

**REPORT OF FINANCE MANAGER**

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**SUBJECT:**  
**DRAFT STATEMENT OF ACCOUNTS 2015/16**

Background:

This report accompanies the Draft Statement of Accounts 2015/16. They are for information purposes only and Members are requested to note the contents. .

**RECOMMENDATION: To note the Draft Statement of Accounts 2015/16.**

Background documents

Draft Statement of Accounts

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**Pembrokeshire Coast  
National Park Authority**



*Helping you understand  
The Authority's income and expenditure*

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**STATEMENT OF ACCOUNTS  
2015/16**

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# INDEX

## PAGE

|                                                                                                                  |          |
|------------------------------------------------------------------------------------------------------------------|----------|
| <b>Narrative Report &amp; Summarised Accounts:</b><br><i>All you need to know from the Statement of Accounts</i> | <b>3</b> |
|------------------------------------------------------------------------------------------------------------------|----------|

## **STATEMENT OF ACCOUNTS**

*the statutory information*

|                                                                       |           |
|-----------------------------------------------------------------------|-----------|
| <b>Statement of Accounting Policies</b>                               | <b>16</b> |
| <b>Comprehensive Income &amp; Expenditure Account</b>                 | <b>23</b> |
| <b>Balance Sheet</b>                                                  | <b>24</b> |
| <b>Movement in Reserves Statement</b>                                 | <b>25</b> |
| <b>Cash Flow Statement</b>                                            | <b>27</b> |
| <b>Notes to the Financial Statements</b>                              | <b>28</b> |
| <b>Statement of Responsibilities for the Statement of Accounts</b>    | <b>58</b> |
| <b>Annual Governance Statement</b>                                    | <b>59</b> |
| <b>Auditors Report</b>                                                | <b>75</b> |
| <b>Appendix I :Schedule of Members Allowances &amp; Expenses Paid</b> | <b>77</b> |

# STATEMENT OF ACCOUNTS

## 2015/16

### NARRATIVE REPORT & SUMMARISED ACCOUNTS

#### INTRODUCTION

1. Under the provisions of Section 63 of the Environment Act 1995, and the National Park Authorities (Wales) Order 1995, the Secretary of State for Wales established the Pembrokeshire Coast National Park Authority on 23<sup>rd</sup> November 1995. From 1 April 1996, the National Park ceased to be managed as a committee of Dyfed County Council and became a free-standing, special purpose local authority. Article 17(1) of the Local Government Reorganisation (Wales) (Property etc.) Order 1996 had the general effect of vesting in the new National Park Authority the property rights and liabilities (but not any loan debt) of the former County Council, as it related to the National Park area.
2. The Statement of Accounts is a publication required by law that gives local taxpayers, members of the Authority and other stakeholders clear information about the financial performance and position of Pembrokeshire Coast National Park Authority, in order to facilitate an assessment of the stewardship of public funds and for making economic decisions.
3. This Narrative Report provides an easily understandable guide to the most significant matters reported in the Statement of Accounts. A simplified summarised revenue account is presented, along with supporting information, to clearly demonstrate the cost of services and how these costs are funded. Wherever possible technical terms have been avoided in this Narrative Report.

#### EXPENDITURE & FUNDING

4. Each year the National Park Authority is required to submit a bid to the Welsh Government for its funding for the following year. The bid is submitted as a combined Welsh National Parks' Grant Bid document and following consultation with Natural Resources Wales, the Welsh Government determines the National Park Grant for the forthcoming year.
5. In setting the amount of National Park Grant, the Welsh Government also determines, in accordance with statutory powers, the minimum amount that can be raised by the National Park Authority as a Levy against Pembrokeshire County Council. The National Park Grant represents 75% of the Authority's core grant funding, with the remaining 25% represented by the Levy. The net revenue budget accounts for income generated locally by the National Park Authority, for example through car park charges and planning fees, and from other service specific grants, for example for the maintenance of the Coast Path (National Trail). Any balance above or below the approved net budget is managed via the Authority's revenue reserves.

6. In 2015/16 the Authority's funding for revenue expenditure, (that is, day to day operational activities) was £6,552k. Capital expenditure of £147k, (that is, investment in longer term assets such as land and buildings) was funded £145k from revenue funds & £2k from other grant funding sources. We set out in the following paragraphs information about the sources of funding and what it has been spent on.

(a) *Where the money came from:-*

| <b>REVENUE BUDGET</b>                                     | <b>2015/16<br/>£ 000</b> | <b>2015/16<br/>%</b> | <b>2014/15<br/>£ 000</b> | <b>2014/15<br/>%</b> |
|-----------------------------------------------------------|--------------------------|----------------------|--------------------------|----------------------|
| National Park Grant, from the Welsh Government:           | 3,161                    | 48%                  | 3,294                    | 48%                  |
| National Park Levy, against Pembrokeshire County Council: | 1,054                    | 16%                  | 1,077                    | 15%                  |
| Locally Generated Income (through fees and charges):      | 1,504                    | 23%                  | 1,431                    | 21%                  |
| Service/Project Specific Revenue Grants:                  | 584                      | 9%                   | 564                      | 8%                   |
| Earmarked/General Reserves:                               | 249                      | 4%                   | 540                      | 8%                   |
| <b>TOTAL REVENUE FUNDING</b>                              | <b>6,552</b>             | <b>100%</b>          | <b>6,906</b>             | <b>100%</b>          |

| <b>CAPITAL BUDGET</b>                                  | <b>2015/16<br/>£ 000</b> |  | <b>2014/15<br/>£ 000</b> |
|--------------------------------------------------------|--------------------------|--|--------------------------|
| Project Specific Capital Grants:                       | 2                        |  | 406                      |
| Use of capital receipts                                | Nil                      |  | Nil                      |
| <b>CAPITAL FUNDING</b>                                 | <b>2</b>                 |  | <b>406</b>               |
| Plus, funding from the revenue budget (included above) | 145                      |  | 143                      |
| <b>TOTAL CAPITAL BUDGET</b>                            | <b>147</b>               |  | <b>549</b>               |

The Authority's income and expenditure is split for accounting purposes between revenue funds and capital funds in accordance with local authority accounting practice. The Authority is able to use some of its revenue funding to contribute to capital projects, but it cannot use capital grants to contribute to revenue expenditure.

The Authority's overall revenue funding reduced by 5.2% in 2015/16, with reductions in the National Park Grant and Levy of 4% being compensated by an increase Service specific grants of 3.5% and an increase in locally generated income of 5.1%. For 2015/16, for every £1 provided by the National Park Grant and Levy in the year, the Authority generated a further 55p from other sources (2014/15=58p).

Locally Generated Income consisted of:

| <b>LOCALLY GENERATED INCOME</b>                       | <b>2015/16<br/>£000's</b> | <b>2014/15<br/>£000's</b> | <b>%<br/>Change</b> |
|-------------------------------------------------------|---------------------------|---------------------------|---------------------|
| Merchandise Sales and Income from Information Centres | 312                       | 319                       | -2%                 |
| Car park charges and concessions income               | 446                       | 404                       | 10%                 |
| Admissions fees and Activities & Events               | 249                       | 200                       | 25%                 |
| Advertising income                                    | 88                        | 88                        | 0%                  |
| Planning fees                                         | 168                       | 173                       | -3%                 |
| Timber sales                                          | 31                        | 37                        | -16%                |
| Other : property income & contributions               | 136                       | 149                       | -1%                 |
| Income from investment properties                     | 55                        | 51                        | 8%                  |
| Investment income (spare cash invested)               | 19                        | 10                        | 90%                 |
| <b>TOTAL LOCAL INCOME</b>                             | <b>1,504</b>              | <b>1,431</b>              | <b>5%</b>           |

The Authority is enormously grateful to all the organisations that support its work through providing revenue and capital funding. Further information on revenue grants and a breakdown of capital grants provided can be found in the Statement of Accounts.

(b) **What the money was spent on:-**

| <b>REVENUE BUDGET</b>                    | <b>2015/16<br/>£000</b> | <b>2015/16<br/>%</b> | <b>2014/15<br/>£000</b> | <b>2014/15<br/>%</b> |
|------------------------------------------|-------------------------|----------------------|-------------------------|----------------------|
| Employees                                | 3,653                   | 56%                  | 3,835                   | 55%                  |
| Premises related                         | 640                     | 10%                  | 618                     | 9%                   |
| Transport & Travel                       | 193                     | 3%                   | 204                     | 3%                   |
| Supplies, Services and Grants            | 1,210                   | 18%                  | 1,358                   | 20%                  |
| Transfers to Earmarked Reserves          | 518                     | 8%                   | 743                     | 11%                  |
| Contribution to capital projects         | 145                     | 2%                   | 143                     | 2%                   |
| Financing charges                        | 1                       | 0%                   | 1                       | 0%                   |
| Increase/ (decrease) in General Reserves | 192                     | 3%                   | 4                       | 0%                   |
| <b>TOTAL REVENUE COST</b>                | <b>6,552</b>            | <b>100%</b>          | <b>6,906</b>            | <b>100%</b>          |

| <b>CAPITAL BUDGET</b> | <b>2015/16<br/>£ 000</b> |  | <b>2014/15<br/>£ 000</b> |
|-----------------------|--------------------------|--|--------------------------|
| Capital projects      | <b>147</b>               |  | <b>549</b>               |

## 7. Revenue Budget

The Authority manages its revenue budget on a “net” budget basis. This means that locally generated income and specific grants are allocated to individual budget headings and are offset against the expenditure against those headings to arrive at the net budget.

The net budget for each service also includes a “capital charge”. This is based on the assets used by services and is made up of a charge for depreciation (being the value of assets used-up by a service during the year). The capital charges are reversed out of the accounts, as they are non-cash adjustments - that is, they balance to nil and do not need any cash funding.

Similarly, adjustments are made for pension costs in accordance with accounting requirements known as IAS 19 Employee benefits *Retirement Benefits*. Service budgets are charged with a “current service cost” (being the cost of what employees have earned in pension rights during the year) in lieu of the cost of employer contributions (being the actual amount charged to the accounts for contributions in the year to the Pension Fund). These adjustments are also reversed out of the accounts below the Net Cost of Services, via the *Movement on Pensions Reserve*, to revert the cost in the accounts back to the value of employer contributions. These technical adjustments are intended to bring the public services in line with International Reporting Standards.

The net budget and net out-turn position are presented on the following page for the Authority’s main service areas, shown within a simplified Income & Expenditure Account (profit/loss account).

| <b>2015/16<br/>Revenue Account</b>                                               | <b>Net<br/>Budget<br/>£000</b> | <b>Net<br/>out-turn<br/>£000</b> | <b>Variance<br/>£000</b> | <b>2014/15<br/>Net<br/>Out-turn<br/>£000</b> |
|----------------------------------------------------------------------------------|--------------------------------|----------------------------------|--------------------------|----------------------------------------------|
| Conservation of the Natural Environment                                          | 478                            | 430                              | 48                       | 568                                          |
| Conservation of the Cultural Heritage                                            | 134                            | 123                              | 11                       | 163                                          |
| Development Control                                                              | 579                            | 484                              | 95                       | 507                                          |
| Forward Planning & Communities                                                   | 404                            | 404                              | 0                        | 379                                          |
| Promoting and Understanding                                                      | 1,419                          | 1,297                            | 122                      | 1,630                                        |
| Recreation Management & Transport                                                | 82                             | 43                               | 39                       | 100                                          |
| Rangers, Estates & Volunteers                                                    | 1,142                          | 1,091                            | 51                       | 1,053                                        |
| Democratic Representation & Management                                           | 575                            | 559                              | 16                       | 589                                          |
| Service Management & Support Services                                            | 40                             | 0                                | 40                       | 0                                            |
| <b>Net cost of services</b>                                                      | <b>4,853</b>                   | <b>4,431</b>                     | <b>422</b>               | <b>4,989</b>                                 |
| Interest and investment income earned during the year                            | -15                            | -19                              |                          | -10                                          |
| Other Non Cash Items debited or credited to the Authority Reserves for the year: | -895                           | -637                             |                          | -822                                         |
| National Park Grant - Welsh Assembly Government                                  | -3,143                         | -3,161                           |                          | -3,294                                       |
| National Park Levy – Pembrokeshire County Council                                | -1,048                         | -1,054                           |                          | -1,076                                       |
| <b>Net Operating Surplus / Deficit (-)</b>                                       | <b>248</b>                     | <b>440</b>                       |                          | <b>213</b>                                   |
| Less Net Transfer to (-) / from Earmarked Reserves                               | -248                           | -248                             |                          | -204                                         |
| <b>END OF YEAR SURPLUS</b>                                                       | <b>0</b>                       | <b>192</b>                       |                          | <b>9</b>                                     |

*\*Service Management & Support Services costs cover Heads of Service, reception, performance management, legal, finance, IT, training, projects, building maintenance, and accommodation costs – which are all recharged to users of these services, with any balance shown on the face of the accounts. Support Services net cost, including capital charges (£54k), totalled £1.0m and have been fully reallocated to direct service departments.*

## **Summary Comment**

The outturn Net Cost of Service (N.C.S.) expenditure for the year was £4,431k against a budget N.C.S. of £4,853k and an actual of £4,989k for 2014/15. The main reason for the decreased N.C.S. in 2015/16 over 2014/15 was due to; reduced revaluation charges (notably Castell Henllys in 2014/15), lower operating costs associated with Conservation of Natural Environment, Cultural Heritage, Development Control, Democratic Representation and significant increased income streams across several of the Authority's activities. After the various movements to reserves for non-cash entries, the End of Year Surplus was £192k which compares to actual surplus of £9k in 2014/15. The N.C.S. was below the revised budget by £422k and an explanation for the major variances within each service is as follows:



- **Conservation of the Natural Environment (£48k under budget).** The Cilrhedyn Woodland Centre was significantly under budget for the year as a result of staff savings of £23k and lower material raw costs of £18k due to the harvesting of timber from the Authority's own land.
- **Conservation of Cultural Heritage (£11k under budget).** The under spend in this service area was due to a number of small cost savings in the Archaeological budget together with additional income from another Archaeology day at Pembrokeshire College this year.
- **Development Control (£95k under budget).** Planning fee income at £156k was up £16k versus budget but down £8k compared to the same period in 2014/15. The position of Head of Development Management was vacant for a couple of months in the period which contributed to a staff saving of £30k. The post was covered by Prospero Planning which resulted in professional fees being over budget by £7k. There were however additional savings in travel costs of £7k, cost of appeals £5k and statutory advertising of £31k.
- **Forward Planning & Communities (On budget).** Total Sustainable Development Fund grant payments during the year amounted to £93k, made to nine different projects including: A Stitch in Time, Biomass Firewood Kiln, Solva Care, Dr Beynon Phase 3, Bee Wild West, and On the Trail of Wild Honey. The Authority's Development Planning department was awarded a grant of up to £5k per annum for the next two year under the Welsh Government Place Plans scheme.
- **Promoting & Understanding (£122k under budget).** The table on page 10 shows the budget, actual and prior year's merchandise sales, admissions income and car park income for the 12 months ended 31<sup>st</sup> March 2016. The total merchandise sales at £309k are up £20k versus the budget, down £8k versus last year and up £28k against 2013/14. The noticeable increase was Carew Castle exceeding budget by more than £27k. Conversely income at Oriel y Parc is £28k below budget and down £28k versus the same period in 2014/15. This was largely due to sales of William Blake associated merchandise in 2014/15. Sales at Newport and Tenby Information Centres were also up considerably against budget. Castell Henllys sales were up versus last year but behind budget. The heritage centres admission fee income of £198k is £49k above budget, £33k up on 2014/15 and up £57k on 2013/14. During the year the Oriel Park Gallery was subject to a revaluation adjustment of £163k.

