



Lake District  
National Park

# Statement of Accounts 2021/22

vAudited 8 Mach 2023



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# **NARRATIVE REPORT**

## **FOR THE PERIOD 1 APRIL 2021 TO 31 MARCH 2022**

### **Introduction**

The Lake District National Park Authority 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 County and District Councils 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 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 in the future of the Park. The Vision's strategic aim is that the Lake District National Park will be an inspirational example of sustainable development in action. It will be a place where its prosperous economy, world class visitor experiences and vibrant communities all 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 20<sup>th</sup> October 2021.

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, which is the management plan for the National Park.

The Authority's responsibilities within the Partnership's Plan are formalised in, and monitored with reference to, the Authority's Business Plan, which sets out actions and milestones relating to our contribution to priority areas which include:

- Climate Action
- Farming and Nature Recovery
- Landscape, Culture and Beauty
- Sustainable Travel and Transport
- Vibrant Communities and Prosperous Economy
- Lake District for Everyone

These documents can be found on the Authority's website.

Our financial planning is set out in our Medium Term Financial Strategy. 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 four year period to inform understanding of the likely availability of financial

resources, which will be used in the provision of services. The Medium Term Financial Strategy can also 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. Ethics are very important to the Authority and are central to our day-to-day work. Our organisational culture is represented by our core values, which underpin all actions and decision making. These are to be:

- Empowered – we think creatively, encouraging innovation, adapting to change and being willing to take risks
- Forward Thinking – we plan for the future, recognising that our future sustainability is in our own hands
- Leaders – we lead the way, delivering the vision and inspiring people and the landscape to flourish
- Nurturing – we nurture the Lake District, our teams and where we work, respectfully managing the Lake District National Park on behalf of those who live, work or visit here
- Proud – we are proud of the Lake District and what we do at the Lake District National Park Authority, which drives us to be our best
- Team Players – we cooperate and work together, creating a sense of belonging where trust thrives.

## **Background**

The aim of our Statement of Accounts is to demonstrate the overall financial performance and position of the Authority at the end of the 2021/22 financial year. The information included in these accounts incorporates spending relating to the Windermere Registration Scheme. The Registration Scheme has separate accounting records to ensure the proper control of registration fee income, the costs of administering the scheme and lake byelaw enforcement.

The Authority's accounts for the year ending 31 March 2022 are presented in the format laid down in the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code). This format incorporates the requirements of International Financial Reporting Standards (IFRS) wherever this is possible.

## **External Financial and Economic Environment**

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 2021/22, the level of core funding allocated by Defra resulted in a flat-cash settlement at the same level as funding received in 2019/20 at £5,590k. The Authority's Medium Term Financial Strategy (MTFS) assumes this 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.

Covid-19 related restrictions were imposed in March 2020 and as the national "lock-down" was implemented, a number of commercial sites needed to close, resulting in a significant reduction in income during the 2020/21 visitor season. The Authority addressed the loss in commercial income arising from the impact of the pandemic through a combination of additional Defra support; a thorough review of our capital and revenue spending plans and earmarked reserves; ensuring an agile and responsive approach to managing our visitor sites and accessing central government Covid-19 support schemes where eligible. The

Authority identified a significant financial deficit over the medium term, and an organisational restructuring programme was necessary to balance the Authority's medium term position. This project, known as Securing Our Future, was completed in March 2021.

In this context, 2021/22 has seen much stronger financial performance as the pandemic restrictions have lessened. We have increased our General Reserve level to £1.26M which is in line with the MTFS plan to reach a target balance of £1.5M. Following very strong demand for Visitor Services during 2021/22 we have also established a separate trading reserve of £500K to provide further contingency in the event of adverse trading conditions. This provides resilience to uncertainty from factors beyond the Authority's control. This would always include factors such as the weather but is also further complicated by current issues for example, changes to restrictions on foreign travel and the cost of living crisis.

### **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 based on taking together

- the Authority's ability to adapt to the extreme financial pressures posed by the COVID-19 pandemic;
- the strong trading performance for 2021/22 and
- the subsequent ability of the Authority to establish satisfactory General and Trading Reserve balances at year end 2021/22.

The Authority's MTFS approved in March 2022 included some assumptions about modest and achievable savings required to balance future year's budgets. Since the MTFS was approved it has become clear that there are additional future challenges, including (but not limited to) inflationary pressures, that will need to be addressed. However, the Authority also has opportunities. These include for example, revenue generating initiatives in the Commercial Strategy and potential to realise some significant capital receipts to reduce revenue funding of capital.

### **Significant Matters Reported in the 2021/22 Accounts**

Core NPG for 2021/22 remained at the 2020/21 level of £5,590,000. The Authority set a balanced budget for 2021/22. Other non-grant income, including income from chargeable activities, is an important source of revenue, which the Authority actively seeks to grow.

There was 184% increase in Visitor Services turnover from £3,363k in 2020/21 to £6,201k in 2021/22 which reflects a number of factors. This includes reduced restrictions following the end of the COVID-19 pandemic and restrictions on foreign travel during 2021/22. This strong trading performance allowed the Authority to establish a £500k trading reserve in year, which is set aside to respond to future volatility in Visitor Service trading performance.

In addition there was significant revenue 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 will fund 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 2021/22, there was £673k of FiPL grant recognised.

In addition to core revenue spending, the Authority also engaged in a number of projects throughout the National Park, working with many of its partners. Where external funding relating to revenue projects was accounted for in 2021/22 but not spent, this income was appropriated to reserves as required by International Financial Reporting Standards. Previously received funding was also drawn down from reserves to fund work in 2021/22. The net impact was an increase in the external grants reserve balance and a final balance of £493,000. Further capital grant income was also received and applied to finance capital spending, with the unspent element being moved to Capital Grants and Contributions Unapplied, taking this reserve's balance to £283,000.

Overall Net Assets held by the Authority increased by £10,552,000 from £10,779,000 in 2020/21 to £21,331,000 in 2021/22. This was largely a reflection of a significant increase in asset values and a significant reduction to the net defined benefit pension liability. A prior period adjustment was made to the 2020/21 pension figures relating to a backdated adjustment on the net defined pension liability. The details of this are in note 31. The issue was limited to the year-end figure previously disclosed for 2020/21. This did not include the impact of some pension payments which had been agreed but not physically paid at 31 March 2021. A third balance sheet has not been prepared as the opening figures as at 1 April 2020 were not impacted.

Total capital expenditure for 2021/22 was relatively low compared to the prior year at £1.1m (£5.09m for 2020/21). The spend in year in was spread across a range of projects (see capital investment section below and note 20) with only modest further expenditure on the Keswick to Threlkeld multi user trail. This scheme was materially completed during 2020/21 and accounted for the majority of the capital expenditure in the previous year.

After financing its capital spend, the Authority had applied all its capital receipts. There is potential for significant receipts during 2022/23 to help fund the programme and potentially reduce some pressures on the revenue finding of capital. The Authority currently remains debt free but may decide to undertake prudential borrowing to finance capital expenditure in future.

Revaluations of the Authority's Investment Properties has resulted in the balance sheet carrying value increasing from £6,198,000 in 2020/21 to £7,015,000 in 2021/22. Two property disposals took place in 2021/22. The capital receipts obtained from asset sales completed in 2021/22 have been used, after costs, to part fund the capital programme.

In accordance with proper accounting practice, the Authority must show the present surplus or deficit position on its share of the pension fund. For this Authority, the net position as at 31 March 2022 showed a net liability of £17.4m compared to a net liability of £22.3m the previous financial year. This represents a decrease in net liability of £4.9m. In 2020/21 the Authority made a three year up-front deficit reduction contributions payment of £167,400. The action of paying our deficit recovery payments and our employers contributions in advance over three years has resulted in a net saving to the Authority of £54,000.

The overall liability has been assessed on an actuarial basis using an estimate of the pensions that will be payable in future years, taking account of assumptions about mortality rates, salary levels and changes to the value of the fund's investments; clearly these may vary. It is emphasised that such estimated liabilities will not become due immediately or all

at once, as they relate to estimated pensions payable to current scheme members on their normal retirement dates. The stated position represents only a snapshot as at the end of the financial year, based on prevailing market and other economic conditions and assumptions. As such, it may fluctuate markedly from one year to the next.

The fund is revalued every three years and was last valued at 31/3/19, when its funding level reached 99%, a significant improvement on the previous triennial valuation. The current volatility in the macro economic environment creates an additional level of uncertainty around the results of the next valuation which are due before the budget setting for 2023/24. This will be monitored closely and the results will be fed into the budgets and MTFs when available.

## Governance Arrangements

There were no significant changes to the underlying governance arrangements in year although significant work was performed to bring the Authority Handbook up to date. There has also been work with DEFRA in relation to Landscapes Review recommendations and to plan for the impact of Cumbria Local Government Re-organisation on the Membership. Full details of the Authority's governance arrangements can be found in the Annual Governance Statement later in this document.

In addition work has commenced to address the 2020/21 audit findings report recommendation around the Authority's finance system. The upgrade of the Authority's SUN finance system has been commissioned with the supplier and is due to be fully implemented during 2022/23.

## Application of Funds

The Authority translates the total resources available into an annual budget, managed by service areas, across which 194 FTE staff are employed. The following table shows how these resources were spent during 2021/22 compared to their respective budgets. The actual spending in the table below summarises all revenue income and expenditure.

	Annual Budget	Net Spending	Variance
	£000	£000	£000
Executive, Legal & PA	789	690	(99)
Programmes & Resources	2,099	2,051	(48)
Visitor Services	263	208	(55)
People & Organisational Developme	559	506	(53)
Communications & Customer Engag	435	488	53
Development Management	574	547	(27)
Strategy & Rangers	2,379	2,452	73
Non distributed costs	0	71	71
<b>Net Cost of Services</b>	<b>7,096</b>	<b>7,013</b>	<b>(83)</b>
(Gain) / Loss on Disposal of Fixed A:	(35)	20	55
Investment Interest	(4)	(4)	(0)
Investment Properties	(49)	(932)	(883)
Pension Interest & Return on Assets	457	457	(0)
<b>Net operating Expenditure</b>	<b>7,465</b>	<b>6,553</b>	<b>(912)</b>
Non-specific grant income	(5,590)	(5,789)	(199)
<b>Total Income &amp; Expenditure</b>	<b>1,875</b>	<b>764</b>	<b>(1,111)</b>
Asset Related Reversals	(1,707)	(870)	837
Other Accounting Reversals	(2,481)	(2,210)	271
Employer Pension Costs	962	916	(46)
Revenue Financing of Capital Spenc	485	458	(28)
<b>Pre Appropriations Outturn</b>	<b>(866)</b>	<b>(942)</b>	<b>(76)</b>
Movement on Other Earmarked Res	741	756	15
Movement on General Reserves	125	187	61
<b>Balanced Revenue Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

This information was reviewed by the Executive Board on a monthly basis. The variances reported above are modest in relation to the overall Authority revenues with the exception of an unbudgeted increase in the value of investment properties. This has no impact on useable reserves.

