  | **Total Financing** | | **1,899** | **845** |  |
|  |  |  |  |  |  |
|  | **Impact on Capital Financing Requirement** | | **0** | **0** |  |
|  |  |  |  |  |  |

\*£315k of capital expenditure classified as Revenue Funding Capital Under Statue so not added to Asset Register/Balance Sheet

1. Investment Property



The Authority’s investment property assets were revalued as at 31 March 2024 as detailed in note 19.

Information relating to the fair value hierarchy for the Authority’s investment properties is shown in the table below. Under IFRS 13, fair value is determined using a specific hierarchy as follows:

Level 1 – Quoted prices in an active market for identical assets

Level 2 – Other significant observable inputs

Level 3 – Significant unobservable inputs

The Authority has no investment properties that fall into Level 1 of the hierarchy.



The following valuation techniques have been used to determine the level 2 and level 3 fair values:

**Significant observable inputs – Level 2**

The fair value has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold. The fair value has been assessed using adjustments consistent with established practices.

**Significant unobservable input – Level 3**

The fair value for our remaining hostel type asset has also been based on the market approach using current market conditions. However, as detailed below, the fair value has been assessed using adjustments based on the valuer’s judgement alone and which are outside established practices.

In estimating the fair value of the Authority’s investment properties, the highest and best use of the properties is their current use.

There was one minor loss resulting from changes in the fair value of assets categorised as level 3 in the above table in 2023/24. A reconciliation of fair value measurements using significant unobservable inputs categorised within level 3 of the fair value hierarchy is shown in the table below:



As the valuation technique used to measure the fair value of the assets categorised as level 3 is based on current market conditions, significant changes to the market would result in significantly lower or higher values.

Other amounts that have been recognised in the Comprehensive Income and Expenditure Statement relating to investment property are:



The Authority has contractual responsibility for landlord’s repairs and maintenance expenditure on five of its investment properties. It also has responsibility for tree safety works within its woodlands. The Authority may not be able to realise the full value of one property, because external monies were received toward its purchase. There are no restrictions on the Authority’s ability to realise the value inherent in its other investment properties or on the Authority’s right to the remittance of income and the proceeds of disposal. None of these properties are held under finance or operating leases.

1. Leases

###### Under the Code leases are classified as either finance or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The Code also requires the land and buildings elements of a lease of land and buildings to be classified and accounted for separately.

**Lessee Operating Leases**

# The Authority uses vehicles, and other equipment financed under the terms of operating leases. The amount paid under these arrangements in 2023/24 was £66k (2022/23 £63k). It also uses land and buildings financed under the terms of operating leases. The amount paid under these arrangements in 2023/24 was £350k (2022/23 £297k). Of this expenditure £214k related to contingent rents.

# The future minimum lease payments due under non-cancellable leases in future years will be paid over the following periods:

|  |  |  |
| --- | --- | --- |
|  |  | |
|  | **2023**  **£000** | **2024**  **£000** |
| Not later than 1 year | 122 | 167 |
| Later than 1 year but not later than 5 years | 198 | 221 |
| Later than 5 years | 366 | 475 |
|  | **687** | **863** |

**Lessor Operating Leases**

# The Authority has granted use of a number of its properties under operating leases. The income gained under these arrangements in 2023/24 was £465k (2022/23 £465k). The total value of properties where part or all of the property is leased out under operating leases is as follows:

|  |  |  |
| --- | --- | --- |
|  |  | |
|  | **Gross**  **£000** | **Depreciation**  **£000** |
| Property, Plant and Equipment | 9,045 | (57) |
| Investment Property | 905 | 0 |
|  | **9,950** | **(57)** |

# The comparative value of properties where part or all of the property is leased out under operating leases is as follows:

|  |  |  |
| --- | --- | --- |
|  |  | |
|  | **Gross**  **£000** | **Depreciation**  **£000** |
| Property, Plant and Equipment | 8,541 | (153) |
| Investment Property | 963 | 0 |
|  | **9,504** | **(153)** |

# 

# The future minimum lease payments receivable under non-cancellable leases in future years will be received over the following periods:

|  |  |  |
| --- | --- | --- |
|  | **Total** | |
|  | **2023** | **2024** |
| Not later than 1 year | 181 | 231 |
| Later than 1 year but not later than 5 years | 162 | 403 |
| Later than 5 years | 202 | 229 |
|  | **545** | **863** |

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023/24 £133k worth of contingent rents were receivable by the Authority (2022/23 £151k).

1. Contingent Liability

Under the provisions of the Conservation (Natural Habitats &c) Regulations 1994 the Authority had an obligation to review any planning permissions on Special Area of Conservation sites. The majority of work was undertaken but there is one site where a review is still in progress. On this site Natural England issued a Notice under the Environmental Damage (Prevention and Remediation) (England) Regulations 2015 (EDR). This was appealed and the notice was not upheld by the planning inspectorate. Clarity has been sought from DEFRA as to the next steps.