Advertising income for the 2016 season of the Authority's Coast to Coast publication was circa £88k, on par with 2014/15 and over budget by some £7k. The Big Lottery funded social inclusion project "Your Park Your Future", which was due to finish in December 2015, had sufficient residual funds to allow it to continue until March 2016. The Authority successfully bid of £40k grant under Visit Wales Partnership for Growth Fund for the "Dark Skies – Brilliant Parks" project. The fund aims to encourage closer joint working between stakeholders through collaborative sustainable tourism projects.

The Heritage Lottery funded "Skills for the Future" project entered its second year. In collaboration with Brecon Beacon National Park and Torfaen Council, the Authority was awarded grant of £341,906 over 3 years to fund a project employing and training 5 apprentices for each of the 3 years. Ramblers Cymru gave the Walkability Project £13k for 2015/16; project is a scheme to encourage everyone regardless of ability to make use of local opportunities to walk and explore the outdoor environment.

- **Recreation & Park Management (£39k under budget).** The table on page 10 shows Car Park income for the 12 months at £415k, which is up £69k on budget and up £41k on 2014/15. With the exceptions of Newport and Poppit, all other car parks were on or above budget. During the year the Authority took out a service level agreement with Pembrokeshire County Council to provide car park enforcement services, (for a period of 5 months and at a total cost of £12.5k). While other factors may have impacted income levels, the enforcement policy appears to have had a positive impact. Utilising funds from the Welsh Government Access grant the Authority undertook major repairs to its non-charging car park at Amroth. The Authority was also awarded a further grant from Welsh Government of £27k over a period 1 April 2015 to 31 March 2019 for a general repair program of Porthgain Quarry and Harbour
- **Rangers, Estates & Volunteers (£51k under budget).** Within the Estates Management area income from both ice cream concessions and miscellaneous filming income was considerably above budget by £9k and £33k respectively.
- **Democratic Representation & Management (£16k under budget).** In the Corporate Activities & Management budget there were savings in advertising and the expected contribution to the National Park Partnership of £10k was not required. The Authority made the decision to support the setting up of a UK National Parks commercial company which was set up to seek commercial sponsorships and trading opportunities for the National Park Authorities. The National Parks Wales Officer continued his secondment to Welsh Government and the expected redundancy associated the post was deferred until 2016/17 with resultant savings. In the Democratic Services budget there were savings in the conferences and seminars and in members allowances
- **Service Management & Support Services (£40k under budget).** The underspend in Service Management & Support Services was due to a number of factors including:

  - Salary savings associated with the IT manager's job sharing arrangement with Brecon Beacons National Park.
  - The installations of the biomass boiler and the photovoltaic panels contributed to significant saving in the electricity costs in Llanion H.Q.
  - Reduced travelling costs across a range of areas, reduced legal fees and savings in staff training budget.

### 2015/16 4th Quarter Income Versus Budget & Prior Years

| <b>Merchandise Sales</b>   | <b>12 mth Budget</b> | <b>12 mth Income</b> | <b>Variance</b> | <b>2014/15</b> | <b>Variance</b> | <b>2013/14</b> | <b>Variance</b> | <b>2012/13</b> | <b>Variance</b> |
|----------------------------|----------------------|----------------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|
| Carew Income               | 53,813               | 81,035               | 27,222          | 71,141         | 9,894           | 54,795         | 26,240          | 49,464         | 31,571          |
| Castell Henllys Income     | 52,395               | 47,645               | -4,750          | 37,569         | 10,076          | 42,974         | 4,671           | 47,725         | -80             |
| Oriel Y Parc               | 139,263              | 121,575              | -17,688         | 150,296        | -28,721         | 135,816        | -14,241         | 145,625        | -24,050         |
| Newport Information Centre | 22,205               | 31,276               | 9,071           | 28,886         | 2,390           | 22,479         | 8,797           | 20,313         | 10,963          |
| Tenby Visitor Centre       | 21,500               | 27,536               | 6,036           | 28,967         | -1,431          | 24,652         | 2,884           | 25,959         | 1,577           |
|                            | <b>289,176</b>       | <b>309,067</b>       | <b>19,891</b>   | <b>316,859</b> | <b>-7,792</b>   | <b>280,716</b> | <b>28,351</b>   | <b>289,086</b> | <b>19,981</b>   |
| <b>Admission Fees</b>      |                      |                      |                 |                |                 |                |                 |                |                 |
| Carew Income               | 92,250               | 126,211              | 33,961          | 103,021        | 23,190          | 89,279         | 36,932          | 73,323         | 52,888          |
| Castell Henllys            | 56,516               | 71,764               | 15,248          | 61,598         | 10,166          | 51,444         | 20,320          | 54,798         | 16,966          |
|                            | <b>148,766</b>       | <b>197,975</b>       | <b>49,209</b>   | <b>164,619</b> | <b>33,356</b>   | <b>140,723</b> | <b>57,252</b>   | <b>128,121</b> | <b>69,854</b>   |
| <b>Car Park Income</b>     |                      |                      |                 |                |                 |                |                 |                |                 |
| Car Park Operations        | 0                    | 11,503               | 11,503          | 10,109         | 1,394           | 3,722          | 7,781           | 9,085          | 2,418           |
| Saundersfoot Car Park      | 54,920               | 71,665               | 16,745          | 65,911         | 5,754           | 36,438         | 35,227          | 30,232         | 41,433          |
| Manorbier Car Park         | 37,389               | 41,259               | 3,870           | 41,153         | 106             | 28,454         | 12,805          | 29,505         | 11,754          |
| Freshwater East Car Park   | 21,704               | 22,777               | 1,073           | 26,333         | -3,556          | 47,513         | -24,736         | 40,895         | -18,118         |
| Little Haven Car Park      | 28,155               | 38,955               | 10,800          | 32,144         | 6,811           | 37,009         | 1,946           | 25,719         | 13,236          |
| Broad Haven Car Park       | 20,638               | 22,100               | 1,462           | 22,871         | -771            | 17,714         | 4,386           | 70,958         | -48,858         |
| St Davids Car Park         | 61,758               | 79,780               | 18,022          | 74,706         | 5,074           | 57,412         | 22,368          | 18,918         | 60,862          |
| Newport Car Park           | 30,757               | 15,697               | -15,060         | 26,361         | -10,664         | 21,538         | -5,841          | 15,541         | 156             |
| Poppit Car Park            | 35,524               | 34,623               | -901            | 36,657         | -2,034          | 20,961         | 13,662          | 20,778         | 13,845          |
| Newgale Car Park           | 20,000               | 19,946               | -54             | 18,646         | 1,300           | 17,902         | 2,044           | 16,329         | 3,617           |
| Solva Car Park             | 35,000               | 57,161               | 22,161          | 19,583         | 37,578          | 19,401         | 37,760          | 46,403         | 10,758          |
|                            | <b>345,845</b>       | <b>415,466</b>       | <b>69,621</b>   | <b>374,474</b> | <b>40,992</b>   | <b>308,064</b> | <b>107,402</b>  | <b>324,363</b> | <b>91,103</b>   |

## 8. Capital Programme

The following projects were funded as part of the capital programme for the year:

|                                                | <b>Total Cost<br/>2015/16<br/>£000</b> | <b>Total Cost<br/>2014/15<br/>£000</b> |
|------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Promoting Understanding &amp; Enjoyment</b> | <b>73</b>                              | <b>471</b>                             |
| Carew Mill Roof                                | 52                                     |                                        |
| Castell Henllys Tractor                        | 16                                     |                                        |
| Castell Henllys Roundhouse                     | 5                                      |                                        |
| Origins: Castell Henllys Refurbishment         |                                        | 471                                    |
| <b>Recreation &amp; Park Management</b>        | <b>52</b>                              | <b>55</b>                              |
| Sandy Haven River Crossing                     |                                        | 42                                     |
| Vehicles & Equipment                           | 52                                     | 13                                     |
| <b>Corporate &amp; Support Services</b>        | <b>22</b>                              | <b>23</b>                              |
| Llanion Buildings                              |                                        | 23                                     |
| Information & Communications Technology        | 22                                     |                                        |
| <b>TOTAL CAPITAL SPEND</b>                     | <b>147</b>                             | <b>549</b>                             |
| <b>Financed by:</b>                            |                                        |                                        |
| Financing from the Revenue budget              | -145                                   | -143                                   |
| Additional Grants                              | -2                                     | -406                                   |
| <b>Total</b>                                   | <b>-147</b>                            | <b>-549</b>                            |

Details of the capital programme are:

- Carew Mill Roof. The Authority approved the replacement roof for Carew Castle Mill in July 2015. The contract was awarded to WJ Evans and work progressed over the winter and was completed in the spring of 2016.
- Castell Henllys Tractor. The Authority was awarded an Access grant from Welsh Government earlier in the year and part of the grant has been used to purchase a tractor to maintain and improve the paths at Castell Henllys.
- Castell Henllys Round House. Dyfed Archaeological Trust was appointed as consultants to carry out a study into the reconstruction of two roundhouses. The project is now expected to commence in 2016/17 and be completed in 2017/18.
- Fleet Replacement. The Authority purchased two Ford Rangers and a Mitsubishi L200 which were previously used under lease agreements. It is expected the purchases should have a pay back within 3 years and result in revenue savings thereafter.
- Information Technology: Electronic Point of Sale System. The Authority purchased and completed the installation of a new EPOS system at its TIC's and Heritage Centres. New equipment is in place across all the centres and is fully operational.

The new system will help considerably in merchandise stock management and also avoid duplication of data entry as it automatically links to the Authority's finance system.

## 9. Summarised Balance Sheet as at 31 March 2016

|                                                  | <b>2015/16</b><br><b>£000</b> | <b>2014/15</b><br><b>£000</b> |
|--------------------------------------------------|-------------------------------|-------------------------------|
| Fixed Assets                                     | 12,897                        | 13,017                        |
| Cash in hand/bank                                | 2,735                         | 2,111                         |
| Stocks of merchandise and timber                 | 166                           | 144                           |
| Debtors – money owed to the Authority            | 260                           | 360                           |
| Creditors – money owed by the Authority          | -463                          | -415                          |
| Provisions – for known commitments               |                               |                               |
| Long-term borrowing (in excess of 1 year)        | -1                            | -2                            |
| <b><i>Cash Reserves:</i></b>                     |                               |                               |
| Usable Capital Receipts/Unapplied Capital Grants |                               |                               |
| Earmarked Reserves – for specific purposes       | -1,789                        | -1,521                        |
| General Revenue Reserves                         | -702                          | -510                          |
| Usable Capital Receipts Reserve                  | -281                          | -247                          |
| <b><i>Non-cash:</i></b>                          |                               |                               |
| Accrued Absences Reserve                         | 49                            | 53                            |
| Capital Adjustment Account                       | -10,313                       | -10,508                       |
| Revaluation Reserve                              | -2,558                        | -2,482                        |
| Pension Liability                                | -3,369                        | -3,524                        |
| Pensions Reserve (to balance with liability)     | 3,369                         | 3,524                         |
| <b>BALANCED TO:</b>                              | <b>0</b>                      | <b>0</b>                      |

The net value of the Authority's fixed assets employed at the year-end was £12,897k, down from £13,017k as at 31 March 2015. A number of assets were subject to revaluation as part of the five-year rolling programme of revaluations and include the following assets: Oriel Y Parc Gallery & Information Centre, Fresh Water East Car Park, Carew Village Car Park, St Brides Pumphouse, Molegrove Car Park, Poppit Sands Café and Marloes Sands Car Park. Capital additions, disposals and impairments also impacted the movement in the balance. Capital assets include vehicles and equipment and land/buildings – such as car parks, picnic sites, coastal land, woodlands, information centres and historic sites. Stock, Debtors, Creditors, Provisions and Long Term borrowing balances arise from the normal revenue and capital expenditure activities of the Authority. The decrease in debtors is due to the high level of grant monies owed to the Authority at the end of the previous financial year and increases in creditors and stock were due to trading

associated with the earlier than normal Easter period.