Full detail of the out-turn position and variances will be reported to full Authority in due course. The Authority ended 2021/22 with a Trading reserve at £0.5m and a General Reserve at £1.26m which is in line with the Medium Term Financial Strategy.

### Sources of Revenue Funds

In addition to core Defra National Park Grant, the Authority received other grants and contributions as follows:

Our most significant grant receipts were.

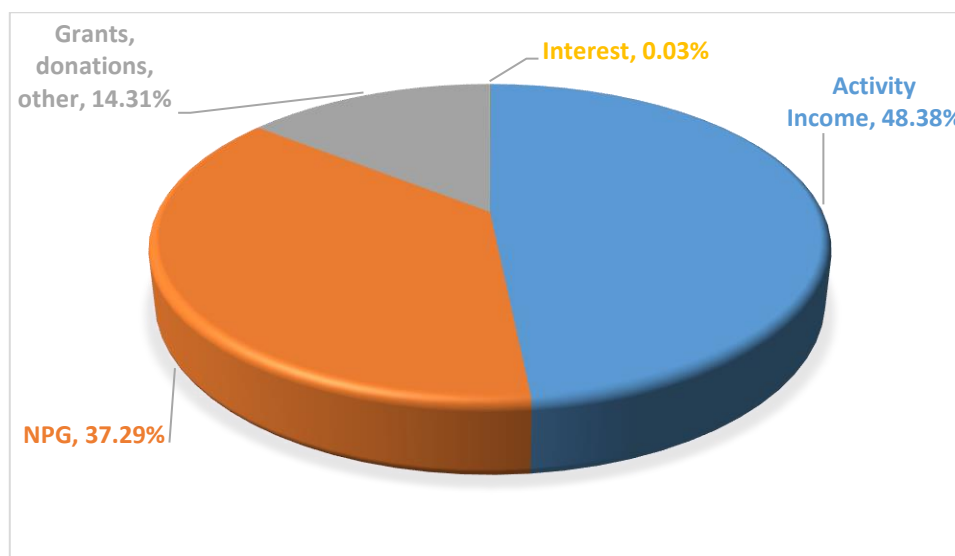
- Farming in Protected Landscapes grant of £673,000
- Safer Lakes grant of £210,000
- Tactical Visitor Management Group grant of £192,000
- National Trust for Fix the Fells £83,000

Other significant grant receipts were

- Lake District Foundation of £60,000 for Fix the Fells, other projects including Looking After the Lake District
- Heritage Lottery of £49,000 for the Kitchen Garden Education and Green Recovery Challenge Fund
- Cumbria County Council of £46,000 for Rights of Way
- South Lakes District Council of £45,000 for Covid related small business grant

The other significant element of income comes from Visitor Services turnover of £6,201k. These funds formed the basis for the Authority's revenue budget setting. As noted above, there were no significant variances from budgets.

### Sources of Revenue Funds 2021/22



## Capital Investment in 2021/22

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

Capital Project name	Capital Budget	Actual Outturn	Variance
	£000	£000	£000
IT Rolling Replacement Programme	57	16	(41)
Website	20	8	(12)
Car Park Re-surfacing	10	8	(2)
CBC New Boats	20	11	(9)
PM Plant & machinery	49	9	(40)
Brockhole Condition Survey Work	0	0	0
Brockhole equipment (onging)	20	5	(15)
Brockhole Sewerage System	6	6	0
Lakeshore New Boats	30	18	(12)
Brockhole Chip Van	41	41	0
Brockhole Power Upgrade	150	148	(2)
LCL - Brockhole Boiler	30	29	(1)
LCL - Brockhole Solar Array	8	0	(8)
LCL - K2T Multi-user route	118	123	5
LCL - Project Management	6	5	(1)
LCLD2 - EV Chargers	0	8	8
LCLD2 - Project Management	29	59	30
Condition Survey Work	38	26	(12)
Vehicle Fleet Replacements	0	13	13
Haverthwaite Heights	0	9	9
Stanley Ghyll Enhancements	293	316	23
Southern Windermere trail	40	97	57
Murley Moss Improvements	120	121	1
<b>Total Capital Programme</b>	<b>1,085</b>	<b>1,076</b>	<b>(9)</b>

The original capital budget was set at £635k by Authority in March 2021. This was amended during the year to reflect any carry forwards from 2020/21, any other re-profiling between years of existing schemes plus any additional schemes. The single largest change was the inclusion of the grant funded for Stanley Ghyll enhancements.

The Authority used the following capital resources to finance its 2021/22 capital spending.

Source of Funding	£000
Useable Capital Receipts	298
Capital Grants & Contributions	323
Direct Revenue Financing	455
<b>Total Capital Financing</b>	<b>1,076</b>

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 2021/22 the Authority received £198k of capital grants to support the capital programme. In addition, the Authority received a gross £92,000 from the sale of assets which, along with grants and direct revenue funding, were used to finance the 2021/22 capital programme.

The balance of capital resources remaining will be used to fund the Authority's capital programme in 2022/23. Further receipts will be required in order to fund capital spend in future years unless alternative methods of funding, such as borrowing or grant financing are used. The position as regards capital resources held at 31/3/22 is shown below.

	Opening Balance £000	2021/22 £000	Closing Balance £000
Capital Receipts	204	(204)	0
Usable Capital Grants & Contributions	406	(123)	283
<b>Total Capital Resources</b>	<b>610</b>	<b>(327)</b>	<b>283</b>

Rather than setting firm budgets for capital income, the Authority managed its capital spending in accordance with the availability of capital receipts and there are therefore no variances to report as regards capital income. There is potential for some significant capital receipts during 2022/23, for example Woodend Farm has been approved for disposal and is expected to realise a capital receipt well in excess of £1m.

## Investment Plans

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

The Authority is currently debt-free but acknowledges that fact 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 Authority also has an approved Corporate Strategy. This has identified a pipeline of potential investments and prioritised these for development of detailed business cases. 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.

## Cash flows and Other Issues

The Authority held only non-material provisions at 31 March 2022. During 2021/22 there were no 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. Combining these with projections of the application of funds allowed a cash flow forecast to be prepared, assisting with day-to-day management of cash resources. Cash flows were well managed during 2021/22 and there were no significant issues to report. No cash flow difficulties are forecast within our existing planning horizons.

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.

## **Performance and Risk Management**

During 2021/22, progress with delivering our three year Business Plan for 2021-2024 was monitored on a monthly basis by the Strategic Leadership Team and formally reported at the end of each quarter to Executive Board and Resources Committee.

Performance reports included updates on:

- delivery of Business Plan key actions
- management of key corporate risks
- management of key risks to delivering the Business Plan
- overall service performance

More detailed analysis was provided for any elements which were not on track. The quarterly Finance, Performance and Risk Monitoring reports for Resources Committee are available to view on our website.

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, and which help inform our assessment of overall service performance.

In 2021/22, reporting on service performance was enhanced, with Heads of Service basing their assessment of performance on:

- progress with delivering their Service Plan
- performance against targets for their set of key performance indicators
- management of service level risks
- budgetary position

Key points at the end of 2021/22:

### **Business Plan actions**

- The 2021-2024 Business Plan set out 19 key actions to deliver our priorities for the Lake District; these priorities were detailed in our Organisational Strategy. Fifteen of these key actions (79 per cent) were reported to have a complete / green status as the planned work for 2021/22 had been substantially delivered. The other four actions were reported as not complete / red; the elements of work which were not completed were rolled forward into 2022/23.
- The Business Plan contained a further 26 key actions which were being taken by services to achieve their service objectives. Of these, 23 (88 per cent) were reported as complete / green as they had been delivered as planned; and the other three actions were reported as not complete / red.

### **Business Plan and Corporate Risks**

- There were eight corporate risks and seven risks to delivering the Business Plan which were being monitored in the corporate Risk Register at the year-end.
- Two of the risks had a risk score above 10, with one at a critical level and one medium. The critical risk - relating to Development Management - was assessed as having a red status and two lower scoring risks were assessed as amber.



### **Service Performance**












- A narrative update on overall service performance at the end of 2021/22 was reported to Resources Committee in May 2022 by each Head of Service.
- Three service areas reported a green status, one reported amber and one red.
- The table below shows the status reported by each service area in March 2022, as well as that reported at the end of the previous year.
- Development Management reported a red status for most of 2021/22, as the service remained under pressure. Demand for their services was largely undiminished during the pandemic, however the service experienced significant staff shortages, both Covid and non-Covid related, which meant that full service delivery could not be achieved. There is a resulting backlog of planning applications and compliance investigations. A medium term resource plan was agreed by Resources Committee in November 2021; however, recruitment of staff has proved challenging, delaying progress to recovery.



March 2021 Overall Service Performance		March 2022 Overall Service Performance	
Service	Status	Service	Status
Commercial Services and Communications	Green	Communications and Visitor Services (new name)	Green
People and Organisational Development	Green	People and Organisational Development	Green
Strategy and Partnerships	Green	Strategy and Ranger service (new combined service)	Green
Park Management	Amber		
Programmes and Resources	Amber	Programmes and Resources	Amber
Development Management	Red	Development Management	Red

### Performance Indicators

- Although our Business Plan no longer contains performance indicators, for consistency in our Statement of Accounts, in the table below we have included comparable performance indicators to those we have reported in previous years (where we still monitor them).
- Monitoring performance against performance indicator targets was largely put on hold during 2020/21 due to the pandemic impacting on the work of the Authority; however, we have shown the 2020/21 data where it is available.