Any changes considered necessary to the current planning permissions as a result of this process may lead to a requirement to pay compensation. If LDNPA do not amend the planning permission, there is a possibility that a fine may be levied relating to the Authority’s responsibilities for protection of the site.

It is not currently possible to make a reliable estimate of the likelihood or amount of any potential compensation payment or fine. Furthermore, legislative changes since the permissions were granted give rise to further options for progress and further uncertainty as to the ultimate course of action. Progress on this matter may or may not involve the Authority directly and significant further action would be required to establish the nature, value and timing of any potential liability.

1. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. All other financial assets and liabilities are classified as loans and receivables, debtors and creditors and 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 oftrade and other receivablesand payablesis 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 2024

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | |  | |
|  | **31-Mar-24** | | **31-Mar-23** | |
|  | **Carrying amount** | **Fair Value** | **Carrying amount** | **Fair Value** |
| **£000** | **£000** | **£000** | **£000** |
|  |  |  |  |  |
| Financial liabilities - short term creditors |  |  |  |  |
| Financial liabilities carried at contract amount | 741 | 741 | 911 | 911 |
| **Total included in Creditors** | **741** | **741** | **911** | **911** |
|  |  |  |  |  |
| Financial assets - long term liabilities |  |  |  |  |
| Available for sale financial assets | 0 | 0 | 0 | 0 |
| **Total included in Long Term Assets** | **0** | **0** | **0** | **0** |
| Financial assets - short term debtors and cash |  |  |  |  |
| Amortised cost | 4,964 | 4,964 | 5,131 | 5,131 |
| **Total included in Current Assets** | **4,964** | **4,964** | **5,131** | **5,131** |
|  |  |  |  |  |

1. 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 to the Authority
* liquidity risk – the possibility that the Authority might 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 investments.

In order to minimise the risksthe Authority has adopted the CIPFA Code of Practice for Treasury Management. Accordingly, the Authority approves an annual Treasury Management Strategy which sets out policies on borrowing, investment, financing and interest rate exposure.

**Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers. The Authority’s Treasury Management strategy for 2023/24 requires that deposits are only made if the following criteria are met.

|  |  |  |  |
| --- | --- | --- | --- |
| **Institution type** | **Minimum Fitch Long Term Rating / Fund Rating** | **Time Limit** | **Money Limit (£m)** |
| Major UK Banks | A | 364 days | 2 |
| Major Building Societies | A | 364 days | 1 |
| Money Market Funds | AAA | N/A | 5 |
| UK Gilts and Debt Management Office | n/a | 364 days | 5 |
| Local Authorities | n/a | 364 days | 1 |

These ratings are confirmed at the point of deposit and kept under review. Principal investments are limited to a maximum of £2m with any one financial institution. The rating requirements and investment limits for financial institutions are reviewed annually to reduce the financial exposure with individual banks. The maximum invested at any one time during 2023/24 was £5,809k (2023/23 £5,509k).

The Authority’s standard terms and conditions for payment of invoices are 30 days from the invoice date. The Authority does not generally allow credit for customers; however, £63k of the £475k customer balances at 31 March 2024 was past due. The past due element can be analysed as follows:

|  |  |  |
| --- | --- | --- |
| **31-Mar-23** | **Days past due** | **31-Mar-24** |
| **£000** |  | **£000** |
|  |  |  |
| 0 | 31-60 days | 8 |
| 42 | 61-90 days | 19 |
| 66 | 91-120 days | 1 |
| 28 | Over 120 days | 35 |

The credit quality of other financial assets is considered to be very high given the low rate of debt write off. Historical experience of default with regard to trade receivables and an analysis of the debt outstanding at 31 March 2024 shows that an allowance for credit losses of £12k (£24k 2022/23) is adequate to cover any anticipated credit risk for 2023/24. £600 was written off in 2023/24 (2022/23 £0).

**Liquidity risk**

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. At 31 March 2024 there are no financial liabilities other than trade creditors, which are expected to be paid within one year. Liquidity risk is managed through daily cash flow monitoring.

**Market risk**

Market conditions have changed significantly during the year with bank rate rising from 4.25% to 5.25%. This has had an impact on investment income.

The Authority is currently debt free and has no plans to take on external debt. However, the Prudential Code requires the Authority to fix each year the maximum of interest on borrowing that is subject to variable rates. As the Authority’s borrowing is currently expected to be for short term cash management only (if required at all), it is anticipated that 100% of this could be at variable rates without exposing the Authority to undue risk. The proportion of fixed and variable rate interest will depend on forecasts for interest rates during the period under review. Maximum borrowing will be undertaken at fixed rates when interest rates are considered to be at their lowest and on a variable basis when interest rates are expected to fall.

From 1/4/2024 IFRS16 leasing comes into force. This will result in an estimated up to £1m of debt coming onto the Authority’s balance sheet. This is to reflect the accounting substance of lease arrangements as assets purchased through borrowing. This has no impact on the underlying agreements or the actual borrowings of the authority.