Earmarked Reserves are reserves created from current and prior year surpluses and set aside for specific projects. General Reserves are accumulative surpluses available for all Park purposes. Usable Capital Receipts are proceeds from sale of Authority assets and can only be used to fund capital expenditure.

The balance on the Capital Receipts Reserve started the year at £247k. However with the sale of the Lime Keepers Cottage at Newport for £21k and the receipt for the sale of land at Skrinkle Haven of £13k, the balance of the reserve was £281k as at the end of the financial year. During the year the Earmarked Reserves increased from £1,521k to £1,789k. Additional self-generated and grant income coupled with savings from numerous areas allowed the Authority to add to the reserves. The significant items being the replenishment of the staff restructuring reserve, adding to the SDF reserve and the creation of the planning enforcement reserve.

The General Reserve balance was up £192k at £702k at the end of the financial year. The Authority's financial position at the end of the 2015/16 remains strong with sizeable cash reserves in place. However given the continued tight fiscal environment in the public sector it is expected that the balances on the General, Capital Receipts & Earmarked Reserves will reduce significantly over the next few years. The Accumulated Absences Reserve relates to staff accrued absences earned but not taken in the year. This reserve reduced by £4k in the year which reflects falling establishment numbers. Due to the way the Authority accounts for capital expenditure the balances on the Capital Adjustment Account and Revaluation Reserve mirror the value of fixed assets employed.

The Pension Fund Liability at the year-end decreased to £3,369k compared with the liability at the close of 2014/15 of £3,524k. There was a slight decrease in the deficit figure as at 31 March 2016 primarily due to a small increase in the discount rate which was accompanied with a fall in investments markets over the period.

## **10. Looking Forward**

The net reduction in National Park Grant and Levy funding for 2016/17 was just over 6% and in cash terms down by £253k to £3,939k. This reduction follows cuts of 7.4% and 4.1% in 2014/15 and 2015/16. Although the Authority has made significant budget efficiencies in recent years, it therefore continues to face the financial challenge to ensure it further reduces its underlying cost base and where possible increases revenue streams to match the significant reduction in the NPG and consequential cut to the levy. The healthy reserve position affords the Authority a cushion to address the acute funding issues. However as the Authority's core grant funding is likely to continue to fall, these reserves are finite and will be soon depleted if no corrective action is taken. It is anticipated that significant member engagement on budget management will be required. The financial situation will be managed by discontinuing certain activities, improved efficiencies and cost savings, reviewing opportunities to develop local income and drawing down other sources of grant aid.

## STATEMENT OF ACCOUNTS

- 11** The remainder of this document presents the statutory statements of accounts for the Authority.
- 12** The Authority's Accounts, which are covered by the Statements of Responsibilities and the Auditors report, are set out on pages 16 to 58 and comprise of:-
- The Statement of Accounting Policies (from page 16) explains the principles and bases on which the Authority's accounts have been prepared.
  - The Comprehensive Income & Expenditure Statement summarises the resources that have been generated and consumed in providing services and managing the Authority during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of the retirement benefits earned by employees in the year.
  - The Authority 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) and other 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 Fund Balance. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.
  - The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
  - The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from

operating activities is a key indicator of the extent to which the operations of the authority are funded by way of 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 (i.e. borrowing) to the authority.

➤ Notes to the Financial Statements

- 13** The Statement of Responsibilities for the Statement of Accounts (page 58) explains the Authority's responsibilities and the Chief Financial Officer's responsibilities in administering the Authority's financial affairs and preparing the Statement of Accounts.
- 14** The Annual Governance Statement (page 59) sets out the framework within which financial control is managed and reviewed in the Authority.
- 15** The Auditors' Report (page 75)

*FURTHER INFORMATION*

Further information about this Statement of Accounts is available from:

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# STATEMENT OF ACCOUNTING POLICIES

## **1. General Principles**

The purpose of the Statement of Accounting Policies is to explain the calculation bases of the figures in the accounts.

The accounts have been prepared in accordance with:

- The Code of Practice on Local Authority Accounting in the United Kingdom – which interprets International Financial Reporting Standard (I.F.R.S) guidelines. This document, prepared by CIPFA, pulls together legislative requirements and other guidance notes applicable to the preparation and publication of local authority accounts.
- Service Reporting Code of Practice for Local Authorities (SeRCOP)
- The accounting convention adopted is historic cost with current value for some classes of fixed assets

## **2. Accounting Concepts**

The accounts have been prepared in accordance with the following fundamental and pervasive accounting principles and concepts:

- Relevance
- Reliability
- Comparability
- Understandability
- Materiality
- Faithful representation
- Timeliness
- Accruals
- Going concern
- Primacy of legislative requirements

These principles and concepts have been used in the selection and application of accounting policies and estimation techniques and in the exercise of professional judgement.

## **3. Accruals of Income & Expenditure**

Customer and other receipts in the form of sales, fees, charges, rents and grant aid are accrued and accounted for in the period to which they relate. All known uncollectable debts are written off at the time they become uncollectable. The full cost of employees is charged to the accounts for the period in which the employee worked. Reimbursed travel expenses are not accrued for the 12<sup>th</sup> month of each year. Interest payable on external borrowings and interest income is accrued and accounted for in the accounts for the period to which it relates, in so far as the amounts are material. The costs of supplies and services are accrued and accounted for in the period during which they were consumed or received. Quarterly bills (such as utility bills) and the like are not accrued provided that an annual equivalent charge has already been made in the accounts.

## **4. Contingent Assets and Contingent Liabilities**

Contingent Assets and Liabilities are not recognised within the Financial Statements, but are disclosed by way of a note to the Balance Sheet. The note, where necessary, will identify the nature of the asset or liability and an estimate of its potential financial impact and timing.

## **5. Events After the balance sheet date**

Where an event after the Balance sheet provides evidence of conditions existing at the balance sheet date occurs, the amounts recognised in the accounts will be adjusted. Where an event occurs after the Balance sheet date and is indicative of conditions that arose after the balance sheet date, amounts recognised in the accounts will not be adjusted and the event will be disclosed by way of a note to the statements, if material. However during the year there have been no such events.

## **6. Prior Year Adjustments**

There were no prior year adjustments in the period to record in the statements. However the note accompanying the comparative Movement in Reserves Statement for 2014/15 was simplified in accordance with the guidance notes.

## **7. Foreign Currency Translation**

Income and expenditure arising from any transactions denominated in a foreign currency is translated into £ sterling.

## **8. Grants Received**

Grants received are matched with the expenditure to which they relate. The National Park Grant from the Welsh Government and the Levy from Pembrokeshire County Council, which finance the general activities of the Authority, are credited to the revenue account for the period in respect of which they are payable. Revenue grants for specific services are presented against those services in the Comprehensive Income & Expenditure Account. Where the acquisition of a fixed asset is financed either wholly or in part by a grant from another organisation, the amount of grant is credited to the Capital Adjustment Account. Changes in regulations require that unless any conditions have not been met grants and contributions for revenue purposes must be fully recognised in the Comprehensive Income & Expenditure Account in the period of receipt. Previously income would not be taken to the Comprehensive Income & Expenditure Account until the period of matching expenditure. However authorities may consider earmarking such revenue grant income until it is applied. Transfers from the General Fund to earmarked reserves are accounted for in the Movement in Reserves Statement (MiRS) within the transfers to or from earmarked reserves line.

## **9. Group Accounts**

Group Accounts are not applicable to the Authority's 2015/16 accounts, as no relationships exist with any subsidiaries, associates or joint ventures as defined for reporting purposes.

## **10. Intangible Assets**

No intangible assets exist.

## **11. Investments and Capital Instruments**

The Authority does not hold any investments in listed and unlisted companies. Surplus cash is deposited in short-term money market accounts with the Authority's bankers, Lloyds and NatWest. The Authority does not issue or hold any capital instruments that are listed or publicly traded on a stock exchange or market.

## **12. Leases**

The Authority manages Operating Leases for its main photocopiers and for the majority of its vehicles, including vehicles provided to nominated staff under the Staff Lease Car Scheme. Lease payments are charged in full according to date payable on a straight-line basis, ensuring an equal annual charge to service revenue accounts throughout the life of the lease. Contributions from staff benefiting from the Lease Car Scheme are credited to the revenue account in the period of receipt.

The Authority rents a number of properties in support of its services, and rental costs are accounted for on a straight-line basis in the relevant rental periods. The Authority also rents-out a number of owned properties that are not required for direct service provision. The properties are held as fixed assets in the balance sheet, and income relating to these properties is accounted for on a straight-line basis in the relevant rental periods.

No Finance Leases exist.

### **13. Recharging of Service Management & Support Service Costs**

Support Services costs are recharged to service users in accordance with the costing principles of CIPFA's Service Reporting Code of Practice. The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of; Democratic Representation & Management and Non Distributed Costs – past service costs relating to the Pension Fund. These two cost categories are accounted for as separate headings in the Comprehensive Income and Expenditure Statement. Where an immaterial balance exists after recharging, this is shown separately in the Comprehensive Income & Expenditure Statement.

### **14. Employee Benefits**

Short term employee benefits include wages and salaries, paid annual leave and paid sick leave and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements, including flexitime, earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services and then reversed out through the Movement in Reserves Statement.

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Reserve balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year. The Statement of Accounts includes a statement to disclose information in relation to exit packages.

The adoption of the 2011 amendments to IAS 19 in for first time in the 2013/14 required disclosure that new classes of components of defined benefit cost to be recognised in the financial statements (i.e. net interest on the net defined benefit liability (asset) and remeasurements of the net defined benefit liability (asset)), and, where there is a material impact, new definitions or recognition criteria for service costs (eg past service costs) and new recognition criteria for termination benefits. The date of change in accounting policy is from 1 April 2013.

The Authority's employees have access to the Dyfed Pension Fund, a defined benefit scheme, which is administered by Carmarthenshire County Council. The cost of providing pensions for employees is funded in accordance with the statutory requirements governing the scheme in which the Authority participates. However, accounting for these pensions is to be done in accordance with generally accepted accounting practice as interpreted by the Code. Where the payments made for the year in accordance with the scheme requirements do not match the change in the Authority's recognised asset or liability for the same period, the recognised cost of pensions will not match the amount to be met through approved net funding. This is represented by an appropriation to or from the pension's reserve which equals the net change in the pension's liability recognised in the Comprehensive Income & Expenditure Statement.

The assets of the fund are measured at their fair value at the balance sheet date and any liabilities, such as accrued expenses, are deducted. The attributable scheme liabilities are measured on an actuarial basis using the projected unit method. The scheme liabilities comprise:

- Any benefits promised under the formal terms of the scheme; and
- Any constructive obligations for further benefits where a public statement or past practice by the employer has created a valid expectation in the employees those benefits will be granted.

The surplus/deficit in the scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities. The Authority should recognise an asset to the extent that it is able to recover a surplus either through reduced contributions in the future or through refunds from the scheme. The Authority should recognise a liability to the extent that it reflects its legal or constructive obligation. Any changes in the defined benefit asset or liability is analysed into its component parts.

### **15. Provisions**

Provisions are made and charged to the appropriate revenue account when the Authority has a present obligation based on a past event, where it is probable that a transfer of economic benefit will occur and where a reliable estimate can be made of the value of the benefit. Provisions are charged to the Comprehensive Income & Expenditure Statement, but when expenditure is incurred it is charged direct to the provision. Provisions are reviewed at the end of each period and exclude future operation losses and items where it is no longer probable that a transfer of economic benefit will take place. A provision for bad and doubtful debts is included in the accounts and the carrying amount for debtors has been adjusted accordingly.

### **16. Research & Development**

Expenditure on research and development is regarded as part of the continuing operations of the Authority and is written off as it is incurred.

### **17. Reserves**

Earmarked reserves are amounts set-aside from revenue, with prior approval, for a specific purpose, falling outside the definition of provisions. Transfers to and from Earmarked Reserves are disclosed in the Movement of the Authority's Reserves Statement Balance as Net Transfer to or from earmarked reserves. General reserves are balances held for contingency and cash-flow purposes, and are not earmarked for other specific purposes. Recognition is given to LAAP Bulletin 77 – Guidance Note on Local Authority Reserves & Balances in reviewing and monitoring the levels of reserves. Capital reserves are not available for revenue purposes. The Capital Adjustment Account is non-distributable and held for balance sheet purposes only. The usable capital receipts reserve and unapplied capital grants reserve can only be used for capital expenditure purposes, the latter reflecting capital grants received but not yet applied to capital projects.

### **18. Inventories & Long-term Contracts**

Stocks of merchandise, timber, stamps and bridge tickets are included in the accounts at cost. This is a departure from recommended practice that requires stocks to be shown at the *lower of* actual cost or net realisable value. The difference is not considered to be material. Other immaterial stock, for example stationery, is treated as current expenditure and charged directly to revenue.

### **19. Non Current Assets**

Fixed assets comprise capital expenditure on:

- All land and buildings purchases.
- Land and buildings enhancement exceeding £10,000.
- All items (such as vehicles and equipment) with a useful life in excess of one year and costing or valued at over £10,000 either individually or collectively. Repairs and general maintenance expenditure is charged directly to revenue and not capitalised.

Fixed assets are initially measured at cost, but are then revalued on a rolling 5-year revaluation programme in order to ensure that their value is accurately reflected in the Authority's balance sheet. Revaluations are undertaken by the Authority's qualified Estates Officer, Carmarthenshire County Council and by qualified surveyors employed by R.K. Lucas & Son, in accordance with the RICS Appraisal & Valuation Manual and CIPFA guidelines as they relate to Asset Valuations.

When assets are revalued, any difference between the stated values and historic cost is represented in the Revaluation Reserve.