Performance Indicator	2020/21	2021/22		
	Actual	Target	Actual	Target met?
<b>Outcome: Contributing to a Prosperous Economy</b>				
Major planning applications determined within 13 weeks	<b>86%</b> (12 / 14)	> 60%	<b>91%</b> (10 / 11)	 Yes
Minor planning applications determined within eight weeks	<b>83%</b> (314 / 380)	> 70%	<b>54%</b> (181 / 336)	 No

Performance Indicator	2020/21	2021/22		
	Actual	Target	Actual	Target met?
Other planning applications determined within eight weeks	<b>92%</b> (419 / 456)	> 80%	<b>69%</b> (329 / 480)	 No
Potential FTE (full time equivalent) jobs enabled through planning permissions granted	<b>168.5</b>	> 188	<b>117.5</b>	 No
<b>Outcome: Contributing to World Class Visitor Experiences</b>				
Footpaths and other rights of way which are easy to use, even though they may not follow the definitive line	No surveys due to Covid	> 70%	<b>62%</b> (May: 71% Nov: 53%)	 No
Miles without Stiles routes which meet their designation category of 'For All', 'For Many' or 'For Some'	Surveys delayed due to Covid	> 83%	<b>86%</b> (43 / 50)	 Yes
<b>Outcome: Contributing to Vibrant Communities</b>				
Local needs homes granted planning permission (units)	<b>79</b>	> 40	<b>43</b>	 Yes
Affordable homes granted planning permission (units)	<b>34</b>	> 40	<b>1</b>	 No
<b>Outcome: Contributing to a Spectacular Landscape, Wildlife and Cultural Heritage</b>				
Conservation areas with valid management plans and character appraisals	<b>96%</b> (22 / 23)	100% (23 / 23)	<b>96%</b> (22 / 23)	 No
Number of scheduled monuments at risk	<b>22</b>	< 25	<b>20</b>	 Yes
Percentage of listed buildings at risk	<b>4.5%</b> (80 / 1,793)	< 5.0%	<b>4.5%</b> (80 / 1,796)	 Yes
<b>Outcome: Demonstrating a High Performance Culture</b>				
Staff sickness absence – average working days lost per FTE staff	Not monitored due to Covid	No target set	<b>5.1 days</b>	n/a
Staff who are satisfied working for the LDNPA	No staff surveys due to Covid	> 75%	<b>81%</b> (82 / 101)	 Yes
Staff likely to recommend the LDNPA as a place to work	No staff surveys due to Covid	> 75%	<b>82%</b> (83 / 101)	 Yes

Performance Indicator	2020/21	2021/22		
	Actual	Target	Actual	Target met?
Number of reported accidents to staff, volunteers and members per 100,000 working hours (12 month rolling average)	2.5	< 3.5	4.7	 No
Annual greenhouse gas emissions from National Park Authority operations (tonnes)	268.14 t	< 334.28 t	329.23 t	 Yes

## Changes to Accounting Policies

The 2021/22 Code did not introduce any significant changes, which require a change to our accounting policies

## The Accounting Statements

The accounting statements for the Authority for the period 1 April 2021 to 31 March 2022, set out in the Statement of Accounts, include:

- Comprehensive Income and Expenditure Statement

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

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 Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category shows 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

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.

- Statement of Significant Accounting Policies

This section sets out the accounting policies and principles used in producing the accounts. Unless otherwise stated these are consistent with the guidance notes issued by CIPFA. Changes to accounting policies and principles arising from the Code of Practice on Local Authority Accounting 2021/22 are reflected in the Statement of Accounts. The policies were approved by Members of the Governance Committee on 20 April 2022.

- Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to tax and rent payers how the funding available to this Authority (i.e. government grants, rents, etc.) 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.

## **Materiality and Roundings**

The financial statements are prepared and presented based on material grounds taking into account a materiality threshold of £311k.

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.

***Peter Notley***

Peter Notley  
Financial Services Manager (deputy S151)  
25 November 2022

## 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 Director of Communications and Resources.
- 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 2021 to 31 March 2022.



.....  
Chairman of the Governance Committee

25 November 2022

## The S151 Officer's Responsibilities

The 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 2021/22 (the Code). In preparing this Statement of Accounts, the 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 25 November 2022 which is 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 2022 and its income and expenditure for the year then ended.

Name.....Peter Notley.....

Signature... *Peter Notley*

Position.....Financial Services Manager (deputy S151 officer).

25 November 2022

## 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 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 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 2021/22; 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 Financial Services Manager, acting S151 Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Financial Services Manager, acting S151 Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

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

In auditing the financial statements, we have concluded that the Financial Services Manager, acting S151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Financial Services Manager, acting S151 Officer with respect to going concern are described in the 'Responsibilities of the Authority, the Financial Services Manager, acting S151 Officer and Those Charged with Governance for the financial statements' section of this report.

### **Other information**

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

### **Responsibilities of the Authority, the Financial Services Manager, acting S151 Officer and Those Charged with Governance for the financial statements**

As explained in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Financial Services Manager, acting S151 Officer. The Financial Services Manager,

acting S151 Officer's 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 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Financial Services Manager, acting 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 Financial Services Manager, acting 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 there is an intention by government that the services provided by the Authority will no longer be provided.

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

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

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003.
- We enquired of senior officers 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 senior officers, 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 officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of the risk of management override of controls and any other fraud risks identified for the audit. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journals, management estimates and transactions outside the course of business.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Financial Services Manager, acting S151 Officer has in place to prevent and detect fraud;
  - journal entry testing, with a focus on material year end transactions and those posted by manual users;

- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property, defined benefit pensions liability valuations, depreciation and year-end accruals; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- 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.

**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 2022.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

**Responsibilities of the Authority**

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

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of

'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

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

We cannot formally conclude the audit and issue an audit certificate for Lake District National Park Authority for the year ended 31 March 2022 in accordance with the

requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report; and
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2022.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

#### **Use of our report**

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

Signature: **Gareth Kelly**

**Gareth Kelly, Key Audit Partner**

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

**Glasgow**

**Date: 29 November 2022**

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

In our auditor's report issued on 29 November 2022, we explained that we could not formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2022, in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- Completed our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.
- Completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the year ended 31 March 2022. We have now completed this work.

### Opinion on the financial statements

In our auditor's report for the year ended 31 March 2022 issued on 29 November 2022 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 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 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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

#### Responsibilities of the Authority

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

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

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

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

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

We documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In

undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

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

We certify that we have completed the audit of Lake District National Park Authority for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### **Use of our report**

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

## **Gareth Kelly**

Gareth Kelly, Key Audit Partner

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

Glasgow

3 March 2023

# STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

## Introduction and General Principles

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22 and the Service Reporting Code of Practice 2021/22, 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:

<b>Income or Expense</b>	<b>Basis of Statutory Charge to General Fund</b>	<b>Basis of Accounting Charge or Credit</b>	<b>Other Funds utilised to represent enhancement from Statutory Outturn to Accounting Outturn</b>
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' (financial support from the Authority 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:

- (i) 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.
- (ii) 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.

## **ACCOUNTING POLICIES RELATING TO ASSETS AND LIABILITIES**

### **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.

##### **(i) 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.

##### **(ii) 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.

### **(iii) 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.

## **LONG TERM ASSET POLICIES**

### **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.

### **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.

### **(i) 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.

### **(ii) 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

### **(i) 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 £5,000.

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 Note 19.

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.

## **(ii) 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.

## **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.

## **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 at Note 19.

## **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 than 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

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Restated 2020/21			Note	2021/22		
Gross Exp	Gross Income	Net Exp		Gross Exp	Gross Income	Net Exp
£000	£000	£000		£000	£000	£000
725	(31)	694	Executive Board & Legal	921	(231)	690
			<i>Communications and Resources Directorate</i>			
2,418	(453)	1,965	Programmes & Resources	2,556	(505)	2,051
3,792	(3,363)	429	Visitor Services	6,409	(6,201)	208
508	(43)	465	People & Organisational Development	514	(8)	506
626	(124)	502	Communications & Customer Engagement	783	(295)	488
			<i>Sustainable Development Directorate</i>			
1,087	(613)	474	Development Management	1,143	(596)	547
3,069	(889)	2,180	Strategy & Rangers	3,949	(1,497)	2,452
1,109	0	1,109	Non Distributed Costs	71	0	71
<b>13,334</b>	<b>(5,516)</b>	<b>7,818</b>	<b>Cost of Services</b>	<b>16,346</b>	<b>(9,333)</b>	<b>7,013</b>
5	35	40	Other Operating Expenditure	11	0	11
1,641	(1,261)	380	Financing & Investment Income & Exp	827	(1,298)	(471)
0	(9,719)	(9,719)	Non-specific grant income	0	(5,789)	(5,789)
<b>14,980</b>	<b>(16,461)</b>	<b>(1,481)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>17,184</b>	<b>(16,420)</b>	<b>764</b>
		65	(Surplus) or deficit on revaluation of non-current assets			(4,926)
		2,463	Remeasurements of the defined benefit liability			(6,390)
		<b>2,528</b>	<b>Other Comprehensive (Income) &amp; Expenditure</b>			<b>(11,316)</b>
		<b>1,047</b>	<b>Total Comprehensive (Income) &amp; Expenditure</b>			<b>(10,552)</b>

## MOVEMENT IN RESERVES STATEMENT

	Note	General Reserve Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2021</b>		2,592	204	406	3,202	7,577	10,779
<b>Movement in reserves during 2021/22</b>							
Total Comprehensive Income & Expenditure		(764)	0	0	(764)	11,316	10,552
Adjustments between accounting basis & funding basis under regulations	9	1,707	(204)	(123)	1,380	(1,380)	0
					0		0
<b>Increase / (Decrease) in 2021/22</b>		<b>943</b>	<b>(204)</b>	<b>(123)</b>	<b>616</b>	<b>9,936</b>	<b>10,552</b>
<b>Balance at 31 March 2022 carried forward</b>		<b>3,535</b>	<b>0</b>	<b>283</b>	<b>3,818</b>	<b>17,513</b>	<b>21,331</b>

Restated comparative data for 2020/21 is shown below

	Note	General Reserve Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2020</b>		2,266	43	2,217	4,526	7,300	11,826
<b>Movement in reserves during 2020/21</b>							
Total Comprehensive Income & Expenditure		1,481	0	0	1,481	(2,528)	(1,047)
Adjustments between accounting basis & funding basis under regulations	9	(1,155)	161	(1,811)	(2,805)	2,805	0
<b>Increase / (Decrease) in 2020/21</b>		<b>326</b>	<b>161</b>	<b>(1,811)</b>	<b>(1,324)</b>	<b>277</b>	<b>(1,047)</b>
<b>Balance at 31 March 2021 carried forward</b>		<b>2,592</b>	<b>204</b>	<b>406</b>	<b>3,202</b>	<b>7,577</b>	<b>10,779</b>

## BALANCE SHEET AS AT 31 MARCH 2022

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 2022 and its income and expenditure for the year then ended. The unaudited accounts were issued on the 29<sup>th</sup> July 2022 and the audited accounts were authorised for issue on the 25<sup>th</sup> November 2022.