In 2023/24 the Authority received £217k in interest income (£102k in 2022/23). This increase is a direct reflection of the increase in bank rate, which has impacted on the wider money market. The Authority has continued to use AAA rated money market fund as its main deposit facility. The average cash and investment balance over the period was, £4.3m so had interest rates been +/-1% higher during the period, the income received would have varied by circa +/- c£43k.

**Foreign exchange risk**

The Authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

1. Cash and Cash Equivalents

|  |  |  |
| --- | --- | --- |
| **31-Mar-23** |  | **31-Mar-24** |
| **£000** |  | **£000** |
| 5 | Cash held | 6 |
| 485 | Bank Accounts | 471 |
| 4,100 | Money Market Funds | 4,000 |
| 4,590 |  | 4,477 |

1. Short Term Debtors and Prepayments

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **31 March** |  | **31 March** |  |
|  | **2023** |  | **2024** |  |
|  | **£000** |  | **£000** |  |
|  |  |  |  |  |
|  | (24) | **Impairment for Bad Debts** | (12) |  |
|  |  | **Prepayments & Accrued Income** |  |  |
|  | 0 | Local Authorities | 12 |  |
|  | 187 | Other | 109 |  |
|  |  | **Debtors** |  |  |
|  | 1,368 | Government Departments | 1,114 |  |
|  | 22 | Local Authorities | 31 |  |
|  | 765 | Other | 712 |  |
|  | **2,318** |  | **1,964** |  |
|  |  |  |  |  |

1. Short Term Creditors and Receipts in Advance

|  |  |  |
| --- | --- | --- |
|  |  |  |
| **31 March** |  | **31 March** |
| **2023** |  | **2024** |
| **£000** |  | **£000** |
|  |  |  |
|  | **Income in Advance** |  |
| 0 | Government Departments | 49 |
| 173 | Local Authorities | 115 |
| 356 | Other | 311 |
|  | **Creditors** |  |
| 129 | Government Departments | 158 |
| 0 | Local Authorities | 10 |
| 1,672 | Other | 1,464 |
| **2,330** | **Total Creditors** | **2,107** |

1. Nature and Purpose of General Fund Earmarked Reserves

The Authority is required to maintain a number of reserves under the provisions of the Code. The reserves and their broad functions are as follows.

***Usable, cash-backed reserves***

**General Reserve**

This balance represents the cumulative surplus available to the Authority to support revenue spending and which has not been earmarked for a specific purpose.

**Earmarked Reserves**

This balance represents monies available to support revenue spending but which the Authority has earmarked for specific purposes. Details of these specific purposes are shown in the table below:

|  |  |
| --- | --- |
| Ring-fenced Funds Reserve | Used to set aside small amounts of funding allocated for specific purposes and projects running between years |
| External Grants Reserve | To hold external grant monies until the time they are used to support service delivery |
| Climate Change Reserve | Held to support specific projects that reduce our own climate change emissions and emissions projects in the Park |
| Windermere Registration Reserve | Held to support the management and administration costs of the Windermere Lake Byelaws |
| UK National Parks Digital Partnership | Held under agreement in support of service delivery for the UK National Parks Digital Partnership. |
| Cumbria Woodlands | Held to support the Cumbria Woodlands service and neutralise any impact on the Authority General Fund for Cumbria Woodlands work. |
| Investment Reserve | Held to provide funding to invest in new initiatives that can deliver additional financial contribution and / or improvements in direct delivery |
| Partnership Priorities Reserve | Held to support the achievement of priorities identified by the Lake District National Park Partnership through specific projects |
| Fix the Fells Reserve | Held to manage income generated from donations, sponsorship and grants and associated expenditure on behalf of the Fix the Fells Partnership |
| Public Rights of Way Reserve | Held to support the re-instatement of public rights of way following the December 2015 floods and the upgrade of paths within the extension area |
| Planning Application Fee Increase | To hold income relating to the increase in planning application fees from Jan 18 until the time it is used to support service delivery |
| Visitor Services Trading Reserve | A general contingency reserve specifically to smooth out trading performance within Visitor Services. This has a target balance of £500k. |
| Biodiversity Net Gain Reserve | To hold amounts received specifically in relation to funding future BNG work |
| Farming in protected Landscapes reserve | To hold funds to support work relating to administering the FiPL scheme. |
| Planning interim support reserve | Funds held specifically to support planning service staffing. |
| Inquiry reserve | Funds set aside for periodic planning enquiries |
| Committed Salary Reserve | Used to hold reserve funds where these have been committed to pay for future salary costs |