Non-current assets are carried in the Balance Sheet as follows:

- Operational property, plant and equipment assets are carried at their current value to the authority in their existing use.
- Non-operational property, plant and equipment – surplus assets are carried at fair value
- Non-operational assets in the course of construction/development are recorded at cost.
- Infrastructure – depreciated historical cost.
- Community assets – depreciated historical cost or valuation rather than current or fair value.
- Assets held for sale – measured at the lower of their carrying amount and fair value less costs to sell. These non-current assets are taken outside the scope of capital accounting pending sale although they remain subject to capital financing arrangements under the Prudential Framework.

In line with changes in accounting regulations as from April 2007 assets subject to positive revaluation have been reflected in the Revaluation Reserve and assets with negative revaluation, without a prior revaluations reserve balance, have been charged to the Comprehensive Income & Expenditure statement. Asset values are not altered when the Authority is not aware of any material change in an asset's value.

Proceeds from the sale of individual assets of £10,000 or less are not treated as capital receipts and are, instead, credited directly to the revenue account. Proceeds above this de-minimums are credited to the Usable Capital Receipts Reserve, on an accruals basis.

Upon disposal of an asset, the net book value of the asset is written off against the Capital Adjustment Account. Where a fixed asset is disposed of for other than a cash consideration, or payment is deferred, an equivalent asset is recognised and included in the balance sheet at its appropriate value.

Depreciation is charged on all fixed assets with a finite useful life, accounting for estimated residual values. Depreciation rates, on a straight-line basis, are as follows:

- Freehold land is not depreciated
- Freehold buildings are generally depreciated over 25 years, although the useful life of certain assets are determined under the Asset Valuation Report or external advice

- Car parks are depreciated to 50% over 25 years.
- Plant and machinery are depreciated over 10 years.
- Intangible Assets are depreciated over 4 years
- IT equipment is depreciated over 4 years.
- Vehicles and equipment are depreciated over 5 years.
- Fully depreciated assets are reviewed to ascertain whether their value in the balance sheet and their potential future life-span are appropriately represented. Where necessary, asset depreciable lives are extended or assets are revalued to achieve the appropriate representation.
- Assets in the course of construction are not depreciated. Depreciation is not charged in the year of acquisition or transfer of assets, but is charged in each subsequent year, where applicable, including the year of disposal.

Under the adoption of the IFRS 13 Fair Value Measurement standard any surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) held by the Authority are revalued at market value rather than value in existing use. Operational property, plant and equipment assets are outside the scope of IFRS 13.

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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, amortisation or revaluations 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. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. The written-off value of disposals is not a revenue charge as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement

## **20. Capital Charges and Revenue Expenditure Funded From Capital Under Statute**

The cost of services in the Comprehensive Income & Expenditure Account includes a capital charge for all fixed assets used by each service, as recorded in the balance sheet at 31<sup>st</sup> March 2016. These charges equate to the sum of depreciation. The General Fund Balance is adjusted so the overall result is of no financial impact on the amounts raised from the National Park Grant and Local Authority Levy – that is, the adjustments are self-balancing. All expenditure on repairs and maintenance relating to fixed assets is charged to the appropriate service revenue account. Payments that under

legislation are funded from capital resources but where no fixed assets are created are charged to the appropriate service in the Comprehensive Income & Expenditure Statement. These charges are subsequently reversed out in the Movement in Reserves Statement with an equal charge to the Capital Adjustment Account.

### **21. Deferred Liabilities**

No deferred liabilities have arisen during the year nor been carried forward from previous years.

### **22. Interest Charges and Receipts**

Surplus funds, made available through prudent cash flow management, are invested via Lloyds and NatWest Banks and generate interest receipts that are credited to the Comprehensive Income & Expenditure Account.

### **23. Value Added Tax**

The accounts have been prepared on a VAT exclusive basis.

### **24. Investment Properties.**

The Authority holds Investment properties which are a separate class of property (land or a building, or part of a building, or both) that is held solely to earn rentals or for capital appreciation, or both, and are carried at their market value. Income from rental of Investment properties and impairments in the value of Investment Properties are shown in the Financing and Investment Income & Expenditure line of the Comprehensive Income & Expenditure Statement. Investment properties are carried at fair value and following the specifications in IFRS 13 at highest and best use.

### **25. Heritage Assets**

From 1 April 2010 the Authority is required to separately record Heritage Assets from other assets. Heritage Assets are assets preserved in trust for future generations because of their cultural, environmental or historic associations. Heritage Assets are split between tangible and intangible assets: a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture; an intangible asset with cultural, environmental, or historical significance. Examples of intangible heritage assets include recordings of significant historical events. The Authority does not hold any intangible assets. The review of the impairment, acquisition and disposal of heritage assets is included within the of the Authority's Asset Management Group. Heritage Assets are subject to the Authority's normal revolving five yearly assets revaluations program and are valued on an historical cost basis. Depreciation of Heritage Assets, where appropriate, is in line with the general policy on depreciation.

**Pembrokeshire Coast National Park Authority**  
**Comprehensive Income and Expenditure Statement**

**1<sup>st</sup> April 2015 – 31<sup>st</sup> March 2016**

**£000's**

|                                                                    | 31 March 2016 |               |              | 31 March 2015 |               |              |
|--------------------------------------------------------------------|---------------|---------------|--------------|---------------|---------------|--------------|
|                                                                    | Expenditure   | Income        | Net          | Expenditure   | Income        | Net          |
| Conservation of the Natural Environment                            | 459           | -29           | 430          | 606           | -38           | 568          |
| Conservation of the Cultural Heritage                              | 130           | -7            | 123          | 165           | -2            | 163          |
| Development Control                                                | 657           | -173          | 484          | 684           | -177          | 507          |
| Forward Planning & Communities                                     | 404           | 0             | 404          | 379           | 0             | 379          |
| Promoting Understanding                                            | 2,182         | -885          | 1,297        | 2,471         | -840          | 1,631        |
| Recreation & Transport                                             | 789           | -746          | 43           | 804           | -703          | 101          |
| Rangers, Estates & Volunteers                                      | 1,220         | -129          | 1,091        | 1,227         | -175          | 1,052        |
| Democratic Representation & Management                             | 595           | -36           | 559          | 630           | -41           | 589          |
| Past Service Cost (Note 40)                                        | 9             | 0             | 9            | 49            | 0             | 49           |
| <b>Cost of Services</b>                                            | <b>6,445</b>  | <b>-2,005</b> | <b>4,440</b> | <b>7,015</b>  | <b>-1,976</b> | <b>5,039</b> |
| Financing & Investment Income & Expenditure (Note 8)               |               |               | -82          |               |               | -21          |
| Other Operating Expenditure (Note 9)                               |               |               | 22           |               |               | 14           |
| <b>Taxation &amp; Non -specific Grant Income</b> (Note 10)         |               |               | -4,227       |               |               | -4,736       |
| <b>(Surplus) or Deficit on Provision of Services</b>               |               |               | <b>153</b>   |               |               | <b>295</b>   |
| Surplus or deficit on revaluation of fixed assets (Note 11)        |               |               | -110         |               |               | -139         |
| Actuarial gains / losses on pension assets / liabilities (Note 40) |               |               | -578         |               |               | 1,684        |
| <b>Other Comprehensive Income and Expenditure</b>                  |               |               | <b>-688</b>  |               |               | <b>1,545</b> |
| <b>Total Comprehensive Income and Expenditure</b>                  |               |               | <b>-535</b>  |               |               | <b>1,840</b> |



**Pembrokeshire Coast National Park Authority**

**BALANCE SHEET**

*As at 31<sup>st</sup> March 2016*

**£000's**

| <b>As at:</b>                         | <b>31 March<br/>2016</b> | <b>31 March<br/>2015</b> |
|---------------------------------------|--------------------------|--------------------------|
| Property, Plant & Equipment (Note 11) | 9,843                    | 10,050                   |
| Heritage Assets (Note 11)             | 171                      | 158                      |
| Intangible Assets (Note 11)           | 2                        | 2                        |
| Investment Property (Note 12)         | 2,881                    | 2,806                    |
| Long Term Debtors (Note 17)           | 0                        | 1                        |
| <b>Long Term Assets</b>               | <b>12,897</b>            | <b>13,017</b>            |
| Inventories (Note 16)                 | 166                      | 144                      |
| Short Term Debtors (Note 17)          | 260                      | 360                      |
| Cash and Cash Equivalents (Note 18)   | 2,735                    | 2,111                    |
| <b>Current Assets</b>                 | <b>3,161</b>             | <b>2,615</b>             |
| Short Term Creditors (Note 20)        | -463                     | -415                     |
| <b>Current Liabilities</b>            | <b>-463</b>              | <b>-415</b>              |
| Long Term Creditors (Note 20)         | -1                       | -2                       |
| Pension Liability (Note 40)           | -3,368                   | -3,524                   |
| <b>Long Term Liabilities</b>          | <b>-3,369</b>            | <b>-3,526</b>            |
| <b>Net Assets</b>                     | <b>12,226</b>            | <b>11,691</b>            |
| Usable reserves (Note 21)             | 2,772                    | 2,278                    |
| Unusable Reserves (Note 22)           | 9,454                    | 9,413                    |
| <b>Total Reserves</b>                 | <b>12,226</b>            | <b>11,691</b>            |

**Movement in Reserves Statement**  
***1<sup>st</sup> April 2014 – 31<sup>st</sup> March 2015***  
**£000's**

|                                                                                 | General Fund Balance | Earmarked GF Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Revaluation Reserve | Capital Adjustment Account | Pensions Reserve | Accumulative Compensation Unusable Reserve | Unusable Reserves | Total Authority Reserves |
|---------------------------------------------------------------------------------|----------------------|-----------------------|--------------------------|--------------------------|-----------------------|---------------------|----------------------------|------------------|--------------------------------------------|-------------------|--------------------------|
| Balance at 31 March 2014                                                        | 501                  | 1,317                 | 247                      |                          | 2,065                 | 2,376               | 10,712                     | -1,568           | -54                                        | 11,466            | 13,531                   |
| Movement in reserves during 2014/15                                             |                      |                       |                          |                          |                       |                     |                            |                  |                                            |                   |                          |
| Surplus or (deficit) on provision of services                                   | -295                 |                       |                          |                          | -295                  |                     |                            |                  |                                            |                   | -295                     |
| Other Comprehensive Expenditure and Income                                      |                      |                       |                          |                          |                       | 139                 |                            | -1,684           |                                            | -1,545            | -1,545                   |
| Total Comprehensive Expenditure and Income                                      | -295                 |                       |                          |                          | -295                  | 139                 |                            | -1,684           |                                            | -1,545            | -1,840                   |
| Adjustments between accounting basis & funding basis under regulations (Note 6) | 508                  |                       |                          |                          | 508                   | -33                 | -204                       | -273             | 2                                          | -508              |                          |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>             | <b>213</b>           |                       |                          |                          | <b>213</b>            | <b>106</b>          | <b>-204</b>                | <b>-1,957</b>    | <b>2</b>                                   | <b>-2,053</b>     | <b>-1,840</b>            |
| Transfers to/from Earmarked Reserves (Note 7)                                   | -204                 | 204                   |                          |                          |                       |                     |                            |                  |                                            |                   |                          |
| (Rounding adjustments)                                                          |                      |                       |                          |                          |                       |                     |                            | 1                | -1                                         |                   |                          |
| Increase/Decrease in Year                                                       | 9                    | 204                   |                          |                          | 213                   | 106                 | -204                       | -1,956           | 1                                          | -2,053            | -1,840                   |
| Balance at 31 March 2015 carried forward                                        | 510                  | 1,521                 | 247                      |                          | 2,278                 | 2,482               | 10,508                     | -3,524           | -53                                        | 9,413             | 11,691                   |

## Movement in Reserves Statement

*1<sup>st</sup> April 2015 – 31<sup>st</sup> March 2016*

**£000's**

|                                                                                 | General Fund Balance | Earmarked GF Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Revaluation Reserve | Capital Adjustment Account | Pensions Reserve | Accumulative Compensation Unusable Reserve | Unusable Reserves | Total Authority Reserves |
|---------------------------------------------------------------------------------|----------------------|-----------------------|--------------------------|--------------------------|-----------------------|---------------------|----------------------------|------------------|--------------------------------------------|-------------------|--------------------------|
| Balance at 31 March 2015                                                        | <b>510</b>           | <b>1,521</b>          | <b>247</b>               |                          | <b>2,278</b>          | <b>2,482</b>        | <b>10,508</b>              | <b>-3,524</b>    | <b>-53</b>                                 | <b>9,413</b>      | <b>11,691</b>            |
| Movement in reserves during 2015/16                                             |                      |                       |                          |                          |                       |                     |                            |                  |                                            |                   |                          |
| Surplus or (deficit) on provision of services                                   | <b>-153</b>          |                       |                          |                          | <b>-153</b>           |                     |                            |                  |                                            |                   | <b>-153</b>              |
| Other Comprehensive Expenditure and Income                                      |                      |                       |                          |                          |                       | <b>110</b>          |                            | <b>578</b>       |                                            | <b>688</b>        | <b>688</b>               |
| Total Comprehensive Expenditure and Income                                      | <b>-153</b>          |                       |                          |                          | <b>-153</b>           | <b>110</b>          |                            | <b>578</b>       |                                            | <b>688</b>        | <b>535</b>               |
| Adjustments between accounting basis & funding basis under regulations (Note 6) | <b>614</b>           |                       | <b>34</b>                |                          | <b>648</b>            | <b>-34</b>          | <b>-195</b>                | <b>-422</b>      | <b>3</b>                                   | <b>-648</b>       |                          |
| <b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>             | <b>461</b>           |                       | <b>34</b>                |                          | <b>495</b>            | <b>76</b>           | <b>-195</b>                | <b>156</b>       | <b>3</b>                                   | <b>40</b>         | <b>535</b>               |
| Transfers to/from Earmarked Reserves (Note 7)                                   | <b>-268</b>          | <b>268</b>            |                          |                          |                       |                     |                            |                  |                                            |                   |                          |
| Increase/Decrease in Year                                                       | <b>193</b>           | <b>268</b>            | <b>34</b>                |                          | <b>495</b>            | <b>76</b>           | <b>-195</b>                | <b>156</b>       | <b>3</b>                                   | <b>40</b>         | <b>535</b>               |
| Rounding's                                                                      | <b>-1</b>            |                       |                          |                          | <b>-1</b>             |                     |                            |                  | <b>1</b>                                   | <b>1</b>          |                          |
| Balance at 31 March 2016 carried forward                                        | <b>702</b>           | <b>1,789</b>          | <b>281</b>               |                          | <b>2,772</b>          | <b>2,558</b>        | <b>10,313</b>              | <b>-3,368</b>    | <b>-49</b>                                 | <b>9,454</b>      | <b>12,226</b>            |