Restated 31 March 2021 £000		Note	31 March 2022	
			£000	£000
23,746	Property, Plant & Equipment	18	27,976	
8	Heritage Assets		8	
6,198	Investment Property	21	7,015	
17	Intangible Assets		15	
<b>29,969</b>	<b>Long Term Assets</b>			<b>35,014</b>
3,171	Cash & cash equivalents	26	4,512	
188	Inventories & Work in Progress		225	
1,535	Short Term Debtors	27	1,119	
93	Short Term Investments		93	
14	Assets Held for Sale		0	
<b>5,001</b>	<b>Current Assets</b>			<b>5,949</b>
(1,913)	Short Term Creditors	28	(2,178)	
(20)	Provisions		(20)	
<b>(1,933)</b>	<b>Current Liabilities</b>			<b>(2,198)</b>
(22,258)	Liability related to defined benefit pension scheme	15	(17,433)	
<b>(22,258)</b>	<b>Long Term Liabilities</b>			<b>(17,433)</b>
<b>10,779</b>	<b>Net Assets</b>			<b>21,331</b>
	<b>Usable Reserves</b>			
204	Capital Receipts Reserve	9		0
406	Capital Grants Unapplied Reserve	9		283
1,519	Earmarked Reserves	30		2,276
1,073	General Reserve	9		1,259
	<b>Unusable Reserves</b>			
4,213	Revaluation Reserve	9		9,047
25,803	Capital Adjustment Account	9		26,000
(181)	Accumulated Absences Account			(101)
(22,258)	Pension Reserve	15		(17,433)
<b>10,779</b>	<b>Total Reserves</b>			<b>21,331</b>

## CASH FLOW STATEMENT

2020/21 Restated		2021/22	
£'000	£'000	£'000	£'000
	1,481	<b>Net surplus/(deficit) on provision of services</b>	(764)
702		Depreciation, amortisation & impairment	1,742
29		Movement in Market Value Investment Properties	(884)
401		Increase/(decrease) in creditors, Debtors, inventories & Provisions	485
1,385		Movement on pension liability- Increase/(decrease)	1,565
	<b>2,517</b>	<b>Adjustment to net surplus/deficit on provision of services for non-cash movements</b>	<b>2,909</b>
35		Loss from the sale of PPE, Investment Property and Intangibles	20
(2,765)		Capital Grant Income - Accrual	(199)
(4)		Interest Receivable	(4)
	<b>(2,734)</b>	<b>Adjustment for items included in the net surplus/deficit on provision of services that are investing and financing activities</b>	<b>(183)</b>
	<b>(217)</b>	<b>Total Adjustments</b>	<b>2,725</b>
	<b>1,264</b>	<b>Net cash flows from Operating Activities</b>	<b>1,961</b>
(4,972)		(Purchase) of property, plant & equipment & investment properties	(1,136)
(93)		Net (Purchase)/Sale of short and long term investments	0
161		Proceeds from the sale of property, plant & equipment	92
3,408		Receipt of Capital Grants - Cash	359
4		Interest Received	4
	<b>(1,492)</b>	<b>Investing Activities</b>	<b>(680)</b>
(119)		Creditors relating to purchase of Property Plant and Equipment	60
	<b>(119)</b>	<b>Financing Activities</b>	<b>60</b>
	<b>(347)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,341</b>
	<b>3,518</b>	<b>Cash and Cash equivalents at the beginning of the reporting period</b>	<b>3,171</b>
	<b>3,171</b>	<b>Cash and Cash equivalents at the end of the reporting period</b>	<b>4,512</b>

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 1. 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.

2021/22						
	As Reported for Resource Management	Adjustment to arrive at the net amount charged to the General Fund	Net Expenditure Chargeable to the General Fund	Adjustments between Funding & Accounting basis Capital	Adjustments between Funding & Accounting basis Other	Net Exp in the Comprehensive Income & Expenditure Statement
	£000s	£000s	£000s	£000s	£000s	£000s
Executive Board & Legal	690	(120)	570	0	120	690
Programmes & Resources	2,062	(480)	1,583	176	292	2,051
Visitor Services	(1,070)	(516)	(1,585)	1,335	458	208
People & Organisation Development	506	(76)	430	0	76	506
Communications & Customer Engagement	488	(114)	374	0	114	488
Development Management	547	(256)	291	0	256	547
Strategy & Rangers	2,452	(822)	1,630	231	591	2,452
Non distributed costs	71	0	71	0	0	71
<b>Net Cost of Services</b>	<b>5,746</b>	<b>(2,383)</b>	<b>3,364</b>	<b>1,742</b>	<b>1,907</b>	<b>7,013</b>
Other Income & Expenditure	(4,982)	674	(4,308)	(1,519)	(422)	(6,249)
<b>(Surplus)/Deficit on General Fund Balance in Year</b>	<b>764</b>	<b>(1,708)</b>	<b>(944)</b>	<b>223</b>	<b>1,485</b>	<b>764</b>
Opening General Fund Balance			2,592			
Plus Surplus on General Fund Balance in Year			944			
<b>Closing General Fund Balance</b>			<b>3,536</b>			

2020/21 Restated						
	As Reported for Resource Management	Adjustment to arrive at the net amount charged to the General Fund	Net Expenditure Chargeable to the General Fund	Adjustments between Funding & Accounting basis Capital	Adjustments between Funding & Accounting basis Other	Net Exp in the Comprehensive Income & Expenditure Statement
	£000s	£000s	£000s	£000s	£000s	£000s
Executive Board & Legal	694	(101)	593	0	101	694
Programmes & Resources	1,976	(446)	1,530	176	258	1,965
Visitor Services	42	(408)	(366)	444	351	429
People & Organisation Development	465	(101)	364	0	101	465
Communications & Customer Engagement	502	(75)	427	0	75	502
Development Management	474	(206)	268	0	206	474
Strategy & Rangers	2,180	(559)	1,621	81	478	2,180
Non distributed costs	1,109	(408)	701	0	408	1,109
<b>Net Cost of Services</b>	<b>7,442</b>	<b>(2,303)</b>	<b>5,139</b>	<b>702</b>	<b>1,978</b>	<b>7,818</b>
Other Income & Expenditure	(8,923)	3,460	(5,463)	(3,217)	(619)	(9,299)
<b>(Surplus)/Deficit on General Fund Balance in Year</b>	<b>(1,481)</b>	<b>1,156</b>	<b>(325)</b>	<b>(2,515)</b>	<b>1,359</b>	<b>(1,481)</b>
Opening General Fund Balance			2,266			
Plus Surplus on General Fund Balance in Year			325			
<b>Closing General Fund Balance</b>			<b>2,591</b>			

## 2. 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 elected members and management for the resources entrusted to them.

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

The 2022/23 edition of the Code includes the following relevant changes due to accounting standards and interpretations, which have been issued but not yet adopted:

- The annual IFRS improvement programme notes 4 changed standards:
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) – clarifies the intention of the standard
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
  - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements and it is not anticipated that they will have a significant impact on the LDNPA accounts.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) prohibits netting off income generated during creation of capital assets; this is not expected to have any material impact on the LDNPA accounts.

Previous changes include

- IFRS 16 – Leases
  - This was issued in January 2016 and was due to become effective from 1 April 2020, however the implementation date was deferred to 1 April 2021 and has subsequently been further deferred to 1 April 2024.
  - The changes introduced by the standard require all leases with a term of more than 12 months to be recognised as a right to use asset on the balance sheet. This will lead to a substantial change in accounting practice for leases that currently have material operating leases as they will now have to recognise a right to use asset representing its right to use the underlying leased property, and a lease liability representing its obligation to make lease payments.

The financial impact of these changes is not reasonably estimable as lease arrangements and amounts could change significantly to the point of implementation. The authority does use lease arrangements, details of which can be found in note 22.

### 4. 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:

- Government funding – there are still uncertainties around the medium-term impact of the UK's departure from the European Union on the economy. However, following the completion of the organisational restructure, the Authority has determined that there is unlikely to be a need to reduce service levels in the near future.

- 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.

## 5. 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, current trends 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. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1,476,000.
- 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.
- The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted many aspects of daily life and the global economy. Material restrictions on day to day activity had essentially stopped as at the balance sheet date and the Authority experienced a strong level of demand for visitor serviced during 2021/22 and was able to establish a £500k trading reserve in year to mitigate future risks around trading volatility. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards, except as identified below.

Since the balance sheet date there has been significant volatility in global financial markets. 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 there may be significant fluctuation 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.

## 6. Impact of Changes to the Code of Practice

There are no changes to the 2021/22 Code that have a material impact on the information reported in these financial statements.

## 7. Material Items of Income and Expense

Overall Net Assets held by the Authority increased from £10,779,000 in 2020/21 to £21,330,000 in 2021/22. This has mainly been due to revaluations up on non-current assets of £4.9m, plus an improvement on the defined benefit pension scheme net liability of £6.4m.

Total capital expenditure for 2021/22 was £1.08m (£5.09m in 2020/21). This is significantly less than in the prior year mainly due to practical completion of the Keswick to Threlkeld multi user trail during 2020/21 (£4.14m of spend in 2020/21). This project has attracted external European Structural Investment funds and is an important contributor to the Low Carbon Lake District programme.

The core grant settlement from Defra was £5,589,927

## 8. Expenditure and Income Analysed by Nature

Restated						
2020/21 General Fund	2020/21 Other Reserves	2020/21 Total		2021/22 General Fund	2021/22 Other Reserves	2021/22 Total
£000s	£000s	£000s		£000s	£000s	£000s
<b>Expenditure</b>						
8,250	962	9,212	Employee benefits expenses *	7,431	1,049	8,480
3,937	(516)	3,421	Other service expenses *	6,578	(455)	6,123
0	702	702	Depreciation, amortisation and revaluati	1	1,742	1,742
5	35	40	Loss on disposal of non current assets	1	19	20
0	418	418	Interest payments	0	457	457
12,192	1,601	13,793		14,011	2,811	16,822
<b>Income</b>						
(5,517)	0	(5,517)	Fees, charges and other service income	(9,333)	0	(9,333)
(6,955)	(2,765)	(9,720)	Government grants and contributions	(5,590)	(199)	(5,789)
1	0	1	Gain on disposal of investment propertie	0	0	
(64)	29	(35)	Investment Property Income	(48)	(884)	(932)
(4)	0	(4)	Interest & investment income	(4)	0	(4)
(12,539)	(2,736)	(15,275)		(14,976)	(1,083)	(16,058)
(347)	(1,135)	(1,482)	(Surplus) / Deficit on Provision of Services	(964)	1,729	764
6,670	1,148	7,818	Cost of services *	4,677	2,336	7,013

## 9. 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 out 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 2022 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:

2021/22	Capital Receipts	Capital Grants	Capital Adjustment	Revaluation	Deferred Capital	Capital Outturn
Movements in the year	Reserve	Unapplied Reserve	Account	Reserve	Receipts Reserve	For the Year
	£000	£000	£000	£000	£000	£000
Transfers between Reserves	298		(298)	0		0
Capital Grant Receipts		124	(323)			(199)
Capital expenditure charged against the General Fund			(455)			(455)
Profit or Loss on Asset Sale	(92)		111		0	19
Depreciation & Amortisation			803	91		895
Impairment			847			847
Market Value - Investment Properties			(884)			(884)
<b>Total Capital Adjustment between Accounting and Funding base</b>	206	124	(199)	91	0	223
Other C&I - Revaluation				(4,926)		(4,926)
<b>Total reserves movement - Capital</b>	206	124	(199)	(4,835)	0	(4,704)

2020/21	Capital Receipts	Capital Grants	Capital Adjustment	Revaluation	Deferred Capital	CAPITAL OUTTURN
Movements in the year	Reserve	Unapplied Reserve	Account	Reserve	Receipts Reserve	FOR THE YEAR
	£000	£000	£000	£000	£000	£000
Capital Grant Receipts		1,811	(4,576)			(2,765)
REFCUS			(516)			(516)
Profit or Loss on Asset Sale	(161)		196		0	35
Depreciation & Amortisation			534	93		627
Impairment			75			75
Market Value - Investment Properties			29			29
<b>Total Capital Adjustment between Accounting and Funding base</b>	(161)	1,811	(4,258)	93	0	(2,515)
Other C&I - Revaluation				65		65
<b>Total reserves movement - Capital</b>	(161)	1,811	(4,258)	158	0	(2,450)

Please refer to the Balance Sheet for opening & closing Balances upon each Reserve.