1. Summary of Movement on Usable Reserves

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Balance 31 March 2022** | **Transfers to/(from) reserves** | **Balance 31 March 2023** | **Transfers to/(from) reserves** | **Balance 31 March 2024** |
| **£0** | **£0** | **£0** | **£0** | **£0** |
| **Usable Reserves - capital** |  |  |  |  |  |
| Useable Capital Receipts Reserve | 0 | 1275 | 1275 | -455 | 820 |
| Capital Grants Unapplied Reserve | 283 | -28 | 255 | -3 | 252 |
| **Total capital reserves** | **283** | **1247** | **1530** | **-458** | **1,072** |
|  |  |  |  |  |  |
| **Usable Reserves - revenue** |  |  |  |  |  |
| **Earmarked Reserves** |  |  |  |  |  |
| Ring-fenced Funds Reserve | 253 | -86 | 167 | 13 | 180 |
| External Grants Reserve | 493 | -72 | 421 | -215 | 206 |
| Biodiversity Net Gain Reserve | 0 | 75 | 75 | -5 | 70 |
| Climate Change Reserve | 0 | 0 | 0 | 5 | 5 |
| Windermere Registration Reserve | 20 | -10 | 10 | 0 | 10 |
| Cumbria Woodlands | 91 | -9 | 82 | 24 | 106 |
| Investing for our Future | 281 | 0 | 281 | 0 | 281 |
| Inquiry reserve | 0 | 15 | 15 | 100 | 115 |
| Partnership Priorities Reserve | 116 | 136 | 252 | -76 | 176 |
| Fix the Fells Reserve | 166 | -128 | 38 | 81 | 119 |
| Committed Salary reserve | 0 | 0 | 0 | 403 | 403 |
| Public Rights of Way Reserve | 87 | -40 | 47 | 26 | 73 |
| Planning Fee Increase Reserve | 201 | -175 | 26 | -26 | 0 |
| Planning Interim Support Reserve | 0 | 106 | 106 | -42 | 64 |
| National Parks Portal Reserve | 24 | -5 | 19 | -19 | 0 |
| Farming in Protected Landscapes | 44 | 7 | 51 | 7 | 58 |
| Visitor Services Trading | 500 | -249 | 251 | 286 | 537 |
| **Total Earmarked Reserves** | **2,276** | **-435** | **1,841** | **562** | **2,403** |
|  |  |  |  |  |  |
| General Reserve | 1,259 | 311 | 1,570 | -183 | 1,387 |
|  |  |  |  |  |  |
| **Total Usable Reserves** | **3,818** | **1123** | **4,941** | **-79** | **4,862** |

**32.** Prior Period Adjustment

A £320k PPA has been processed in 2022/23. This relates to an error identified in relation to the input data on a car parking valuation. This impacted the following lines

|  |  |  |  |
| --- | --- | --- | --- |
| **Line item** | **Audited accounts 2022/23** | **Updated** | **Variance** |
|  | **£000** | **£000** | **£000** |
| Balance sheet, PPE line | 29,776 | 29,456 | -320 |
| Balance sheet: revaluation reserve | -11,034 | -10,714 | 320 |
| CIES: Surplus on revaluation of non-current assets | -2,363 | -2,043 | 320 |
| MIRS: Total CIES/Revaluation Reserve | 2,363 | 2,043 | -320 |

In addition, any relevant totals, subtotals or supporting notes have also been amended consistent with these line changes to the primary statements. This does not impact any years prior to 2022/23 so a restated opening balance sheet has not been prepared.

# Annual Governance Statement 2023/24 Lake District National Park Authority.

1. **Scope of responsibility**

Lake District National Park Authority (the Authority), is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded 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 its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The Authority has approved and adopted a Local Code of Corporate Governance (LCoCG). This forms part of the Authority Handbook and is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how the Authority has complied with the LCoGC and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6 (1) (b), which requires all relevant authorities to prepare an annual governance statement.

1. **The Purpose of the Governance Framework**

The Governance Framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Authority to monitor the achievement of its priorities and to consider whether those priorities have led to the delivery of appropriate services and value for money. This is brought together in the Authority’s LCoCG; this review has been completed with reference to the detailed provisions set out in the LCoCG.

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 Business Plan, policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

There are seven key principles to good governance highlighted in the CIPFA/Solace framework, the LCoGC is also structured around these:

Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Principle B Ensuring openness and comprehensive stakeholder engagement

Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits

Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes

Principle E Developing the entity’s capacity, including the capability of its leadership and the individuals within it

Principle F Managing risks and performance through robust internal control and strong public financial management

Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The following section summarises key elements of the Authority’s Governance arrangements in place during the year ended 31 March 2024 and up to the date of approval of the statement of accounts. Section 4 sets out the review of effectiveness and section 5 contains the action plan for implementation during 2024/25.

1. **Governance Arrangements.**
   1. **The Authority’s Vision – Purpose, Outcomes and Objectives**

The Authority’s Business Plan is a key document for the Authority, providing the framework for all Authority activity. The strategic outcomes and related Authority objectives set out in the Business Plan are drawn from the Lake District National Park Partnership’s Plan, which is the Management Plan for the National Park. The Partnership Plan highlights strategic outcomes and key actions required to deliver the Vision for the National Park, which have been agreed by all of the partners on the Partnership, and the Authority’s Business Plan identifies the key activities where we are leading or are substantively involved in delivery. It also details the key service objectives for the each of the Authority’s services over the next three years.