**Cash Flow Statement**  
***1<sup>st</sup> April 2015 – 31<sup>st</sup> March 2016***  
**£000s**

|                                                                                                                                  | 31 March<br>2016 |  | 31 March<br>2015 |
|----------------------------------------------------------------------------------------------------------------------------------|------------------|--|------------------|
| Net (surplus) or deficit on the provision of services                                                                            | 153              |  | 295              |
| Adjust net surplus or deficit on the provision of services for noncash Movements (Note 24)                                       | (867)            |  | (760)            |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 58               |  | 415              |
| <b>Net cash flows from Operating Activities</b>                                                                                  | <b>(656)</b>     |  | <b>(50)</b>      |
| Investing Activities (Note 25)                                                                                                   | 34               |  | 110              |
| Financing Activities (Note 25)                                                                                                   | (2)              |  | 2                |
| <b>Net increase( ) or decrease in cash and cash equivalents</b>                                                                  | <b>(624)</b>     |  | <b>62</b>        |
| <b>Cash and cash equivalents at the beginning of the reporting period</b>                                                        | <b>2,111</b>     |  | <b>2,173</b>     |
| <b>Cash and cash equivalents at the end of the reporting period</b>                                                              | <b>2,735</b>     |  | <b>2,111</b>     |

## **Notes to the Financial Statements**

### **1. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code which could impact upon the Authority:

The CIPFA Code of Practice on Transport Infrastructure Assets (the Infrastructure Code) takes effect from 1 April 2016. The Code confirms that the changes arising from the Infrastructure Code do not require retrospective adjustment to the accounts. Under the Infrastructure Code transport infrastructure assets will be recognised as a separate class of Property, Plant and Equipment measured at depreciated replacement cost. The Authority does not hold infrastructure assets so there is no impact the 2015/16 Statement of Accounts as a result from the change in the code. In addition there are a number of minor amendments to International Financial Reporting Standards, but these are not expected to have any material impact on the accounts.

### **2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

Other than those disclosed elsewhere in these notes the Authority has not had to make any critical judgements about complex transactions or those involving uncertainty about future events.

### **3. 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 the assumptions and estimates.

In the Authority's Balance Sheet at 31 March 2016 there is a risk of material adjustment in the forthcoming financial year in the size of the pension 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 consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

The Statement of Accounts contains accruals for income and expenditure known as at the balance sheet date. In addition they show the accumulative absence accrual is the value of staff leave due, but not taken, as at the end of the financial year.

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase in these circumstances.

#### **4. MATERIAL ITEMS OF INCOME AND EXPENSE**

There are no material items other than those disclosed in the Comprehensive Income and Expenditure Statement.

#### **5. EVENTS AFTER THE BALANCE SHEET DATE**

As at 30<sup>th</sup> June 2016 there were no post balance sheet events to report.

#### **6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION**

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

**2014/15**  
**ADJUSTMENTS BETWEEN ACCOUNTING BASIS**  
**AND FUNDING BASIS UNDER REGULATION**  
**£000's**

|                                                                                       | <b>General Fund Balance</b> | <b>Capital Receipts Reserve</b> | <b>Capital Grants Unapplied</b> | <b>Movement in Unusable Reserves</b> |
|---------------------------------------------------------------------------------------|-----------------------------|---------------------------------|---------------------------------|--------------------------------------|
| <b>Movement in reserves during 2014/15</b>                                            |                             |                                 |                                 |                                      |
| <b>Adjustment to Revenue Resources</b>                                                |                             |                                 |                                 |                                      |
| Charges for depreciation and impairment of non current assets                         | 255                         |                                 |                                 | -255                                 |
| Revaluation of Investment Properties                                                  | -22                         |                                 |                                 | 22                                   |
| Revaluation losses on Property, Plant & Equipment                                     | 511                         |                                 |                                 | -511                                 |
| Adjustment involving the Accumulated Absences Account                                 | -2                          |                                 |                                 | 2                                    |
| Revenue expenditure funded from capital grants                                        | -406                        |                                 |                                 | 406                                  |
| Pension Costs                                                                         | 273                         |                                 |                                 | -273                                 |
| <b>Total adjustment to Revenue Resources</b>                                          | <b>609</b>                  |                                 |                                 | <b>-609</b>                          |
|                                                                                       |                             |                                 |                                 |                                      |
| <b>Adjustments between Revenue and Capital Resources</b>                              |                             |                                 |                                 |                                      |
| Capital expenditure charged against the General Fund                                  | -143                        |                                 |                                 | 143                                  |
| Revenue expenditure funded from capital under statute                                 | 42                          |                                 |                                 | -42                                  |
| Transfer of non-current sales proceeds from revenue to Capital receipts reserve       | <b>0</b>                    |                                 |                                 | <b>0</b>                             |
| <b>Total Adjustments between to Revenue and Capital Resources</b>                     | <b>-101</b>                 |                                 |                                 | <b>101</b>                           |
|                                                                                       |                             |                                 |                                 |                                      |
| <b>Total Adjustments between accounting basis and funding basis under regulations</b> | <b>508</b>                  |                                 |                                 | <b>-508</b>                          |

**2015/16**  
**ADJUSTMENTS BETWEEN ACCOUNTING BASIS**  
**AND FUNDING BASIS UNDER REGULATION**  
**£000's**

|                                                                                       | <b>General Fund Balance</b> | <b>Capital Receipts Reserve</b> | <b>Capital Grants Unapplied</b> | <b>Movement in Unusable Reserves</b> |
|---------------------------------------------------------------------------------------|-----------------------------|---------------------------------|---------------------------------|--------------------------------------|
| <b>Movement in reserves during 2015/16</b>                                            |                             |                                 |                                 |                                      |
| <b>Adjustment to Revenue Resources</b>                                                |                             |                                 |                                 |                                      |
| Charges for depreciation and impairment of non-current assets                         | 276                         |                                 |                                 | -276                                 |
| Revaluation of Investment Properties                                                  | -118                        |                                 |                                 | 118                                  |
| Revaluation losses on Property, Plant & Equipment                                     | 175                         |                                 |                                 | -175                                 |
| Adjustment involving the Accumulated Absences Account                                 | -3                          |                                 |                                 | 3                                    |
| Revenue expenditure funded from capital grants                                        | -3                          |                                 |                                 | 3                                    |
| Pension Costs                                                                         | 422                         |                                 |                                 | -422                                 |
| <b>Total adjustment to Revenue Resources</b>                                          | <b>749</b>                  |                                 |                                 | <b>-749</b>                          |
|                                                                                       |                             |                                 |                                 |                                      |
| <b>Adjustments between Revenue and Capital Resources</b>                              |                             |                                 |                                 |                                      |
| Capital expenditure charged against the General Fund                                  | -145                        |                                 |                                 | 145                                  |
| Transfer of non current sales proceeds from revenue to Capital receipts reserve       | 10                          | 34                              |                                 | -44                                  |
| <b>Total Adjustments between to Revenue and Capital Resources</b>                     | <b>-135</b>                 | <b>34</b>                       |                                 | <b>101</b>                           |
|                                                                                       |                             |                                 |                                 |                                      |
| <b>Total Adjustments between accounting basis and funding basis under regulations</b> | <b>614</b>                  | <b>34</b>                       |                                 | <b>-648</b>                          |



## 7. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16.

| £000's                               |                                         |                            |                              |                                   |
|--------------------------------------|-----------------------------------------|----------------------------|------------------------------|-----------------------------------|
|                                      | Closing<br>Balance<br>31<br>March<br>15 | Transfers<br>to<br>Revenue | Transfers<br>from<br>Revenue | Closing<br>Balance<br>31 March 16 |
| Receipts In Advance                  | 119                                     | -89                        | 141                          | 171                               |
| Asset Management                     | 37                                      |                            |                              | 37                                |
| Llanion Park                         | 2                                       |                            |                              | 2                                 |
| Planning (Formerly Local Plan)       | 220                                     | -11                        |                              | 209                               |
| Self-Insurance                       | 30                                      |                            |                              | 30                                |
| Staff Restructuring                  | 398                                     | -78                        | 100                          | 420                               |
| It/Public Sector Broadband           | 19                                      |                            |                              | 19                                |
| National Park Wales                  | 35                                      |                            | 55                           | 90                                |
| Finance System                       | 19                                      | -19                        |                              |                                   |
| Planning System                      | 100                                     |                            |                              | 100                               |
| Car Par Integration                  | 77                                      |                            |                              | 77                                |
| Invasive Species Eradication Program | 15                                      | -5                         |                              | 10                                |
| Memorial Donations                   | 2                                       |                            | 1                            | 3                                 |
| Wellbeing                            | 5                                       | -5                         |                              |                                   |
| Round Houses                         | 100                                     |                            |                              | 100                               |
| Castell Henllys Tractor              | 16                                      | -16                        |                              |                                   |
| SDF Increase In Funds                | 100                                     |                            | 100                          | 200                               |
| Machinery For Delivery               | 27                                      | -27                        | 10                           | 10                                |
| NPG Reduction                        | 100                                     |                            |                              | 100                               |
| Car Park Resurfacing                 | 100                                     |                            |                              | 100                               |
| Biodiversity                         |                                         |                            | 11                           | 11                                |
| Planning Enforcement                 |                                         |                            | 100                          | 100                               |
| <b>Total</b>                         | <b>1,521</b>                            | <b>-250</b>                | <b>518</b>                   | <b>1,789</b>                      |

## 8. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

| £000's                                                   |         |         |
|----------------------------------------------------------|---------|---------|
| Items                                                    | 2015/16 | 2014/15 |
| Movement in fair value of investment properties( - Gain) | -118    | -22     |
| Income from Investment properties                        | -55     | -50     |
| Pensions Net Interest Cost                               | 109     | 61      |
| Interest receivable and similar income                   | -18     | -10     |

|              |            |            |
|--------------|------------|------------|
| <b>TOTAL</b> | <b>-82</b> | <b>-21</b> |
|--------------|------------|------------|

#### **9. OTHER OPERATING EXPENDITURE / INCOME**

**£000's**

| Items                           | 2015/16   | 2014/15   |
|---------------------------------|-----------|-----------|
| Movement on Bad Debt Provision  | -         | -         |
| Asset Disposal                  | 9         |           |
| Pension Administration Expenses | 13        | 14        |
| <b>TOTAL</b>                    | <b>22</b> | <b>14</b> |

#### **10. TAXATION AND NON SPECIFIC GRANT INCOMES**

**£000's**

| Items                                     | 2015/16      | 2014/15      |
|-------------------------------------------|--------------|--------------|
| National Park Grant from Welsh Government | 3,161        | 3,294        |
| Levy on Pembrokeshire County Council      | 1,054        | 1,077        |
| Capital grants and contributions          | 3            | 365          |
| Other                                     | 9            |              |
| <b>TOTAL</b>                              | <b>4,227</b> | <b>4,736</b> |

#### **11. PROPERTY, PLANT AND EQUIPMENT**

The following is a summary of capital expenditure during the reporting period, including assets acquired under finance lease, analysed for each category of fixed assets together with the sources of finance and capital financing requirement. The movements consist of additions arising from the capital programme, assets made operational during the year, asset revaluations, depreciation charges where applicable, disposals, impairments and reclassifications of held assets.