## 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.

2020/21 Restated		Adjustment between accounting base and funding base	2021/22		
£000	£000		£000	£000	£000
	<b>(2,515)</b>	<b>Total capital adjustments between accounting base and funding base</b>			<b>223</b>
		Pension Reserve items:			
1,597		Current Service Cost	1,970		
1,222		Curtailement Cost	15		
41		Administrative Expenses	39		
(113)		Advance payments			
<u>(1,759)</u>		Reversal of Employers Contributions	<u>(916)</u>		
988		Total items to net cost of services		1,108	
418		Interest cost minus return on plan assets to financing income & expenditure		457	
	<b>1,406</b>	<b>Total pension reserve items</b>			<b>1,565</b>
	(47)	Other items			(80)
	<b>(1,156)</b>	<b>Total adjustments between accounting base and funding base</b>			<b>1,708</b>
	1,481	Surplus upon provision of services			(764)
	<b>325</b>	<b>General fund outturn under statute (including Earmarked Items)</b>			<b>(944)</b>

## 10. 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	Total Compensation for Loss of Office	Employers Pension Contributions	Total Remuneration Including Pensions Contributions
	£	£	£	£	£
<b>2021/22</b>					
Chief Executive	102,087	0	0	17,763	119,850
Director of Sustainable Development	74,945	642	0	13,040	88,628
Director of Communications & Resources	74,445	0	0	12,953	87,398
	<b>251,477</b>	<b>642</b>	<b>0</b>	<b>43,757</b>	<b>295,876</b>
<b>2020/21</b>					
Chief Executive	100,578	0	0	17,501	118,079
Director of Sustainable Development	71,867	0	0	12,505	84,372
Director of Communications & Resources	71,867	0	0	12,505	84,372
	<b>244,312</b>	<b>0</b>	<b>0</b>	<b>42,511</b>	<b>286,823</b>

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.

<b>No of Employees</b>	<b>Remuneration Band</b>	<b>No of Employees</b>
<b>2020/21</b>		<b>2021/22</b>
<b>4</b>	<b>£50,000 - £54,999</b>	<b>4</b>
<b>1</b>	<b>£55,000 - £59,999</b>	<b>2</b>
<b>2</b>	<b>£60,000 - £64,999</b>	<b>0</b>
<b>1</b>	<b>£65,000 - £69,999</b>	<b>2</b>

There was one voluntary exit package in the year in value range 0-£19,999.

## 11. 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 2021/22 to members and independent persons appointed by the Authority to comply with its obligations under the Localism Act 2011 are as follows:

		Notes	Basic Allowance	Special Responsibility	Travel and Subsistence	Total
			£	£	£	£
<b>Appointed by Cumbria County Council</b>						
Barry	A		3,000	0	291	3,291
Bland	J		3,000	0	825	3,825
Clark	W		2,850			2,850
Hogg	C		150	0	157	307
Lywood	T		3,000	0	94	3,094
Turner	P		3,000	0	954	3,954
<b>Appointed by South Lakeland District Council</b>						
Hughes	V		3,000	0	0	3,000
Wharton	I		3,000	0	416	3,416
<b>Appointed by Allerdale Borough Council</b>						
Cockburn	N		3,000	0	231	3,231
<b>Appointed by Eden District Council</b>						
Derbyshire	J		3,000	0	437	3,437
<b>Appointed by Copeland Borough Council</b>						
Branney	H		3,000	0		3,000
<b>Appointed by the Secretary of State</b>						
Allen	J	(a)	3,000	1,025	0	4,025
Kidd	M		3,000	0	140	3,140
Carter	M		3,000	0		3,000
Davies	G		3,000	0		3,000
Hunt (MBE)	T	(a)	3,000	3,658	245	6,903
Jackson	J		3,000	0		3,000
Jackson	K		2,129	0	172	2,301
McKinley	M	(a)	2,758	5,516	788	9,062
Mosner	S		3,000	0	119	3,119
Sayers	J		1,583	0		1,583
Waterhouse	L		1,425	0	121	1,546
<b>Appointed by the Lake District National Park Authority</b>						
Southorn	A		150	0	39	189
Tweddle	D		150	0	0	150

### Notes:

- (a) A special responsibility allowance is paid to the Chairman and Deputy Chairman of the Authority.

(b) The following Members joined the Authority during the year:  
Will Clark (19/4/21)  
Janet Sayers (21/9/21)

(c) The following Members left the Authority during the year:

Chris Hogg (19/4/21)  
Louise Waterhouse (21/9/21)  
Kevin Jackson (16/12/21) - resigned

Mike McKinley sadly died on the 1<sup>st</sup> March 2022.

Comparative figures for 2020/21 are shown below:

2020/21 £000		2021/22 £000
72	Allowances	69
5	Expenses	5
<b>77</b>		<b>74</b>

## 12. 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 the majority 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 funding is provided by the Department of Environment, Food and Rural Affairs. All grants received during 2021/22 are detailed in note 14 to the Financial Statements.

**Members** – Members of the Authority have direct control over the Authority's financial and operating policies. Members allowances paid in 2021/22 are detailed in note 11 to the Financial Statements. As set out in note 11 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. Mr Lywood sits on the board and chairs the Battersby Hall Charity which leases the Moot Hall to the Authority. Mrs Derbyshire is on the Eden District Council as an Exec role and is occasionally party to decisions which may involve joint funding of projects such as the baseline assessment of Cumbria's carbon footprint.

Related Party	Business Rates £000	Other Payments £000	Income £000	Support Grants £000	Owed To £000	Owed From £000
Allerdale Borough Council	19	1	24	23	0	1
Copeland Borough Council	8	1	2	0	0	-
Cumbria County Council	0	68	59	0	534	18
Eden District Council	30	1	2	0	0	0
South Lakeland District Council	308	55	13	147	1	14
Battersby Hall Charity	0	13	0	0	0	0
Keswick Community Asset Company	0	-	0	0	0	0
<b>Total</b>	<b>365</b>	<b>139</b>	<b>100</b>	<b>170</b>	<b>535</b>	<b>33</b>

Comparative figures for 2020/21 are shown below:

Related Party	Business Rates £000	Other Payments £000	Income £000	Support Grants £000	Owed To £000	Owed From £000
Allerdale Borough Council	17	3	2	21	0	1
Copeland Borough Council	8	1	2	0	0	1
Cumbria County Council	0	18	97	0	445	96
Eden District Council	28	1	0	0	0	0
South Lakeland District Council	290	27	44	102	0	24
Cumbria Amenity Trust Mining H	0	1	0	0	0	0
Battersby Hall Charity	0	13	0	0	0	0
Friends of the Lake District	0	0	4	0	0	0
<b>Total</b>	<b>343</b>	<b>64</b>	<b>149</b>	<b>123</b>	<b>445</b>	<b>122</b>

- Officers** - 31 of the Authority's managers were asked to declare any direct financial relationship with the Authority through outside bodies or companies for the financial year 2021/22. The Authority's Chief Executive Officer is a trustee of the Lake District Foundation. The Director of Communications and Resources is on the board of Cumbria Tourism, Morecambe Bay Partnership Trustee, Cumbria County Council Pensions Board, Discover England Fund Project Working Group. Details of the Authority's transactions with these organisations in 2021/22 are listed in the table below. A small number of other non-material declarations were made by other Officers.

Related Party	Payments £000	Income £000	Payment details include
Lake District Foundation	42		£16k core funding and £26k ESIF staff claims
Discover England (led by Peak District NPA)		77	£60k Fix the Fells and £7k AWR Thirlmere
Cumbria County Council		16	Various small receipts
		59	ROW agreement £46k
		101	Safer Lakes-communications & PROW Maintenance Grants (£55k and £46k respectively)
Cumbria Tourism	71		TVMG Funding 2021 Season & Local Authority partnership contribution (£47k and £10k respectively)
Great Place	5		Subscription
Cumbria Living Heritage	1		Subscription
World Heritage	1		Subscription

Comparative figures for 2020/21 are shown below:

Related Party	Payments £0	Income £0	Payment details include
Lake District Foundation	23	0	£20k core funding and £3k donation transfer £50k K2T grant, £26k Fix the Fells, £28k other grants, £5k rent, £1k IT support
		161	
Cumbria Tourism	28	0	£20k partnership contribution, £4k report, £4k advert/other
Great Place	5	0	Subscription
Cumbria's Living Heritage	1		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 County Council Pension Fund are shown in note 15 to the Financial Statements.

### 13. Financing and Investment Income and Expenditure

2020/21				2021/22		
Gross Exp £000	Gross Income £000	Net Exp £000		Gross Exp £000	Gross Income £000	Net Exp £000
1,598	(1,180)	418	Pension Net Interest Cost	1,686	(1,229)	457
0	(4)	(4)	Interest receivable	0	(4)	(4)
43	(78)	(35)	Income & expenditure on investment properties and changes to their fair value	(859)	(65)	(924)
			Net Profit / Loss upon Sale of Assets			
<b>1,641</b>	<b>(1,262)</b>	<b>379</b>	<b>Total</b>	<b>827</b>	<b>(1,298)</b>	<b>(471)</b>

## 14. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22.

	2020/21 £000	2021/22 £000
<b>Non Specific Grant Income</b>		
National Park Grant	6,955	5,590
Capital Grants & Contributions		
ESIF	2,589	70
Local Enterprise Partnership	45	0
Lake District Foundation	101	0
Rural Payments Agency	29	0
Woodland Trust	0	129
	<b>9,719</b>	<b>5,789</b>

	2020/21 £000	2021/22 £000
<b>Specific Grant Income</b>		
DEFRA	0	673
Cumbria County Council Total	88	457
National Trust	0	131
Lake District Foundation	46	83
Rural Payments Agency	0	51
National Heritage	0	50
South Lakeland District Council	102	45
South Downs National Park	0	32
Forestry Commission	0	29
Cumbria Action	0	21
Allerdale Borough Council	33	17
Farming In Protected Landscapes	0	13
HMRC	1,060	12
Education & Skills Funding Agency	0	6
Department Levelling Up Housing Communities	0	6
Historic England Total	15	2
Heritage Lottery	40	0
ESIF	33	0
Other Grants & Contributions less than £10,000	41	39
	<b>1,458</b>	<b>1,666</b>

The Authority can receive grant income that it has yet to recognise.