The Business Plan gives a clear message to the public and our partners about the priorities for the Authority over the course of its 3 year term, setting out where the Authority will be focusing its resources and activity.

* 1. **The Authority’s Vision – Implications for Governance Arrangements**

The Authority’s direction of travel set out in the Business Plan is reviewed annually with Members to ensure that objectives and actions are still relevant and consistent with our strategic aspirations. Key objectives are reviewed and all of the specific actions forming part of the Authority’s Business Plan have assigned owners.

The Business Plan is underpinned by a set of supporting strategies and detailed Service Plans that set out key activities and measures for each outcome theme in the Business Plan. The Business Plan forms the basis of quarterly performance reports received by the Resources Committee, and monthly reports received by Strategic Leadership Team.

* 1. **Measuring the Quality of Services**

Performance within services is measured monthly against performance indicators, which in turn feed into Service Plans monitored by the Strategic Leadership Team. Performance indicators are continually refined and reviewed to ensure their continuing relevance to our operations and to ensure high quality data for business decision making.

* 1. **Roles and Responsibilities**

The Authority documents and defines roles and responsibilities in a number of ways. These are set out in the Scheme of Delegation and Terms of Reference for each Committee. The Authority’s role in significant partnerships, such as the Lake District National Park Partnership, is defined and responsibilities within these are understood by relevant parties.

* 1. **Governance and People**

The Authority has adopted a suite of core policies, values and behaviours to complement our Vision and these have been agreed by Members and codefied within the Authority Handbook.

The Authority’s Vision, values and behaviours, form a key part of the staff appraisal process and provide staff with a clear definition of the standards of behaviour expected in the Authority. The framework is supported by the Authority’s Officer Code of Conduct and staff induction programme.

To support internal communications we have implemented Microsoft Teams, the Authority intranet was recently reviewed (Waymarker) and OneDrive has been fully rolled out.

In 2023/24 Members have had access to training and away hours of relevance to their role. There was a significant influx of new Members following local government re-organisation, and this increased the need for Member training particularly comprehensive inductions.

Our processes for induction and management of volunteers ensures a near seamless provision of services between staff and volunteers and they are integral to our visitor management activities in the National Park.

We continue to prioritise management arrangements around equalities legislation to ensure we fulfil our obligations to promote social inclusion as a public body. In our Partnership Plan and Business Plan we have identified a “Lake District for Everyone” as a strategic priority to ensure we continue to work to promote accessibility and inclusion in the delivery of our services and the management of the National Park.

* 1. **Risk Management**

To support the need for continuous improvement, the Authority has developed an integrated assurance framework to contribute to the delivery of the objectives and actions set out in the Business Plan. This is embedded into service planning and day-to-day risk management processes. The risk management framework was awarded substantial assurance during the 2023/24 internal audit review.

Key corporate and business risks are discussed at monthly Strategic Leadership Team meetings and all risk owners are clear of their roles and responsibilities within the risk management framework. Communication of risk as part of the quarterly Finance, Performance and Risk report ensures the Authority’s Members have an opportunity to comment and contribute.

* 1. **Ensuring Effective Counter-fraud and Anti-corruption Arrangements are Developed and Maintained**

The Authority complies with CIPFA’s Code of Practice on Managing the Risk of Fraud and Corruption. It has an Anti-Fraud Theft and Corruption Policy that remains appropriate and fit for purpose.

Employees are made aware of its requirements in detail as part of our induction arrangements, Officer Code of Conduct. Employees must comply with our Financial Regulations and Contract Standing Orders and demonstrate high standards of probity when dealing with the Authority’s affairs. We also operate a Disciplinary and Capability procedure for allegations of fraud and corruption by officers. Members must operate within our adopted Code of Conduct for Members of the Lake District National Park Authority and with Standing Orders. The Members Handbook sets out the relevant requirements.

The Authority operates a culture in which high standards of conduct and probity are expected, and this is supported by strong organisational policies and procedures. We deploy sufficient resources to the prevention and detection of fraud and our policies and procedures in this regard are sound. No instances of fraud or corruption were upheld in the 2023/24 financial year.

Managers ensure that staff are aware of the Authority’s values, standards and behaviours. The internal control environment is regularly reviewed through the work of internal and external audit. Internal audit have reviewed our arrangements and resourcing for the prevention, detection of fraud, theft or corruption and are satisfied with our approach. Risks around fraud are discussed with the internal auditors (TIAA) as part of preparation of the annual internal audit plan.

* 1. **Financial Management Arrangements**

The Authority’s financial management arrangements conform to the Governance requirements of CIPFA’s “Statement on the Role of the Chief Financial Officer in Local Government” as the Head of Resources (S151 Officer) has full access to the Strategic Leadership Team and the Chief Executive. The Head of Resources is designated as the responsible officer for the administration of the Authority’s financial affairs under Section 151 of the Local Government Act 1972. Responsibilities are defined in the Scheme of Delegation. The S151 Officer oversees the development and work of the financial management function at the Authority and is its responsible officer for matters of financial administration. The post holder is a professionally qualified as an accountant with suitable experience, supported by a finance team with 4 qualified accountants (3 of whom are CIPFA qualified) with extensive local government experience.