**2014/15 Non Current Assets**  
**£000's**

|                                  | Operational<br>Land &<br>Buildings | Plant &<br>Equipment | Infrastructure<br>Assets | Community<br>Assets | Non op'l<br>Assets<br>In<br>Progress | <i><b>Total<br/>PP&amp;E</b></i> |
|----------------------------------|------------------------------------|----------------------|--------------------------|---------------------|--------------------------------------|----------------------------------|
| <b>COST OR<br/>VALUATION</b>     |                                    |                      |                          |                     |                                      |                                  |
| <b>As at 1 April 2014</b>        | <b>10,237</b>                      | <b>1,247</b>         |                          | <b>9</b>            | <b>132</b>                           | <b>11,625</b>                    |
| Reclassifications                |                                    |                      |                          |                     |                                      |                                  |
| Assets made<br>operational in yr | <b>487</b>                         | <b>28</b>            |                          |                     | <b>-515</b>                          |                                  |
| Additions                        | <b>23</b>                          | <b>85</b>            |                          |                     | <b>399</b>                           | <b>507</b>                       |
| Disposals                        |                                    |                      |                          |                     |                                      |                                  |
| Impairment                       |                                    |                      |                          |                     |                                      |                                  |
| Revaluations                     | <b>-516</b>                        |                      |                          |                     |                                      | <b>-516</b>                      |
| <b>As at 31 March<br/>2015</b>   | <b>10,231</b>                      | <b>1,360</b>         |                          | <b>9</b>            | <b>16</b>                            | <b>11,616</b>                    |
|                                  |                                    |                      |                          |                     |                                      |                                  |
| <b>DEPRECIATION</b>              |                                    |                      |                          |                     |                                      |                                  |
| <b>As at 1 April 2014</b>        | <b>-412</b>                        | <b>-1,043</b>        |                          |                     |                                      | <b>-1,455</b>                    |
| Charge for year                  | <b>-184</b>                        | <b>-71</b>           |                          |                     |                                      | <b>-255</b>                      |
| Disposals                        |                                    |                      |                          |                     |                                      |                                  |
| Reclassification                 |                                    |                      |                          |                     |                                      |                                  |
| Impairment                       |                                    |                      |                          |                     |                                      |                                  |
| Revaluation                      | <b>144</b>                         |                      |                          |                     |                                      | <b>144</b>                       |
| <b>As at 31 March<br/>2015</b>   | <b>-452</b>                        | <b>-1,114</b>        |                          |                     |                                      | <b>-1,566</b>                    |
|                                  |                                    |                      |                          |                     |                                      |                                  |
|                                  |                                    |                      |                          |                     |                                      |                                  |
| <b>NET VALUE<br/>31/3/14</b>     | <b>9,825</b>                       | <b>204</b>           | <b>0</b>                 | <b>9</b>            | <b>132</b>                           | <b>10,170</b>                    |
| <b>NET VALUE<br/>31/3/15</b>     | <b>9,779</b>                       | <b>246</b>           | <b>0</b>                 | <b>9</b>            | <b>16</b>                            | <b>10,050</b>                    |

## 2015/16 Non Current Assets

£000's

|                                  | Operational<br>Land &<br>Buildings | Plant &<br>Equipment | Infrastructure<br>Assets | Community<br>Assets | Non op'l<br>Assets<br>In<br>Progress | <i>Total<br/>PP&amp;E</i> |
|----------------------------------|------------------------------------|----------------------|--------------------------|---------------------|--------------------------------------|---------------------------|
| <b>COST OR<br/>VALUATION</b>     |                                    |                      |                          |                     |                                      |                           |
| <b>As at 1 April 2015</b>        | <b>10,231</b>                      | <b>1,360</b>         |                          | <b>9</b>            | <b>16</b>                            | <b>11,616</b>             |
| Reclassifications                | <b>19</b>                          |                      |                          | <b>-32</b>          |                                      | <b>-13</b>                |
| Assets made<br>operational in yr |                                    |                      |                          |                     |                                      |                           |
| Additions                        |                                    | <b>90</b>            |                          |                     | <b>57</b>                            | <b>147</b>                |
| Disposals                        |                                    |                      |                          |                     |                                      |                           |
| Impairment                       |                                    |                      |                          |                     |                                      |                           |
| Revaluations                     | <b>-106</b>                        |                      |                          | <b>23</b>           |                                      | <b>-83</b>                |
| <b>As at 31 March<br/>2016</b>   | <b>10,144</b>                      | <b>1,450</b>         |                          |                     | <b>73</b>                            | <b>11,667</b>             |
|                                  |                                    |                      |                          |                     |                                      |                           |
| <b>DEPRECIATION</b>              |                                    |                      |                          |                     |                                      |                           |
| <b>As at 1 April 2015</b>        | <b>-452</b>                        | <b>-1,114</b>        |                          |                     |                                      | <b>-1,566</b>             |
| Charge for year                  | <b>-180</b>                        | <b>-95</b>           |                          |                     |                                      | <b>-275</b>               |
| Disposals                        |                                    |                      |                          |                     |                                      |                           |
| Reclassification                 |                                    |                      |                          |                     |                                      |                           |
| Impairment                       |                                    |                      |                          |                     |                                      |                           |
| Revaluation                      | <b>17</b>                          |                      |                          |                     |                                      | <b>17</b>                 |
| <b>As at 31 March<br/>2016</b>   | <b>-615</b>                        | <b>-1,209</b>        |                          |                     |                                      | <b>-1,824</b>             |
|                                  |                                    |                      |                          |                     |                                      |                           |
| <b>NET VALUE<br/>31/3/15</b>     | <b>9,779</b>                       | <b>246</b>           |                          | <b>9</b>            | <b>16</b>                            | <b>10,050</b>             |
| <b>NET VALUE<br/>31/3/16</b>     | <b>9,529</b>                       | <b>241</b>           |                          |                     | <b>73</b>                            | <b>9,843</b>              |

### ASSETS MADE OPERATIONAL DURING THE YEAR

The following assets were made operational in the year:

|                                           | 2015/16    | 2014/15        |
|-------------------------------------------|------------|----------------|
| Origins: Castell Henllys<br>Refurbishment | Nil        | 515,412        |
| <b>Total</b>                              | <b>Nil</b> | <b>515,412</b> |

Preliminary expenditure at the year-end, held under the non-operational (under construction) group, consists of:

|                            |               |
|----------------------------|---------------|
| Green Bridge Viewing Point | 15,577        |
| Carew Mill Roof            | 57,040        |
| <b>Total</b>               | <b>72,617</b> |

### ASSET ADDITION

This represents capital expenditure in the year impacting on asset values as explained in the section on the Capital Programme.

### DISPOSAL

During the year the Authority disposed of land at the Skrinkle Haven Youth Hostel to the Youth Hostel Association and the Lime Keepers Cottage to the Newport Boat Owners Association. Both these assets were held under the Investment Property category of asset.

### RECLASSIFICATIONS

A number of asset reclassifications took place during the year. The Pump House at St. Brides and Angle Tower were transferred out of Operational Land and Buildings to Heritage Assets; Moylegrove Car Par was transferred from Community assets to Operational land and Buildings; Land at Whitesands, the Ruin at St. Brides, Solva Prendercast Woods, Porthgain Amenity Land and Porthclais Trailer Park was transferred from Community Assets to Heritage Assets.

### REVALUATIONS & IMPAIRMENT

A number of assets were subject to revaluation as part of the five-year rolling programme of revaluations. Significant revaluations in the year relate to, Fresh Water East Car Park, Carew Village Car Park, St Brides Pumphouse, Molegrove Car Park, Poppit Sands Café and Marloes Sands Car Park.

In regard to revaluation & impairment included in Other Comprehensive Income & Expenditure are made up as follows:

|                                                                                                 | 2015/16        | 2014/15         |
|-------------------------------------------------------------------------------------------------|----------------|-----------------|
| Revaluation of Fixed Assets included in Surplus/Deficit on the Provision of Services            | -175,198       | -511,223        |
| Downward/ Upward revaluation of assets and impairment losses not charged to the Surplus/Deficit | 109,850        | 138,699         |
| <b>Sub total</b>                                                                                | <b>-65,348</b> | <b>-372,524</b> |
| Revaluation and Impairment of Investment Properties                                             | 117,999        | 22,000          |
| <b>Total</b>                                                                                    | <b>52,651</b>  | <b>-350,524</b> |

A summary of the financial impact (excluding depreciation) of asset revaluations and impairment over the past five years is presented below:

| Year    | Other Land & Buildings | Community Assets | Non-Operational Assets | NET TOTAL |
|---------|------------------------|------------------|------------------------|-----------|
|         | £                      | £                | £                      | £         |
| 2015/16 | 176,998                |                  |                        | 176,998   |
| 2014/15 | 595,923                |                  |                        | 595,923   |
| 2013/14 | 1,403,322              |                  |                        | 1,403,322 |
| 2012/13 | 304,797                |                  |                        | 304,797   |
| 2011/12 | 236,902                |                  |                        | 236,902   |
| 2010/11 | 80,658                 |                  |                        | 80,658    |

#### FINANCING OF FIXED ASSETS

The net cash additions to fixed assets of £147,432 (Additions less transfers from Non Operational Assets) were financed as follows:

|          |                                  |
|----------|----------------------------------|
| £2,879   | Grant funding from other sources |
| £144,553 | Funding from revenue grant       |
| £ nil    | Other                            |

#### CAPITAL COMMITMENTS

As at 31<sup>st</sup> March 2016 there were no capital commitments on the Authority.

#### FIXED ASSET PORTFOLIO

Excluding investment properties and assets held for sale the Authority owns the following numbers and types of property and land assets:

| Type                   | 2015/16   | 2014/15   |
|------------------------|-----------|-----------|
| Car Parks              | 25        | 25        |
| Historic Sites         | 16        | 16        |
| Coastal land and sites | 9         | 9         |
| Woodland Sites         | 11        | 11        |
| Other sites            | 15        | 15        |
| Other premises         | 11        | 11        |
| <b>TOTAL</b>           | <b>87</b> | <b>87</b> |

## CAPITAL PROGRAMME

The following projects were funded as part of the capital programme for the year:

|                                                | <b>Total Cost<br/>2015/16<br/>£000</b> | <b>Total Cost<br/>2014/15<br/>£000</b> |
|------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Promoting Understanding &amp; Enjoyment</b> | <b>73</b>                              | <b>471</b>                             |
| Carew Mill Roof                                | 52                                     |                                        |
| Castell Henllys Tractor                        | 16                                     |                                        |
| Castell Henllys Roundhouse                     | 5                                      |                                        |
| Origins: Castell Henllys Refurbishment         |                                        | 471                                    |
| <b>Recreation &amp; Park Management</b>        | <b>52</b>                              | <b>55</b>                              |
| Sandy Haven River Crossing                     |                                        | 42                                     |
| Vehicles                                       | 52                                     | 13                                     |
| <b>Corporate &amp; Support Services</b>        | <b>22</b>                              | <b>23</b>                              |
| Llanion Buildings                              |                                        | 23                                     |
| Information & Communications Technology        | 22                                     |                                        |
| <b>TOTAL CAPITAL SPEND</b>                     | <b>147</b>                             | <b>549</b>                             |
| <b>Financed by:</b>                            |                                        |                                        |
| Financing from the Revenue budget              | -145                                   | -143                                   |
| Additional Grants (see table below)            | -2                                     | -406                                   |
| <b>Total</b>                                   | <b>-147</b>                            | <b>-549</b>                            |

The £147,432 relates to assets owned by the Authority and impacts on the fixed asset values held in the Balance Sheet.

| <b>* The additional grants in 2015/16<br/>were received from the following<br/>partners:</b> | <b>2015/16<br/>£000's</b> | <b>2014/15<br/>£000's</b> |
|----------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| CADW                                                                                         |                           | 1                         |
| Welsh Government                                                                             |                           | 125                       |
| Convergence Programme Funds                                                                  |                           | 225                       |
| Digital Tourism                                                                              |                           | 38                        |
| Crown Estate                                                                                 |                           | 17                        |
| Natural Resources Wales                                                                      | 2                         |                           |
| <b>TOTAL ADDITIONAL GRANTS</b>                                                               | <b>2</b>                  | <b>406</b>                |

## INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful life assigned to assets acquired during the year is 4 years. The amortisation charge is included in the IT department operating costs and redistributed along with other support service costs.

|                                 | 2015/16<br>£000's | 2014/15<br>£000's |
|---------------------------------|-------------------|-------------------|
| <b>Balance at start of year</b> | <b>2</b>          | <b>3</b>          |
| Purchases during year           | 0                 | 0                 |
| Accumulative Amortisation       | -1                | -1                |
| Rounding                        | 1                 |                   |
| <b>Balance at end of year</b>   | <b>2</b>          | <b>2</b>          |

### HERITAGE ASSETS.

The Authority's classification of heritage assets relates to specific buildings, monuments, cliffs, sand dunes, woodlands and other types of property. The following schedule details the tangible heritage assets held by the Authority and their valuation as at the balance sheet date.

| Asset                                 | Valuation as<br>at 31/3/14 | Valuation as<br>at 31/3/15 | Reclassificat<br>ion | Valuation as<br>at 31/3/16 |
|---------------------------------------|----------------------------|----------------------------|----------------------|----------------------------|
| Fishguard Old Fort & Cliff            | 12,500                     | 12,500                     |                      | 12,500                     |
| Porthgain Hoppers & Tunnels           | 1                          | 1                          |                      | 1                          |
| Porthgain Navigation Beacon           | 1                          | 1                          |                      | 1                          |
| Trefin Trwyn Llwyd cliff land & ruins | 1                          | 1                          |                      | 1                          |
| Porthgain Harbour & Bed               | 1                          | 1                          |                      | 1                          |
| Porthgain Cliff Lands                 | 4,000                      | 4,000                      |                      | 4,000                      |
| St. Brides Landscape                  | 36,000                     | 36,000                     |                      | 36,000                     |
| Manorbier Dunes & Land                | 6,000                      | 6,000                      |                      | 6,000                      |
| Poppit Sands - Landscape              | 1                          | 1                          |                      | 1                          |
| Skrinkle Haven Cliff Lands            | 56,160                     | 56,160                     |                      | 56,160                     |
| Manorbier East Moor Cliffs            | 3,500                      | 3,500                      |                      | 3,500                      |
| Strumble Head Observatory             | 1                          | 1                          |                      | 1                          |
| Saundersfoot Plantation Wood          | 3,750                      | 3,750                      |                      | 3,750                      |
| Strumble Head Cliffs/Car park         | 6,000                      | 6,000                      |                      | 6,000                      |
| Pilots House Porthgain                | 1                          | 1                          |                      | 1                          |
| Broadhaven Cabin Club Site            | 30,500                     | 30,500                     |                      | 30,500                     |
| Porthgain Amenity Land (Ty Mawr)      |                            |                            | 3,500                | 3,500                      |
| Porthclais Trailer Park               |                            |                            | 275                  | 275                        |
| Angle, The Tower                      |                            |                            | 1                    | 1                          |
| St. Brides - The Ruin                 |                            |                            | 1                    | 1                          |
| Solva Prendergast Woods               |                            |                            | 1,250                | 1,250                      |
| St. Brides - Pumphouse                |                            |                            | 1                    | 1                          |
| Whitesands Field & Land               |                            |                            | 8,000                | 8,000                      |
| <b>Total</b>                          | <b>158,417</b>             | <b>158,417</b>             | <b>13,028</b>        | <b>171,445</b>             |



## 12. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

|                                                            | 2015/16<br>£000 | 2014/15<br>£000 |
|------------------------------------------------------------|-----------------|-----------------|
| Rental income from investment property                     | 55              | 50              |
| Direct operating expenses arising from investment property | 0               | 0               |
| Net gain/(loss)                                            | <b>55</b>       | <b>50</b>       |

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement. During the year there was the sale of the Lime Keepers Cottage at Newport for £21k and the sale of land at Skrinkle Haven of £12k.