	2020/21 £000	2021/22 £000
<b>Grant Receipts in Advance</b>		
Highways England K2T / LCLD	20	0
Cumbria LEP K2T / LCLD	445	445
DLUHC	0	130
DEFRA	0	35
National Grid	0	24
Cumbria Country Council	0	16
Allerdale Borough Council	0	11
Lake District Foundation	0	10
Rural Payments Agency	0	6
Natural England	0	5
Forestry Commission	0	4
Caldbeck Commoners	0	4
Woodland Trust	0	2
	<b>465</b>	<b>692</b>

## 15. Pension Reserve

The Pension Reserve represents overall liability of the Authority for pension payments to employees and ex-employees who are, or have been, members of the Local Government Pension Scheme. It 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 debit balance on the pension reserve shows a substantial shortfall 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 will ensure that funding will have been set aside by the time the 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:

Restated 2020/21		2021/22
£000	Gross Liabilities	£000
<b>(67,312)</b>	<b>Opening balance as at 1 April</b>	<b>(81,103)</b>
(1,598)	Interest cost	(1,686)
(10,902)	Actuarial (losses) / gains	1,917
(2,819)	Current service cost, past cost, curtailments	(1,985)
(347)	Contributions from scheme participants	(326)
1,808	Benefits paid	1,798
67	Estimated unfunded benefits paid	66
<b>(81,103)</b>	<b>Closing balance at 31st March</b>	<b>(81,319)</b>

Restated 2020/21		2021/22
£000	Gross Assets	£000
<b>48,903</b>	<b>Opening balance as at 1 April</b>	<b>58,845</b>
1,180	Interest on plan assets (exc admin)	1,229
8,438	Actuarial (losses) / gains	4,473
(41)	Pre paid contributions by Employer and administration expenses	(39)
1,826	In-year contributions by Employer	850
67	In-year contributions for unfunded (Discretionary benefits)	66
347	Contributions by employees into the scheme	326
(1,808)	Benefits paid	(1,798)
(67)	Unfunded (discretionary benefits)	(66)
<b>58,845</b>	<b>Closing balance at 31st March</b>	<b>63,886</b>

Restated 2020/21		2021/22
£000		£000
1,759	<b>General Fund Charge - Employer Contributions</b>	916
-162	Current Services Cost Adjustment	1,054
41	Administrative Expenses	39
1,638	<b>Current Service Cost &amp; Administrative Expenses</b>	2,009
(113)	Advance Payments	0
1,222	Curtailment & Past Service Costs	15
418	Interest cost less return on plan assets to financing income & expenditure	457
<b>3,165</b>	<b>Charge to Surplus/(Deficit) upon Provision of Services</b>	<b>2,481</b>
2,464	Actuarial Gains/Losses to other income & expenditure	(6,390)
<b>5,629</b>	<b>Charge to Comprehensive Income &amp; Expenditure Account for the year</b>	<b>(3,909)</b>
(1,759)	Less General Fund Charge - Employer Contributions	(916)
<b>3,870</b>	<b>Movement in Pensions Reserve Balance for the year</b>	<b>(4,825)</b>
<b>(18,388)</b>	<b>Pension Reserve Balance at 1 April</b>	<b>(22,258)</b>
(3,870)	Movements Charged to Comprehensive Income & Expenditure In Year	4,825
<b>(22,258)</b>	<b>Pension Reserve Balance at 31 March</b>	<b>(17,433)</b>

## 16. 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 2022 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 2019 and at that date showed a funding level of 99% (assets of £2.7 billion against accrued liabilities of about £2.73 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 liability 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 2019, which showed a shortfall of assets against liabilities of £0.28 billion as at that date, equivalent to a funding level of 99%. The fund's employers are paying additional contributions over an average period of 10 years in order to meet the shortfall.

- 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.

	Quoted	Fair value of scheme assets	
		2020/21 £000	2021/22 £000
Cash and equivalents:			
Cash accounts	Y	2,001	1,725
Net current assets	N	59	64
Equities:			
UK equity pooled	Y	5,413	3,258
Global quoted pooled	Y	17,183	16,226
Overseas equity pooled	Y	-	2,939
Bonds:			
UK Government indexed pooled	N	10,180	10,797
Property:			
UK Property	N	3,413	4,025
Property	N	1,530	1,789
Alternatives:			
Healthcare	N	588	831
Private equity	N	3,119	3,897
Multi asset credit	N	8,827	8,752
Infrastructure	N	4,178	6,516
Real Estate	N	59	-
Private debt	N	2,295	3,067
<b>Total assets</b>		<b>58,845</b>	<b>63,886</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years 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 2019. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2020/21	2021/22
	£000	£000
Mortality		
Longevity - current		
Men	22.7	22.6
Women	25.3	25.3
Longevity - future		
Men	24.3	24.1
Women	27.2	27.1
Rate inflation	2.70%	3.30%
Rate salaries	4.20%	4.80%
Rate pensions	2.80%	3.40%
Rate for discounting	2.10%	2.80%

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.

	Increase/(decrease in the Defined Pension Obligations £000
Longevity (1yr increase in life expectancy)	2,406
Rate of inflation (increase by 0.1% per annum)	1,504
Rate of increase in salaries (increase of 0.1% per annum)	156
Rate for investment returns (increase/decrease 1% per annum)	636/(636)
Rate for discounting scheme liabilities (increase by 0.1% per annum)	(1,476)

## **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 County Council 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 2019, at which time the funding level was 99% and the recovery period reduced to 13 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 £888,000 to the scheme in 2022/23. This excludes the deficit recovery payment of £57,100 which was paid up front in 2020/21 (£167,400 in total covering 2020/21 to 2022/23). Paying the deficit recovery payments for 2020/21 to 2022/23 in advance and paying the employers contributions for the year in April will result in net cash savings to the Authority of approximately £54,000 over the three years.

The weighted average duration of the defined benefit obligation for scheme members is 18 years for 2021/22 (18 years 2020/21). The very mature duration profile has been used to determine these assumptions.

## 17. Disclosure of External Audit Costs

In 2021/22 the Authority incurred the following fees relating to external audit and inspection:

	31 March 2020/21	31 March 2021/22
	£	£
Scale fees	11,595	14,095
Additional agreed audit work	8,900	7,688
<b>Total Audit Costs</b>	<b>20,495</b>	<b>21,783</b>

The format of this note has been amended from the prior year so that it reconciles to the External Auditor's fee letter for the relevant financial year. There were additional payments in 2020/21 relating to previous audit years, full details can be found in the audit findings report for 2020/21, published within the Governance Committee agenda papers for September 2021.

## 18. Balance Sheet - Property, Plant and Equipment

The table below sets out the balances relating to Property, Plant and Equipment in 2021/22.

PPE	OPERATIONAL					NON OPERATIONAL		Total
	Land & Buildings	Vehicles & Plant	Equip't	Infra-structure	Comm'ty Assets	Assets under Construc'n	Surplus assets	
	£000	£000	£000	£000	£000	£000	£000	
<b>Cost or Valuation</b>								
Valuation as at 1 April 2021	13,851	2,368	718	8,357	155	333	0	25,782
Reclassification	57	276	0	0	0	(333)	0	0
Upward Revaluation recognised in Revaluation Reserve	5,630	0	0	0	0	0	0	5,630
Downward Revaluation recognised in Revaluation Reserve	(969)	0	0	0	0	0	0	(969)
Upward Revaluation recognised in Surplus /Deficit on Provision of Services	21	0	0	0	0	0	0	21
Downward Revaluation recognised in Surplus /Deficit on Provision of Services	(932)	(46)	(5)	0	0	0	0	(983)
Additions	301	129	21	293	316	0	0	1,060
Derecognition - disposals	(31)	(233)	(52)	0	0	0	0	(316)
<b>Valuation as at 31 March 2022</b>	<b>17,928</b>	<b>2,494</b>	<b>682</b>	<b>8,650</b>	<b>471</b>	<b>0</b>	<b>0</b>	<b>30,225</b>
<b>Depreciation</b>								
Accumulated Dep'n at 1 April 2021	(352)	(1,229)	(424)	(31)	0	0	0	(2,036)
Reclassification	0	0	0	0	0	0	0	0
Depreciation for the year	(315)	(204)	(95)	(272)	0	0	0	(886)
Restatement of Depreciation upon Revaluation to Revaluation Reserve	265	0	0	0	0	0	0	265
Restatement of Depreciation upon Revaluation to I&E and CAA	115	0	0	0	0	0	0	115
Restatement of Depreciation upon Disposal	31	210	52	0	0	0	0	293
<b>Accumulated Dep'n at 31 March 2022</b>	<b>(256)</b>	<b>(1,223)</b>	<b>(467)</b>	<b>(303)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,249)</b>
<b>NBV at 31 March 2022</b>	<b>17,672</b>	<b>1,271</b>	<b>215</b>	<b>8,347</b>	<b>471</b>	<b>0</b>	<b>0</b>	<b>27,976</b>

All assets were owned at the balance sheet date.

The comparative movements in 2020/21 are shown below:

	OPERATIONAL					NON OPERATIONAL		Total
	Land & Buildings	Vehicles & Plant	Equip't	Infra-structure	Comm'ty Assets	Assets under Construc'n	Surplus assets	
	£000	£000	£000	£000	£000	£000	£000	
<b>Cost or Valuation</b>								
Valuation as at 1 April 2020	14,301	2,423	696	137	103	3,669	0	21,329
Less previous Impairment	(138)	(13)	0	0	0	0	0	(151)
Additions	108	6	41	4,551	52	333	0	5,091
Revaluation increases/(decreases) recognised in Revaluation Reserve	(277)	0	0	0	0	0	0	(277)
Revaluation increases/(decreases) recognised in Surplus /Deficit on Provision of Services	(143)	0	0	0	0	0	0	(143)
Derecognition - disposals	0	(48)	(19)	0	0	0	0	(67)
Reclassification	0	0	0	3,669	0	(3,669)	0	0
<b>Valuation as at 31 March 2021</b>	<b>13,851</b>	<b>2,368</b>	<b>718</b>	<b>8,357</b>	<b>155</b>	<b>333</b>	<b>0</b>	<b>25,782</b>
<b>Depreciation</b>								
Accumulated Dep'n at 1 April 2020	(336)	(1,042)	(327)	(26)	0	0	0	(1,731)
Depreciation Charge to I&E 20/21	(296)	(200)	(116)	(5)	0	0	0	(617)
Depreciation on Disposals	0	13	19	0	0	0	0	32
Depreciation written out to Revaluation Reserve	212	0	0	0	0	0	0	212
Depreciation written out to Surplus / Deficit on Provision of Services	68	0	0	0	0	0	0	68
Reclassification		0	0		0	0	0	0
<b>Accumulated Dep'n at 31 March 2021</b>	<b>(352)</b>	<b>(1,229)</b>	<b>(424)</b>	<b>(31)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,036)</b>
<b>Net Book Value at 31 March 2021</b>	<b>13,499</b>	<b>1,139</b>	<b>294</b>	<b>8,326</b>	<b>155</b>	<b>333</b>	<b>0</b>	<b>23,746</b>
<b>Net Book Value at 31 March 2020</b>	<b>13,825</b>	<b>1,369</b>	<b>371</b>	<b>110</b>	<b>103</b>	<b>3,669</b>	<b>0</b>	<b>19,445</b>
<b>Nature of Asset holding</b>								
Owned	13,499	1,139	294	8,326	155	333	0	23,746
	<b>13,499</b>	<b>1,139</b>	<b>294</b>	<b>8,326</b>	<b>155</b>	<b>333</b>	<b>0</b>	<b>23,746</b>

At 31 March 2022, the authority had entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2022/23. These capital commitments are:

Scheme	Approx value £000	Period
Brockhole Boiler	30	2022/23
Brockhole Solar Array	9	2022/23
Southern Windermere Trail	1,567	2022/23
Website	12	2022/23
	<b>1,618</b>	

## 19. 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 2021/22 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 and major assets, which are valued annually, valuations of our different types of other asset have been carried out as follows:

- All toilets were revalued at 31 March 2020
- All information centres were revalued at 31 March 2021
- All depots and car parks were revalued at 31 March 2022
- Our valuers also provided a report confirming that there were no other changes in market conditions during 2021/22 that would give rise to a material change in the valuations reported at 31 March 2022 except where specified.