The Authority operates a Commercial Strategy Board (CSB), which comprises Members and senior officers. The Board considers appropriate investments that support delivery of National Park objectives and improve our financial resilience as outlined in our Medium Term Financial Strategy. Lakeshore Phase 2 and Hawkshead TIC both came through CSB; Hawkshead TIC opened in February 2024 and Lakeshore Phase 2 is on progress to become operational during Q1 in 2024/25.

CIPFA’s Financial Management Code sets out good practice in financial management to assist local authorities in demonstrating their financial stability. The Authority is compliant with most major elements of the code and considerable work has been undertaken to strengthen compliance further including the development of a Financial Resilience Assessment and ensuring compliance with the revised Prudential Code for Capital Finance for Local Authorities.

* 1. **Financial Monitoring and Reporting**

The Executive Board receive monthly financial performance reports. Members receive quarterly reports including revenue monitoring and forecast projections to the end of the financial year. Budget managers are allocated a business partner and budgets are reviewed jointly on a monthly basis to inform the reporting to Executive Board and Members.

* 1. **Ensuring Effective Arrangements are in Place to Perform the Monitoring Officer Function**

The Director of Sustainable Development is the Authority’s Monitoring Officer. This officer has a duty to report to the Authority and Executive where they are of the opinion that any proposal, decision or omission will give rise to unlawfulness or if any decision or omission has given rise to or would constitute maladministration. The Monitoring Officer provides a range of functions relating to the conduct of Members (for example maintaining the Register of Members’ Interests, Code of Conduct complaints etc.) advising the Governance Committee.

The Monitoring Officer is supported in his role by the Authority Solicitor (the Authority’s Deputy Monitoring Officer) who advises on legal matters, attends Executive Board and Committee meetings to support lawful decision making, and provides a legal commentary on reports to Members.

* 1. **Ensuring Effective Arrangements are In Place to Perform the Head of Paid Service Function**

The Authority’s Head of Paid Service is the Chief Executive who is responsible and accountable to the Authority for all aspects of operational management. The Chief Executive works closely with the Authority Chair and Deputy and Committee Chairs and Members in line with the principal contained within the Authority’s Local Code of Corporate Governance about Members and officers working together to achieve a common purpose with clearly defined functions and roles. During 2023/24 the current Chief Executive announced his intention to leave the Authority during 2024/25. Significant work has already commenced to recruit a new Chief Executive to ensure there is sufficient handover and an orderly on-boarding process.

The Chief Executive is supported in his role by the Directors, and has regular access to and contact with the Members through formal and informal meetings. The Strategic Leadership Team also supports this role, and consists of the Executive Board and Heads of Service meeting monthly to discuss strategic developments and business performance, and informally on a weekly basis to discuss any immediate issues.

* 1. **Governance Committee**

The Authority has established a Governance Committee to oversee the workings of the corporate governance arrangements of the Authority and to report to the Authority on these and related financial probity issues. The Governance Committee operates within CIPFA’s “Audit Committees – Practical Guidance for Local Authorities”.The external auditor’s VFM opinion raised a recommendation around the need for self assessment of effectiveness and this was included in the AGS action plan for 2023/24 and has been implemented.

* 1. **Internal Audit**

The Authority maintains an independent Internal Audit Service, which operates within the principles set out within the Public Sector Internal Audit Standards (PSIAS). Internal Audit has carried out an annual programme of reviews as approved by the Governance Committee. The managers of the services and functions reviewed have each agreed actions and priorities arising from the review and the achievement of those actions is monitored on an ongoing basis by the Authority’s Internal Audit service and Strategic Leadership Team. The Head of Internal Audit has provided a written opinion to the Governance Committee based on the work undertaken on behalf of the Authority during the year that the Authority has reasonable and effective risk management, control and governance processes in place.

* 1. **Ensuring Compliance with Relevant Laws**

Systems are in place to ensure that appropriate legal and financial advice is provided at relevant points in the decision making process. All reports to Members are reviewed by formal Executive Board with attendance including the Head of Resources (S151 Officer), the Monitoring Officer and Authority Solicitor. This ensures that checks are made on the legal and financial consequences of any course of action prior to a decision being made. The Authority has a variety of methods for receiving updates in legislative changes. In addition to departmental officers keeping up to date with legislative, regulatory and guidance changes, the Authority subscribes to a legislative update service. The usual method of direct notification of legislative changes by Central Government also occurs on an ongoing basis. This is supported by employees’ membership of professional bodies and the associated requirement that they will remain up to date with changes to their area of expertise and responsibility. Employees are provided with training to maintain up to date professional competencies where applicable.