The following table summarises the movement in the fair value of investment properties over the year:

|                                              | 2015/16<br>£000 | 2014/15<br>£000 |
|----------------------------------------------|-----------------|-----------------|
| <b>Balance at start of the year</b>          | <b>2,806</b>    | <b>2,784</b>    |
| Disposal                                     | -43             | 0               |
| Net gains/losses from fair value adjustments | 118             | 22              |
| <b>Balance at end of the year</b>            | <b>2,881</b>    | <b>2,806</b>    |

## 13. LEASES

### Finance Leases

The Authority had no finance leases as at 31<sup>st</sup> March 2016 (nor as at 31<sup>st</sup> March 2015).

### Operating Leases

The Authority leases the majority of vehicles under Contract Hire agreements, and some photocopiers under long-term Rental Agreements. The gross cost of these arrangements was £55,426 for 2015/16 (£60,718 for 2014/15). The Authority rents 14 properties to support its purposes, which includes for example, Tenby T.I.C., Carew Castle & Tidal Mill. The rental costs of these properties for 2015/16 were £42,016 (£41,066 2014/15).

An analysis of the Authority's minimum lease expenditure in future years are:

£000's

|                                                   | As at March 2016 |                      |            | As at March 2015 |                      |            |
|---------------------------------------------------|------------------|----------------------|------------|------------------|----------------------|------------|
|                                                   | Land & Buildings | Vehicles & Equipment | Total      | Land & Buildings | Vehicles & Equipment | Total      |
|                                                   | £                | £                    | £          | £                | £                    | £          |
| Not Later than one year                           | 44               | 27                   | 71         | 41               | 39                   | 80         |
| Later than one year and not later than five years | 131              | 36                   | 167        | 150              | 26                   | 176        |
| Later than 5 years                                | 335              | -                    | 335        | 295              | -                    | 295        |
|                                                   | <b>510</b>       | <b>63</b>            | <b>573</b> | <b>486</b>       | <b>65</b>            | <b>551</b> |

The Authority acts as Lessor on 23 properties, generating an income of £74,454 during 2015/16 (£72,588 2014/15). Examples of these properties are the lease of land at Freshwater East to the Caravan Club, and the lease of Llanion Park North Block to the Natural Resources Wales. Some of these property leases exceed 20 years and are valued on a long-leasehold basis. They have a combined net asset value of £1,362,501 with nil cumulative depreciation.

The future minimum lease payments receivable under non-cancellable leases in future years are:

| £000's                                            |                  |                  |
|---------------------------------------------------|------------------|------------------|
|                                                   | As at March 2016 | As at March 2015 |
|                                                   | £                | £                |
| Not Later than one year                           | 42               | 49               |
| Later than one year and not later than five years | 179              | 176              |
| Later than 5 years                                | 758              | 807              |
|                                                   | <b>979</b>       | <b>1,032</b>     |

#### 14. INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

#### 15. FINANCIAL INSTRUMENTS

There are no financial instrument are carried in the Balance Sheet.

#### 16. INVENTORIES

| £000's                                   |                     |                           |                        |                  |            |
|------------------------------------------|---------------------|---------------------------|------------------------|------------------|------------|
|                                          | Information Centres | Cilrhedyn Woodland Centre | Cleddau Bridge Tickets | Franking Machine | Total      |
| <b>Balance outstanding as at 31/3/14</b> | <b>108</b>          | <b>35</b>                 | <b>1</b>               |                  | <b>144</b> |
| Purchases                                | 201                 | 16                        | 5                      | 18               | 240        |
| Recognised as an expense in the year     | -195                | -24                       | -5                     | -16              | -240       |
| <b>Balance outstanding as at 31/3/15</b> | <b>114</b>          | <b>27</b>                 | <b>1</b>               | <b>2</b>         | <b>144</b> |
| Purchases                                | 194                 | 0                         | 5                      | 12               | 211        |
| Recognised as an expense in the year     | -152                | -16                       | -4                     | -14              | -186       |
| Written out                              | -3                  |                           |                        |                  | -3         |
| <b>Balance outstanding as at 31/3/16</b> | <b>153</b>          | <b>11</b>                 | <b>2</b>               | <b>0</b>         | <b>166</b> |

## 17. LONG & SHORT TERM DEBTORS

£000's

|                                | 2015/16    | 2014/15    |
|--------------------------------|------------|------------|
| <b>Long Term:</b>              |            |            |
| Staff Car / Green Travel Loans | 0          | 1          |
| <b>TOTAL</b>                   | <b>0</b>   | <b>1</b>   |
|                                |            |            |
| <b>Short Term:</b>             |            |            |
| Central government bodies      | 125        | 217        |
| Other local authorities        | 7          | 7          |
| Other entities and individuals | 86         | 86         |
| Payment in advance             | 46         | 52         |
| Staff Loan                     | 1          | 3          |
| Debt Impairment Provision      | -5         | -5         |
| <b>TOTAL</b>                   | <b>260</b> | <b>360</b> |

## 18. CASH AND CASH EQUIVALENTS

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

£000's

|                            | 2015/16      | 2014/15      |
|----------------------------|--------------|--------------|
| Bank accounts & deposits   | 2,733        | 2,109        |
| Cash held by the Authority | 2            | 2            |
| <b>TOTAL</b>               | <b>2,735</b> | <b>2,111</b> |

## 19. ASSETS HELD FOR SALE

The authority held no assets for sales at 31/3/16 nor 31/3/15

## 20. LONG & SHORT TERM CREDITORS

£000's

|                                | 2015/16     | 2014/15     |
|--------------------------------|-------------|-------------|
| <b>Long term</b>               |             |             |
| Central government bodies      | -1          | -2          |
| <b>TOTAL</b>                   | <b>-1</b>   | <b>-2</b>   |
|                                |             |             |
| <b>Short term</b>              |             |             |
| Central government bodies      | -63         | -80         |
| Other local authorities        | -59         | -53         |
| Receipts in Advance            | -26         | -33         |
| Other entities and individuals | -266        | -197        |
| Accumulative Absences          | -49         | -52         |
| <b>TOTAL</b>                   | <b>-463</b> | <b>-415</b> |

## 21. USABLE RESERVES

£000's

| 2015/16      |                                                                                                     | 2014/15      |
|--------------|-----------------------------------------------------------------------------------------------------|--------------|
| 702          | <b>General Fund</b> : Resources available to meet future running costs of services                  | 510          |
| 1,789        | <b>Earmarked Reserves</b> : Reserves set aside for specific items                                   | 1,521        |
| 281          | <b>Capital Receipts</b> : Proceeds on fixed asset sales available to meet future capital investment | 247          |
| <b>2,772</b> | <b>TOTAL</b>                                                                                        | <b>2,278</b> |

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

## 22. UNUSABLE RESERVES

£000's

| 2015/16      |                              | 2014/15      |
|--------------|------------------------------|--------------|
| 2,558        | Revaluation Reserve          | 2,482        |
| 10,313       | Capital Adjustment Account   | 10,508       |
| -3,368       | Pensions Reserve             | -3,524       |
| -49          | Accumulated Absences Account | -53          |
| <b>9,454</b> | <b>TOTAL</b>                 | <b>9,413</b> |

### REVALUATION RESERVE

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

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

£000's

| 2015/16      |                                                                                                                      | 2014/15      |
|--------------|----------------------------------------------------------------------------------------------------------------------|--------------|
| <b>2,482</b> | <b>Balance at 1 April</b>                                                                                            | <b>2,376</b> |
| 110          | Upward revaluation of assets                                                                                         | 222          |
| 0            | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | -83          |
| -34          | Difference between fair value depreciation and historical cost depreciation                                          | -33          |
| <b>2,558</b> |                                                                                                                      | <b>2,482</b> |

### CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses

and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated 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 that the Revaluation Reserve was created to hold such gains. **Note 6** provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

£000's

| 2015/16       |                                                                                                                                             | 2014/15       |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| <b>10,508</b> | <b>Balance at 1 April</b>                                                                                                                   | <b>10,712</b> |
| -276          | Charges for depreciation and impairment of non current assets                                                                               | -255          |
| 0             | Impairment of Investment Assets                                                                                                             | 0             |
| 118           | Gain of Investment Assets                                                                                                                   | 22            |
| -175          | Revaluation Losses on Property, Plant & Equipment                                                                                           | -511          |
| -43           | Amounts of non current assets written out on disposal                                                                                       | 0             |
| 0             | Revenue expenditure funded from capital under statute                                                                                       | -42           |
| 34            | Depreciation adjusting amounts written out of the Revaluation Reserve                                                                       | 33            |
| 3             | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | 406           |
| 144           | Capital expenditure charged against the General Fund balances                                                                               | 143           |
| <b>10,313</b> | <b>Balance at 31 March</b>                                                                                                                  | <b>10,508</b> |

### PENSIONS RESERVE

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 2015/16       | £000's                                                                                                                                                                             | 2014/15       |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| <b>-3,524</b> | <b>Balance at 1 April</b>                                                                                                                                                          | <b>-1,568</b> |
| 578           | Actuarial gains or losses on pensions assets and liabilities                                                                                                                       | -1,684        |
| -804          | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | -679          |
| 395           | Employer's pensions contributions and direct payments to pensioners payable in the year                                                                                            | 421           |
| -13           | Administration Expenses                                                                                                                                                            | -14           |
| <b>-3,368</b> | <b>Balance at 31 March</b>                                                                                                                                                         | <b>-3,524</b> |

### 23. ACCUMULATED ABSENCES ACCOUNT

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2015/16   | £000's                                                                                                                                                                                                                  | 2014/15   |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 53        | Balance at 1 April                                                                                                                                                                                                      | 55        |
| (4)       | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (2)       |
| <b>49</b> | <b>Amounts accrued at the end of the current year</b>                                                                                                                                                                   | <b>53</b> |

### 24. CASH FLOW STATEMENT –

Adjustment of net surplus or deficit on the provision of services for non-cash movements

| 2015/16     | £000's                                                   | 2014/15     |
|-------------|----------------------------------------------------------|-------------|
| -276        | Depreciation                                             | -256        |
| -57         | Revaluations and Impairments                             | -489        |
| -103        | Movement in creditor/stock/debtors                       | 256         |
| -422        | Provision of Services costs for post employment benefits | -273        |
| -9          | Other non-cash items charged to the CIES                 | 2           |
| <b>-867</b> | <b>Total</b>                                             | <b>-760</b> |

### 25. CASH FLOW STATEMENT –OPERATING & INVESTING ACTIVITIES

The cash flows for operating activities include the following items:

| 2015/16 | £000's            | 2014/15 |
|---------|-------------------|---------|
| 9       | Interest received | 10      |
| Nil     | Interest paid     | Nil     |

Cash Flows from Investing Activities are:

| 2015/16    | £000's                                                                               | 2014/15     |
|------------|--------------------------------------------------------------------------------------|-------------|
| -139       | Purchase of property, plant and equipment, investment property and intangible assets | -571        |
| 105        | Other receipts from investing activities                                             | 461         |
| <b>-34</b> | <b>Net cash flows from investing activities</b>                                      | <b>-110</b> |

Cash Flows from Financing Activities are:

| 2015/16   | £000's                                          | 2014/15  |
|-----------|-------------------------------------------------|----------|
| -3        | Travel Loans: Advances Less Receipts            | 1        |
| 1         | Repayment of Long Term Loan                     | 1        |
| <b>-2</b> | <b>Net cash flows from investing activities</b> | <b>2</b> |

## **26. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by CIPFA's Service Reporting Code of Practice. Similarly the information used by the Authority for decision making is also prepared under the Best Value Accounting Code of Practice. Accordingly there is no requirement under this note for reconciliation between the Comprehensive Income and Expenditure Statement and amounts reported for resource allocation decisions

## **27. ACQUIRED AND DISCONTINUED OPERATIONS**

There are no outstanding liabilities in respect of acquired or discontinued operations.

## **28. TRADING OPERATIONS**

The Authority provides services as part of its objective to promote understanding and enjoyment and generates income from a number of sources including the tourist information centres, heritage centres and car parks. However there were no trading operations undertaken at risk during 2015/16 (*nor 2014/15*) as determined under the definitions of this note.

## **29. SCHEMES UNDER THE TRANSPORT ACT 2000**

The Authority has not undertaken any schemes under this Act during 2015/16 (*nor 2014/15*).

## **30. AGENCY SERVICES**

The Authority did not provide any agency services in 2015/16 (*nor 2014/15*)

## **31. POOLED BUDGET.**

The Authority did not participate in any pooled budget arrangements in 2015/16 (*nor 2014/15*)

## **32. MEMBERS ALLOWANCES & EXPENSES PAID IN THE FINANCIAL YEAR 2015/16**

Total members' allowances paid during the year amounted to £74,603 (£70,119 in 2014/15) plus reimbursement of travelling, subsistence and other expense payments amounting to £8,475 (£10,877 in 2014/15).

## **33. OFFICERS REMUNERATION**

The number of staff with remuneration in excess of £60,000 – earnings subject to Pay as You Earn taxation and pension contributions - was as follows:

|                                   | <b>2015/16<br/>£000</b>            | <b>2014/15<br/>£000</b>            |
|-----------------------------------|------------------------------------|------------------------------------|
|                                   | <b>Chief Executive<br/>Officer</b> | <b>Chief Executive<br/>Officer</b> |
| Gross Pay                         | 77                                 | 76                                 |
| P11D values                       | 1                                  | 1                                  |
| Employer Pension<br>Contributions | 11                                 | 10                                 |
| <b>Total</b>                      | <b>89</b>                          | <b>87</b>                          |

In addition to the above during 2015/16 one retiring officer's total remuneration, including a redundancy settlement, was in the band £60,000 to £64,999. The median remuneration of the

Authority was £18,376 with the ratio of the Chief Executive Officer to the median remuneration of 4.16:1.