The values of all operational assets other than land and buildings were reconsidered by managers within the Authority at 31 March 2022. The basis of asset valuation is set out below.

<b>Asset Category</b>	<b>Basis of Valuation</b>
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 asset 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 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:

<b>Component</b>	<b>Useful Life (Years)</b>
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:

<b>Asset Type</b>	<b>Useful Life (Years)</b>
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	30
Computer Equipment	3 to 5
Other Equipment	5 to 7

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: -

<b>Number Held 2020/21</b>	<b>Type of Asset</b>	<b>Number Held 2021/22</b>
90	Land and buildings	107
141	Vehicles, Boats & Other Plant	136
55	Computer and General Office Equipment	67
34	Community & Investment Assets	43
<u>320</u>		<u>353</u>

## 20. Capital Expenditure

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

	2020/21 £000s	2021/22 £000s
<b>Land and Buildings</b>		
Information Centre works		
Brockhole Improvements	140	208
Murley Moss	0	121
Car Parks	2	8
Coniston Boating Centre	24	0
	<u>166</u>	<u>337</u>
<b>Investment Properties</b>		
Haverthwaite Heights	0	9
	<u>0</u>	<u>9</u>
<b>Infrastructure &amp; Community</b>		
Multi-User Trails	4,180	285
Electric Charge Points	342	8
Stanley Ghyll Enhancements	81	316
	<u>4,603</u>	<u>609</u>
<b>Vehicles and Plant</b>		
Vehicles	0	13
Boats	7	29
Plant & Equipment	275	14
	<u>282</u>	<u>56</u>
<b>Equipment</b>		
Computer Equipment	41	16
Brockhole Equipment	0	41
	<u>41</u>	<u>57</u>
<b>Intangible Assets</b>		
Software & Electronic Images	0	8
	<u>0</u>	<u>8</u>
<b>Total Capital Expenditure to be Financed</b>	<b><u>5,092</u></b>	<b><u>1,076</u></b>
<b>Financing used</b>		
Useable Capital Receipts	0	298
Capital Grants & Contributions	4576	323
Capital Support Fund	175	0
Direct Revenue Financing	341	455
<b>Total Financing</b>	<b><u>5,092</u></b>	<b><u>1,076</u></b>
<b>Remaining Capital Financing Requirement</b>	<b><u>0</u></b>	<b><u>0</u></b>

## 21. Investment Property

2020/21 £000s	2021/22 £000s
<b>6,388 Opening Balance of Investment Property</b>	<b>6,198</b>
0 Additions	9
(161) Disposals	(75)
(30) Net gains or (losses) from fair value adjustments	883
<b><u>6,198 Closing Balance of Investment Property</u></b>	<b><u>7,015</u></b>

The Authority's investment property assets were revalued as at 31 March 2022 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.

	Fair value as at 31 March 2021			Fair value as at 31 March 2022		
	Level 2	Level 3	Total	Level 2	Level 3	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Commercial Properties	643	0	643	635	0	635
Woodlands	4,235	0	4,235	4,714	0	4,714
Farms	1,200	0	1,200	1,516	0	1,516
Hostels / Residential	0	120	120	0	150	150
<b>Total</b>	<b><u>6,078</u></b>	<b><u>120</u></b>	<b><u>6,198</u></b>	<b><u>6,865</u></b>	<b><u>150</u></b>	<b><u>7,015</u></b>

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 a small movement in the fair value of assets categorised as level 3 in the above table in 2021/22. 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:

2020/21 £000	2021/22 £000
120	120
0	30
0	0
<u>120</u>	<u>150</u>
<b>120</b>	<b>150</b>
	<b>Closing Balance</b>

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:

2020/21 £000	2021/22 £000
(77)	(64)
4	0
8	15
<u>(65)</u>	<u>(49)</u>
<b>(65)</b>	<b>(49)</b>
	<b>Net Income from investment property</b>

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.

## 22. 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 2021/22 was £41,600 (2020/21 £27,900). It also uses land and buildings financed under the terms of operating leases. The amount paid under these arrangements in 2021/22 was £216,400 (2020/21 £185,100). Of this expenditure £113,000 related to contingent rents.

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

	Total	
	2021	2022
Not later than 1 year	125	125
Later than 1 year but not later than 5 years	241	248
Later than 5 years	447	334
	<b>813</b>	<b>707</b>

## Lessor Operating Leases

The Authority has granted use of a number of its properties under operating leases. The income gained under these arrangements in 2021/22 was £419,000 (2020/21 £298,000). The total value of properties where part or all of the property is leased out under operating leases is as follows:

Asset category	Gross Value	Accumulated Impairment & Depreciation
	£000	£000
Property, plant & equipment	9,059	(67)
Investment properties	635	0
<b>Total</b>	<b>9,694</b>	<b>(67)</b>

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

Asset category	Gross Value	Accumulated Impairment & Depreciation
	£000	£000
Property, plant & equipment	9,145	15
Investment properties	2,293	0
<b>Total</b>	<b>11,438</b>	<b>15</b>

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

	Total	
	2021	2022
Not later than 1 year	143	144
Later than 1 year but not later than 5 years	235	175
Later than 5 years	257	236
	<b>636</b>	<b>556</b>

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 2021/22 £141,000 worth of contingent rents were receivable by the Authority (2020/21 £106,500).

### 23. 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 has issued a Notice under the Environmental Damage (Prevention and Remediation) (England) Regulations 2015 (EDR) which is currently progressing through the Planning Inspectorate and the review will not be completed until the EDR process is complete. Any changes considered necessary to the current planning permissions as a result of these reviews may lead to a requirement to pay compensation. However, it is not currently possible to assess the likelihood or amount of any potential compensation payment. Furthermore, legislative changes since the permissions were granted and the fact that activity on one of the sites is not significant give rise to further options for progress and further uncertainty as to the ultimate course of action. Options for progress may or may not involve the Authority directly and significant further work will need to be undertaken before this can be decided upon.

### 24. 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 of trade and other receivables and payables is taken to be the invoiced or billed amount.
- The fair value of cash deposits is taken to be the cash balance as at 31 March 2022

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

	31 March 2021		31 March 2022	
	Carrying	Fair	Carrying	Fair
	£000	£000	£000	£000
Financial liabilities - short term creditors				
Financial liabilities carried at contract amount	1,145	1,145	1,038	1,038
<b>Total included in Creditors</b>	<b>1,145</b>	<b>1,145</b>	<b>1,038</b>	<b>1,038</b>
Financial assets - long term liabilities				
Equity instruments - FVOCI	0	0	0	0
<b>Total included in Long Term Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Financial assets - short term debtors and cash				
Amortised cost	4,464	4,464	5,510	5,510
<b>Total included in Current Assets</b>	<b>4,464</b>	<b>4,464</b>	<b>5,510</b>	<b>5,510</b>

## 25. 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 risks the 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 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
Part Nationalised UK Banks	A	90 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 checked weekly. 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 2021/22 was £4,514k (2020/21 £3,364k).

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, £34,984 of the £169,290 customer balances at 31 March 2022 was past due. The past due element can be analysed as follows:

31 March 2021 £000	Days Past Due	31 March 2021 £000
12	31 - 60 days	1
17	61 -90 days	0
2	91 - 120 days	3
50	Over 120 days	31
<u>81</u>		<u>35</u>

The Authority has insufficient data to calculate a meaningful estimated exposure to default and un-collectability in terms of bank deposits. 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 2022 shows that an allowance for credit losses of £21,695 is adequate to cover any anticipated credit risk for 2021/22. No debts were written off in 2021/22 (2020/21 £14,906).

### **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 2022 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**

The Authority is currently debt free, 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 low value and for short term cash management only, 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.

In 2021/22 the Authority received £4,294 in interest income (£3,649 in 2020/21). Had interest rates been 1% higher during the period, the income received would have been £38,642. Had they been 1% lower during the period, the income received would have been £0.

### **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.

## 26. Cash and Cash Equivalents

31 March 2021		31 March 2022	
£000		£000	
5	Cash held	5	
1,166	Bank accounts	507	
2,000	Money Market Funds	4,000	
<u>3,171</u>	<b>Total</b>	<u>4,512</u>	

## 27. Short Term Debtors and Prepayments

31 March 2021		31 March 2022	
£000		£000	
(13)	<b>Impairment for Bad Debts</b>	(22)	
	<b>Prepayments &amp; Accrued Income</b>		
124	Local Authorities	68	
147	Other	175	
	<b>Debtors</b>		
917	Government Departments	605	
124	Local Authorities	20	
236	Other	273	
<u>1,535</u>		<u>1,119</u>	

## 28. Short Term Creditors and Receipts in Advance

31 March 2021		31 March 2022
£000		£000
	<b>Income in Advance</b>	
(1)	Government Departments	(171)
(445)	Local Authorities	(478)
(193)	Other	(179)
	<b>Creditors</b>	
(202)	Government Departments	(170)
(64)	Local Authorities	(92)
(1,008)	Other	(1,088)
<u>(1,913)</u>	<b>Total Creditors</b>	<u>(2,178)</u>

## 29. 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
Lake District Communities Fund	Held to support specific community led projects that will contribute to the delivery of the Vision, its outcomes, and reflect the principles of distinctive area ways of working
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
Investing For Our Future 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
Post Contract Development Works Reserve	Held to fund the future costs of maintaining and developing public access infrastructure improvements where higher standards have increased quality of provision and user expectations
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

The Authority also has a revenue reserve which has been earmarked to support capital spending. Its specific purpose is detailed below:

Capital Support Fund	To support exceptional costs of asset disposals, the delivery of the Brockhole Programme and the funding of capital schemes
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### 30. Summary of Movement on Usable Reserves