**3.15 Complaints and Whistle Blowing**

The Authority operates a formal complaints system in accordance with best practice, giving members of the public the ability to complain about aspects of the Authority’s service with which they are dissatisfied. The Authority reviews any complaints received in order to assess their validity and learn for the future. The Authority’s whistleblowing arrangements are set out in our Confidential Reporting Policy which is available to all staff on our intranet and externally on our web-site. Our Confidential Reporting Policy, ensures there is a clear channel of confidential reporting for staff should this be required. There has been limited use of the confidential reporting code during 2023/24 and nothing that has lead to investigation of wider underlying governance issues.

**3.16 Clear Channels of Communication.**

All formal meetings are held in public, with the reports and minutes of those meetings being published on the Authority’s website unless there are legal reasons for confidentiality. There are opportunities for members of the public to ask questions at meetings of the Authority and committee meetings are now live streamed and recorded to allow greater public access.

Various channels of communication are available to ensure all stakeholders find information accessible. Internal communications are also delivered using a number of channels including Teams, Waymarker and email.

**3.17 Enhancing the Accountability for Service Delivery and Effectiveness of other Public Service Providers.**

Whilst the Authority continues to deliver most of its services directly, there are a number of areas where the Authority has contractual arrangements in place for the delivery of services. Arrangements are in place to monitor the delivery, price and quality of these services and any significant issues would be reported back to Members through financial and performance reporting.

**3.18 Commerciality and Commissioning**

The Authority recognises that a commercial and commissioning approach brings with it opportunities for introducing greater flexibility with regard to the delivery of services. Purchasing of services from third parties also demands that we receive assurance that the businesses delivering the goods and services are resilient, reliable and reputable and will continue to deliver at the right quality in the face of difficult economic conditions locally, nationally and globally. This work is governed by the regulations and guidance set out in our Contract Standing Orders. A recommendation was included within the 2022/23 AGS action plan around embedding social value and carbon impacts into the procurement procedures. A full review of our procurement procedures is currently underway to align the Authority with the new procurement act regulations. The existing action will be addressed in the review and so has been rolled forward into the 2023/24 action plan.

**3.19 Good Governance in respect of Partnerships**

The Authority’s governance arrangements and procedures ensure that partnerships are entered into for the delivery of strategic objectives and that partnership arrangements are clearly defined. The effective management of individual partnerships is the responsibility of the lead service area and significant partnerships, such as the Lake District National Park Partnership are subject to regular monitoring and review. Internal Audit performed a review on partnership working during 2023/24 and concluded that our arrangements provide substantial assurance over this area of activity.

**3.20 External Audit**

A robust framework for external audit also provides Members with independent assurance over the financial statements and arrangements for Value for Money. The Authority prepared the unaudited 2022/23 accounts by the statutory deadline of 31 May 2023. The audited accounts were published in January 2024, well ahead of most Local Authorities. There is a national issue around backlogs in external audit of local authorities. The Authority is in a relatively good position for 2023/24 being in a minority of bodies with no backlog. The external audit plan for the 2023/24 accounts was presented to Governance Committee in April 2024.

1. **Review of Effectiveness**

During 2023/24 assurance information has been collated using different means of independent review of effectiveness across the Authority’s Services. These include:

**4.1 Individual assurance reviews from the risk based internal audit plan (TIAA)**

TIAA have reported on specific operational areas during the year. These reports have been presented to Governance Committee for their scrutiny and oversight. A number of areas were rated as substantial assurance during the year, the highest rating available.

**4.2 Annual internal audit opinion issued by Internal Audit (TIAA)**

TIAA also provide an annual audit opinion to give an overall assessment of the control environment at the Authority. Reflecting the individual assurance reviews, this was judged to provide reasonable assurance.

**4.3 Accounts opinion issued by the external auditor (Grant Thornton)**

The statement of accounts for 2022/23 was prepared by the deadline and audited and published in January 2024. The auditors concluded that “the authority was in a minority of c30% local authorities who managed to meet the deadline,….we have not identified any audit adjustment impacting on the Authority’s usable reserves”. This provides overall assurance on the arrangements for financial reporting and the supporting systems, people and processes.

**4.4 Value for Money opinion issued by external audit (Grant Thornton)**

The value for money opinion for 2022/23 was issued in December 2023 looking at Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness. There were no significant weaknesses and no new recommendations. The majority of items previously raised have been implemented. A recommendation on the gifts and hospitality register has now been addressed as part of 2023/24 year end procedures.

**4.5 Volume and severity of governance issues reported through committee and Executive Board**

There have been no significant occurrences of issues where the governance framework has been tested around standards, ultra vires activity or other fraudulent transactions.

**4.6 Performance reporting against the business plan targets and financial budgets (Resources Committee)**

Ongoing monitoring and reporting of performance against business plan targets and financial budgets has been in place during the year. The framework has proved to be effective at detecting and finding mitigations for events that threaten delivery of the business plan, within the available resources. For example, issues raised during the in-year budget monitoring were reflected in the Medium Term Financial Strategy for 2024/25; the budget and MTFS for 23/24 were balanced and the budget for 2024/25 is also balanced and approved.

**4.7** **Committee self assessment**

As noted, a prior year recommendation was to introduce sub committee self assessments of effectiveness. Resources committee is yet to be completed at the time of this review. The draft Governance Committee review has been prepared with one action included in the AGS action plan. It is anticipated that both of these committee self assessments will be complete in time for the final audited 2023/24 accounts sign off. This will add further evidence to help assess whether governance arrangements are fit for purpose.

**4.8 Review of arrangements in place during 2023/24 against the CIPFA/Solace framework by officers.**

A full review of LCoGC against the CIPFA Solace framework was conducted in 2022/23. This produced a number of areas that were included for follow up in the 2022/23 action plan. There has been no change in the best practice framework. The LCoGC has been reviewed in detail and there is little material change. Any significant amends that require action have been included in the 2023/24 action plan.

**4.9 Monitoring of implementation of the 2022/23 action plan**

The governance issues that we identified in the 2022/23 review have seen considerable progress during the 2023/24 financial year. Further detail is provided below.

1. **Significant Governance Issues**

Nine issues were flagged during the 2022/23 review (please see prior year AGS for details). Of these, 7 are judged to have been implemented. The action around committee self assessment of effectiveness has been rolled forward as partially implemented at the time of this review, pendng completion of the Resources Committee self assessment. In addition, as noted above the action around procurement has also been rolled forward within a wider review of procedure required to align with the new Procurement act.

In addition, there are a small number of new items that have been flagged from the 2023/24 annual review. These are not judged to be significant governance issues but are opportunities for improvement. The full action plan to be monitored during 2024/25 is as follows:

1. Complete the process of annual self-assessment effectiveness reviews for Resources and Governance Committees
2. Incorporate social value and carbon cost work fully into the procurement strategy and process.
3. Chair of Governance to consider whether a private meeting with external and/or internal audit is required.
4. Increase the rate of annual staff appraisal completion to support the skills audit.
5. Monitor readiness for and compliance with the Data Protection and Digital Information Bill
6. Consider whether further reporting, confirming how feedback from service users has led to change, would add value. If we conclude it would, put the reporting method in place.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements and will monitor their implementation and operation as part of our next annual review.

1. **Opinion**

We are satisfied that there are no significant governance issues and that the governance arrangements are fit for purpose.

**Signed: TIFFANY HUNT 30/5/2024**

**Tiffany Hunt MBE**

Chair

**Signed: RICHARD LEAFE 24/5/2024**

**Richard Leafe**

Chief Executive

On behalf of the Lake District National Park Authority

# Glossary of Terms

**Accounting Period -** The period of time covered by the accounts, normally 12 months commencing on 1st April for local authorities.

**Accruals -** Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made or received at the balance sheet date.

**Amortisation** – The writing down of intangible assets and revenue expenditure funded from capital resources by making a charge (similar to depreciation) to service revenue accounts.

**Budget -** A statement of the Authority’s plans in financial terms. A budget is prepared and approved by the Lake District National Park Authority prior to the start of each financial year and is used to monitor actual expenditure throughout the year.

**Capital Expenditure -** Expenditure on new assets such as land and buildings, or on enhancements to existing assets that significantly prolong their useful life or increase their value.

**Capital Financing Costs -** The annual cost of borrowing (principal repayments and interest charges), leasing charges and other costs of funding capital expenditure.

**Capital Receipt -** Income from the sale of capital assets such as land or buildings.

**CIPFA –** Chartered Institute of Public Finance and Accountancy

**Creditors -** Amounts owed by the Authority at 31 March for goods received or services rendered but not yet paid for.

**Current Assets -** Assets which can be expected to be consumed or realised during the next accounting period.

**Current Liabilities -** Amounts which will become due or could be called upon during the next accounting period.

**Debtor -** Amounts owed to the Authority, which are collectable or outstanding at 31 March.

**Deferred Liabilities -** This represents the liability for principal repayments on finance leases.

**Depreciation -** The estimated using up of the value of an asset, owing to age, wear and tear, deterioration, or obsolescence.

**Finance Lease -** A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

**Government Grants -** Payments by central government towards local authority expenditure. They may be specific, for example Sustainable Development Grant, or general, such as National Park Grant.

**Heritage Assets** **-** Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

**National Park Grant -** The main grant paid by central government to a National Park Authority towards the costs of its services.

**Non-Current Asset -** Assets that can be expected to be of use or benefit the Authority in providing its service for more than one accounting period.

**Operating Lease -** A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

**Provisions –** Amounts set aside to meet known liabilities.

**Reserves -** Amounts set aside in the accounts for the purpose of meeting future expenditure.

**Revenue Expenditure -** Spending on day-to-day items including employees’ pay, premises costs and supplies and services.

**Revenue Expenditure Funded from Capital Under Statute -** Expenditure of a capital nature but for which there is no tangible asset, for example capital grants.

#### Abbreviations used in the accounts

CIPFA - Chartered Institute of Public Finance and Accountancy

IFRS – International Financial Reporting Standards

FRS - Financial Reporting Standard