Description	Balance 31	Gains/	Transfers	Balance 31	Gains/	Transfers	Balance 31
	March 2020	(losses) in	to/(from)	March 2021	(losses) in	to/(from)	March 2022
	£000	period	reserves	£000	period	reserves	£000
<b>Usable Reserves - held for capital purposes</b>							
Useable Capital Receipts Reserve	43	0	161	204	0	(204)	0
Capital Grants Unapplied Reserve	2,217	0	(1,811)	406	0	(123)	283
Earmarked Reserves							
Capital Support Fund	176	0	(176)	0	0	0	0
<b>Usable Reserves - held for revenue purposes</b>							
Earmarked Reserves							
Ring-fenced Funds Reserve	259	0	41	300	0	(47)	253
External Grants Reserve	393	0	(17)	376	0	117	493
Climate Change Reserve	32	0	(22)	10	0	(10)	0
Windermere Registration Reserve	1	0	29	30	0	(10)	20
Lake District Communities Fund	9	0	(1)	8	0	(8)	0
Cumbria Woodlands	138	0	(21)	117	0	(26)	91
Investing for our Future	0	0	0	0	0	281	281
Partnership Priorities Reserve	217	0	(55)	162	0	(46)	116
Fix the Fells Reserve	187	0	7	194	0	(28)	166
Post Contract Works Reserve	17	0	0	17	0	(17)	0
Public Rights of Way Reserve	110	0	2	112	0	(25)	87
Planning Fee Increase Reserve	88	0	69	157	0	44	201
National Parks Portal Reserve	26	0	10	36	0	(12)	24
Farming in Protected Landscapes	0	0	0	0	0	44	44
Visitor Services Trading	0	0	0	0	0	500	500
<b>Total Earmarked Reserves</b>	<b>1,653</b>	<b>0</b>	<b>(134)</b>	<b>1,519</b>	<b>0</b>	<b>757</b>	<b>2,276</b>
General Reserve	613	0	460	1,073	0	186	1,259
<b>Total Usable Reserves</b>	<b>4,526</b>	<b>0</b>	<b>(1,324)</b>	<b>3,202</b>	<b>0</b>	<b>616</b>	<b>3,818</b>

### 31. Prior Period Adjustment

As part of reviewing the submission of data to support the IAS 19 calculations for the Authority, officers noted an inconsistency in the approach for inclusion of accrued termination packages within the data provided to the pension fund. A number of additional pension costs, accrued but not paid in 202/21, have been judged to correctly form part of the 2020/21 data. The actuary was provided with the revised data and this has increased the net pension liability as at 31 March 2021 by £401k and the pension reserve by the same amount. This has led to a restatement of the balance sheet, limited to 2020/21, as well as the CIES. The CIES for 2020/21 has had an increased charge to non-distributed costs of £408k with a reduction in financing costs of £7k. All other notes and disclosures have been updated to reflect this where relevant. The PPA is limited to amounts payable but not paid at year end 2020/21 and so does not impact on 2019/20 or opening balances as at 1/4/2020. A third balance sheet has not been prepared.

## **Annual Governance Statement – 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, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website. This statement explains how the Authority has complied with the code 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.

### **2. 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.

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.

The following section summarises the key elements of the Authority's Governance arrangements in place during the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

### **3. Review of Effectiveness**

During 2021/22, organisation wide assurance information has been collated using different means of independent review of effectiveness across the Authority's Services. These include assurance reviews by Internal Audit (TIAA) and External Auditor Grant Thornton. The significant governance issues we identified in the 2020/21 review have seen considerable progress during the 2021/22 financial year. The key areas we have worked on are as follows;

- Implement the leading elements of the new OD action plan for 2021/22, in-particular:
  - Strengthen internal communications across the Authority

- Support our new teams, following the implementation of the Securing Our Future Programme
- Develop a Commercial Strategy to support medium term financial resilience.
- Continue work to support compliance with the CIPFA Financial Management Code

The review for 2021/22 has been undertaken and the effectiveness of our arrangements is set out below.

## **4. Governance Arrangements.**

### **4.1 The Authority's Vision of its Purpose and Intended Outcomes and Translating the Vision Into 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.

### **4.2 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.

### **4.3 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. There are some services where performance is below target (see performance section of the narrative report). The governance framework helps to ensure that these continue to be reported to allow scrutiny by those charged with governance.

### **4.4 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.

## 4.5 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. The Authority Handbook has been substantively re-written over the course of 2021/22, involving Members and Strategic Leadership Team to ensure it complies with legal requirements and professional good practice. A number of staff policies have also been updated over 2021/22 to support and embed hybrid working as we emerge from the pandemic.

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.

Our Organisational Development Strategy is the principle means by which we develop skills and capacity within the organisation. During 2021/22 we have implemented development sessions to support teams following the 2020/21 re-structure and we are rolling out a staff engagement plan to support senior leadership visibility, effective inter-team working and relationship building as we emerge from the pandemic.

To support internal communications we have implemented Microsoft Teams to make it easier for people to connect and work collaboratively. We have also developed and launched our new intranet, Waymarker, and are rolling out OneDrive. Each team is at a different stage of implementation and this work will need to continue in 2022/23 to maximise the benefits that can be achieved.

In 2021/22 members have had access to training and away hours of relevance to their role, but have highlighted a desire to strengthen arrangements around member development and appraisal, which we will develop over the coming year. Our members also need access to the same electronic tools for communication and collaboration to support their work.

Our processes for induction and management of volunteers ensures a near seamless provision of services between staff and volunteers and they have been integral to the development of our visitor management activities in the National Park during the pandemic. We will be developing more opportunities for volunteers to get involved in the delivery of services and the management of the National Park as some of our more traditional forms of volunteering start again following the challenges of the pandemic.

We continue to strengthen our management arrangements around equalities legislation to ensure we fulfil our obligations to promote social inclusion as a public body and during 2021/22 all of our staff and Members were involved in equality and diversity training. 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.

### Significant Governance Issues

- Continue implementation of the electronic tools to support effective collaboration, including Teams, Waymarker and OneDrive.
- Work with Members to strengthen Member development opportunities and the appraisal process.
- Continue to implement the Staff Engagement Plan as a key component of the Organisational Development Plan for 2022/23

## **4.6 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 now embedded into service planning and day-to-day risk management processes. During 2021/22 we reviewed and updated our Risk Management Strategy to ensure it remains up to date.

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. As part of our risk management procedures we have updated our business continuity arrangements and extended these to all sites. This is now a local working document in all areas and will be tested on a regular basis. During 2021/22 we live tested our procedures as a result of a number of named storms and we will take the learning from this to refine our procedures further.

## **4.7 Ensuring Effective Counter-fraud and Anti-corruption Arrangements are Developed and Maintained**

The Authority's 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, being updated in April 2021. A recent audit of our arrangements for the prevention and detection of fraud identified the policy as good practice.

Employees are made aware of its requirements in detail as part of our induction arrangements, Officer Code of Conduct and our policy on Interest in Contracts. 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 2021/22 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.

## **4.8 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 S151 Officer is a key member of the Strategic Leadership Team and has unfettered access to the Chief Executive. Up to July 2022 the S151 role was part of the Director of Communications and Resources responsibilities. Following this date, the S151 role is part of the Head of Resources responsibilities with the Financial Services Manager identified as the deputy S151 Officer. The S151 and deputy posts require a professionally qualified Accountant with suitable knowledge and experience of Local Government finance.

The financial environment for National Parks is particularly challenging in the context of a flat medium term National Park Grant settlement and high inflation. Work will be required over 2022/23 and subsequent years to ensure the Authority's budget remains balanced. In this context the Authority continues to work to generate resources to supplement National Park Grant to enable us to do more in the National Park, through commercial activity, grants, and donations.

In June 2021 Authority approved a new Commercial Strategy and a pipeline of projects is currently under development to support its implementation. Delivery of the Commercial Strategy is being overseen by the Commercial Strategy Board, which comprises Members and senior officers. The Board will consider appropriate investments that support delivery of National Park objectives and improve our financial resilience as outlined in our Medium Term Financial Strategy.

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 new code and considerable work has been undertaken over 2021/22 strengthen compliance further including the development of a Financial Resilience Assessment, ensuring compliance with the new Prudential Code for Capital Finance for Local Authorities and delivering the 2020/21 and 2021/22 statement of accounts within statutory timescales. A key area not yet delivered is the upgrading of the Authority's finance system to support greater security and enhance operational efficiency, and the implementation of a business partnering approach to budget management. The upgrade to the Finance system to bring the Authority up to the current version SUN with more up to date IT infrastructure is underway and due to go live during Q4 of 2022/23. Business partnering has also commenced during 2022/23 with a finance restructure implemented with the necessary staff in place to help improve the links between finance and budget holders.

### **Significant Governance Issues**

- Work to ensure balanced budgets can be set in each year of the medium term, including the development of the Commercial Strategy Pipeline of projects to support financial resilience.
- Improve financial management arrangements through the upgrade of the Authority's financial system and the introduction of business partnering.

## **4.9 Financial Monitoring and Reporting**

The Executive Board and Strategic Leadership Team receive monthly financial performance reports. Members receive quarterly reports including revenue monitoring and forecast projections to the end of the financial year. The Chief Financial Officer is a member of the Strategic Leadership Team and Executive Board and attends both their meetings on a monthly basis.

## **4.10 Ensuring Effective Arrangements are in Place to Perform the Monitoring Officer Function**

The Head of Governance is the Authority's Monitoring Officer (The Director of Sustainable Development). 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.

#### **4.11 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.

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.

#### **4.12 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".

#### **4.13 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.

#### **4.14 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 both the Director of Communications and Resources, 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.

#### **4.15 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, which was updated during 2021/22 as part of the Authority Handbook review, ensures there is a clear channel of confidential reporting for staff should this be required.

#### **4.16 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. Updates to our internal communications channels commenced in 2021/22 and are continuing to roll out in 2022/23 as part of our Ways of Working programme to support more effective remote working and to embed our new structural arrangements. We will continue to engage with staff over the coming year to ensure they are supported in the new working arrangements.

#### **4.17 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 significant contractual arrangements in place for the delivery of services. Arrangements are in place, to monitor both the delivery, price and quality of these services and this is reported back to Members through financial and performance reporting.

#### **4.18 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 which have been updated during 2021/22 to ensure full compliance with our legal and good practice obligations. Our supporting procurement toolkit for managers will be updated to reflect the changes that have been made.

#### **4.19 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.

## 5. Significant Governance Issues

The significant governance issues that we plan to address during 2022/23 are:

1. Continue implementation of the electronic tools to support effective collaboration, including Teams, Waymarker and OneDrive.
2. Work with Members to strengthen Member development opportunities and the appraisal process.
3. Continue to implement the Staff Engagement Plan as a key component of the Organisational Development Plan for 2022/23
4. Work to ensure balanced budgets can be set in each year of the medium term, including the development of the Commercial Strategy Pipeline of projects to support financial resilience.
5. Improve financial management arrangements through the upgrade of the Authority's financial system and the introduction of business partnering.

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



Signed: .....

(Chair)



.....

(Chief Executive)

Date: 22/11/2022

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.

**Precepts** - The amount required to be collected on behalf of a local authority that cannot levy a council tax directly on the public (for example a National Park Authority).

**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**

BVACOP – Best Value Accounting Code of Practice

CIPFA - Chartered Institute of Public Finance and Accountancy

IFRS – International Financial Reporting Standards

FRS - Financial Reporting Standard

SSAP - Statement of Standard Accounting Practice

SORP - Statement of Recommended Practice