There were no compulsory redundancies in 2015/16 nor 2014/15. The numbers of all exit packages, including pension payments and agreed severances, with total cost per band and total cost are set out in the table below:

|         | NUMBER OF SETTLEMENTS |                    |                    | COST   |
|---------|-----------------------|--------------------|--------------------|--------|
|         | to £20,000            | £20,001 to £40,000 | £40,001 to £60,000 | £000's |
| 2014/15 | 2                     | 1                  | 2                  | 142    |
| 2015/16 |                       | 1                  | 1                  | 78     |

### 34. AUDIT COSTS

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

|                                                                                                                    | 2015/16<br>£000 | 2014/15<br>£000 |
|--------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor | 30              | 34              |
| Fees payable to the Auditor General for Wales in respect of statutory inspections and the LG Measure 2011          | 17              | 17              |
| W.P.I. Grant                                                                                                       | -8              | -8              |
| <b>Total</b>                                                                                                       | <b>39</b>       | <b>43</b>       |

### 35. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16.

|                                                                                                                                                                                               | 2015/16<br>£000 | 2014/15<br>£000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Credited to Taxation and Non Specific Grant Income:</b>                                                                                                                                    |                 |                 |
| NPA Grant (Welsh Government funded)                                                                                                                                                           | 3,161           | 3,294           |
| Levy on Pembrokeshire County Council                                                                                                                                                          | 1,054           | 1,077           |
| Other Grant Income                                                                                                                                                                            | 12              | 365             |
|                                                                                                                                                                                               | <b>4,227</b>    | <b>4,736</b>    |
| <b>Credited to Services</b>                                                                                                                                                                   |                 |                 |
| The Welsh Government: major funding towards Access projects & Tourism and Wellbeing Partnership for Growth                                                                                    | 159             | 66              |
| Natural Resources Wales: contributed funding towards the National Trail/Coast Path management & maintenance; various woodland schemes, National Parks Wales and the Castlemartin Ranger post. | 235             | 317             |
| Pembrokeshire County Council                                                                                                                                                                  | 0               | 40              |
| Ministry of Defence: Castlemartin Ranger                                                                                                                                                      | 19              | 17              |
| Heritage Lottery: Skills in Action                                                                                                                                                            | 104             | 66              |
| Big Lottery: Your Park Your Future projects                                                                                                                                                   | 34              | 54              |
| Let's Walk Cymru                                                                                                                                                                              | 13              | 15              |



|                                  |            |            |
|----------------------------------|------------|------------|
| Crown Estate: Sandy Haven Bridge | 0          | 17         |
| Other grants                     | 11         | 14         |
| <b>TOTAL GRANTS</b>              | <b>575</b> | <b>606</b> |

### 36. RELATED PARTY TRANSACTIONS

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party’s ability to bargain freely with the Authority. The Authority has adopted a materiality level of £5,000 for disclosure of related party transaction relevant to members and staff.

The National Park Authority is made up of 18 members, 12 appointed by Pembrokeshire County Council and 6 directly by the Welsh Government. Members of the Authority have direct control over the Authority’s financial and operating policies. The total of members’ allowances paid in 2015/16 is shown in Appendix 1. The Authority maintains registers of Members’ Interests and Gifts & Hospitality, with register of Members’ Interest available for inspection on the Authority’s website. There are no issues to report arising from the entries in these registers, and the Authority’s ability to control or influence another party as result of the recorded interests is considered highly unlikely.

Disclosure notes 10 and 35 show the amount and sources of significant revenue and capital funding which the Authority received during the year. In addition to the receipt of a Levy from Pembrokeshire County Council the Authority also contracts with them for the supplies of goods and services including the provisions of refuse management, vehicle maintenance, internal audit and specialist planning advice. The Welsh Government has significant influence over the general operations of the Authority; it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). The aggregate level of income and expenditure and end of year balances on the following third parties are:

| Organisation                 | Income<br>£000’s | Expenditure<br>£000’s | 31/3/16<br>Creditor<br>£000’s | 31/3/16<br>Debtor<br>£000’s |
|------------------------------|------------------|-----------------------|-------------------------------|-----------------------------|
| Welsh Government             | 3,321            |                       | -                             | 21                          |
| Pembrokeshire County Council | 1,066            | 237                   | 14                            | 2                           |

The Authority administered the Sustainable Development Fund (SDF) on behalf of the Welsh Government. In awarding grants to organisations, the SDF Committee of the Authority imposes special grant conditions, which include linking financial performance with achieving agreed milestones. Actual SDF awards made during the 2015-16 financial year that exceeded £5,000 were to the following projects:-

| <b>Project Name</b>                                  | <b>Awarded to</b>                    | <b>Project Description</b>                                                                                                                                                                                                                                | <b>Amount (£)</b> |
|------------------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| A Stitch in Time                                     | PCNPA                                | PCNPA were awarded funding to contribute towards the employment of a part time project coordinator for a pilot river catchment based project to control invasive non-native plant species in the Gwaun Valley.                                            | 13,497            |
| Biomass Firewood Kiln                                | LM Tree Solutions                    | SDF funding will contribute towards a firewood kiln that is integral to the sustainable expansion of a local tree surgery business. The kiln will be heated by an innovative patented compost heat recovery system that is also being part funded by SDF. | 6,192             |
| Solva Care Pilot Project                             | Solva Community Council              | This project aims to improve the health and wellbeing of the local community by establishing a social enterprise company that will provide care packages tailored according to need.                                                                      | 9,324             |
| Off Grid Street Food                                 | Pembrokeshire Beach Food Company Ltd | A street food vendor based at Freshwater West which serves locally sourced sustainable food has developed and is operating the UK's first off-grid catering outlet.                                                                                       | 5,121             |
| Dr Beynon's Bug Farm: Phase 3                        | Dr Beynon's Bug Farm Ltd             | This phase of the project has built upon Phases 1 and 2 towards completion of an exceptional, unique, year round, all weather experience for tourists, local community, schools, colleges and universities.                                               | 32,034            |
| Bee Wild West Wales                                  | Bumblebee Conservation Trust (BBCT)  | Through learning and participation this project will use fun and interactive ways to engage, promote and enable action to make PCNP a haven for bumblebees.                                                                                               | 6,497             |
| Pembrokeshire Sustainable Shellfish Pilot Initiative | Pembs Marine SAC                     | This project aims to demonstrate, through education, raising awareness and the introduction of a series of practical measures that it is possible to improve the sustainability of static fishing gear off the Pembrokeshire Coast                        | 7,204             |

### **37. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS**

The Authority had no PFI and similar contracts in place as at 31/3/16 (nor 31/3/15).

### **38. IMPAIRMENT LOSSES**

These disclosures are consolidated in the notes on the movement over the year in the Property, Plant and Equipment.

### **39. TERMINATION BENEFITS**

During the year 2015/16 the Authority provided £70,986 for specific termination benefits, (£104,539 in 2014/15).

#### **40. DEFINED BENEFIT PENSION SCHEMES**

The Authority offers defined retirement benefits to staff, relating to pay and service, under the Dyfed Pension Fund (Local Government Pension Scheme), being a funded scheme administered by Carmarthenshire County Council. Although these benefits will not actually be payable until employees retire, the Authority has a current commitment to make the benefits payments that needs to be disclosed at the time that employees earn their future entitlement. The Authority's contribution rates are determined by the Fund's professionally qualified actuaries based on triennial valuations of the Fund, the most recent of which was at 31<sup>st</sup> March 2013, and are set with the aim of ensuring that the overall liabilities of the fund can be met when matched with employee contributions. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

Local authorities are required to recognise the costs of retirement in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, this conflicts with the charge the Authority is required to make in the Comprehensive Income & Expenditure Account based on the cash payable in the year to the pension fund, so the real cost of retirement benefits is then reversed out of the accounts in the statement of movement on the general fund balance. Under International Accounting Standards 19 (IAS 19) the accounting for pension's schemes has been revised for all fiscal years beginning on or after 1<sup>st</sup> January 2013 and these changes reflected in the financial statements includes interest on Assets. The expected return on assets is replaced with the "interest on assets". This is the interest on assets held at the start of the period and cash flows occurring during the period, calculated using the discount rate at the start of the year. The pension cost under the revised IAS 19 will see the interest cost and expected return on assets replaced with the "net interest cost". This will be calculated as interest on pension liabilities less the interest on assets. The revised IAS 19 guidance requires that all actuarial gains and losses be recognised in the year of occurrence via Other Comprehensive Income and Expenditure and can no longer be deferred. Actuarial gains and losses on liabilities due to changes in actuarial assumptions will need to be split between the effect of changes in financial assumptions and changes in demographic assumptions. Administration expenses are recognised as a separate item within the pension cost.

#### **Transactions Relating to Post-employment Benefits**

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

| <b>Total post employment benefit charged to Comprehensive Income and Expenditure Statement</b>                    | <b>£000's</b>  |                |
|-------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                   | <b>2015-16</b> | <b>2014-15</b> |
| <b>Service Costs:</b>                                                                                             |                |                |
| Current service cost                                                                                              | 686            | 569            |
| Past Service Cost                                                                                                 | 9              | 49             |
| <b>Financing &amp; Investment  Income &amp; Expenditure:</b>                                                      |                |                |
| Interest cost on Liabilities                                                                                      | 871            | 973            |
| Interest on Plan Assets                                                                                           | -762           | -912           |
| <b>Net Interest On Pension</b>                                                                                    | <b>109</b>     | <b>61</b>      |
| <b>Other Operating Income &amp; Expenditure</b>                                                                   |                |                |
| Administration Costs                                                                                              | 13             | 14             |
| <b>Total Post-Employment Benefits charged to Surplus / Deficit on Provision of Services</b>                       | <b>817</b>     | <b>693</b>     |
|                                                                                                                   |                |                |
| <b>Other Post Employment Benefits charged to Comprehensive Income &amp; Expenditure:</b>                          |                |                |
| Return on plan assets (excluding the amount included in the net interest expense)                                 | -945           | 2,104          |
| Actuary Experience gain/(loss)                                                                                    |                |                |
| Actuary Gain / (Loss) on financial assumptions                                                                    | 1,523          | -3,788         |
| Actuary Gain / (Loss) on demographic assumptions                                                                  |                |                |
| <b>Total Post-employment Benefits charged / credited to the Comprehensive Income and Expenditure Statement</b>    | <b>578</b>     | <b>-1,684</b>  |
|                                                                                                                   |                |                |
| <b>Reversal of charges made to surplus/deficit on provision of services in the Movement in Reserves Statement</b> |                |                |
| Current service cost                                                                                              | -686           | -569           |
| Past service gain / loss                                                                                          | -9             | -49            |
| Interest cost on Liabilities                                                                                      | -871           | -973           |
| Interest on Plan Assets                                                                                           | 762            | 912            |
| Administration Costs                                                                                              | -13            | -14            |
| <b>Actual Amount charged against General Fund</b>                                                                 | <b>-817</b>    | <b>-693</b>    |
|                                                                                                                   |                |                |
| <b>Employer Contributions</b>                                                                                     | <b>395</b>     | <b>421</b>     |

### Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

|                                          | Funded liabilities: Local Government Pension Scheme<br>£000's |               |
|------------------------------------------|---------------------------------------------------------------|---------------|
|                                          | 2015/16                                                       | 2014/15       |
| Benefit Obligations at beginning of Year | <b>26,751</b>                                                 | <b>21,868</b> |
| Current Service Cost                     | 686                                                           | 569           |
| Interest On Pension Liabilities          | 871                                                           | 973           |
| Member Contributions                     | 172                                                           | 180           |
| Past Service Gain                        |                                                               |               |
| Actuarial (Gains)/Losses on Liabilities  |                                                               |               |
| Remeasurement of Liabilities:            |                                                               |               |
| Experience (gain)/loss                   |                                                               |               |
| (Gain) / Loss on financial assumptions   | -1,523                                                        | 3,788         |
| (Gain) / Loss on demographic assumptions |                                                               |               |
| Curtailments                             | 9                                                             | 49            |
| Benefits Paid                            | -832                                                          | -676          |
| Benefit Obligations at End of Year       | <b>26,134</b>                                                 | <b>26,751</b> |

### Reconciliation of Present value Scheme Assets:

|                                                    | Local Government Pension Scheme<br>£000's |               |
|----------------------------------------------------|-------------------------------------------|---------------|
|                                                    | 2015/16                                   | 2014/15       |
| <b>Fair Value at beginning of Year</b>             | <b>23,227</b>                             | <b>20,300</b> |
| Interest on / Expected Return on Plan Assets       | 762                                       | 912           |
| Remeasurement / Actuarial Gains/(Losses) on Assets | -945                                      | 2,104         |
| Administration Expenses                            | -13                                       | -14           |
| Employer Contributions                             | 395                                       | 421           |
| Member Contributions                               | 172                                       | 180           |
| Benefits/transfers paid                            | -832                                      | -676          |
| <b>Fair Value at End of Year</b>                   | <b>22,766</b>                             | <b>23,227</b> |
| <b>Actual return on scheme assets</b>              | <b>-182</b>                               | <b>3,016</b>  |

### Statement of Recognised Gains & Losses

|                                              | 2015/16<br>£000's | 2014/15<br>£000's |
|----------------------------------------------|-------------------|-------------------|
| Restatements / Actuarial (Gains)/Losses      | -578              | 1,684             |
| <b>Total pension cost recognised in MiRS</b> | <b>578</b>        | <b>-1,684</b>     |

The *current service costs* reflect the increase in liabilities expected to arise from employee service in the current period. The *past service costs* reflect the increase in liabilities related to employee service in prior periods arising from the improvement of retirement benefits in the current period. The *curtailment/settlement costs* reflect changes in liabilities relating respectively to actions that relieve the employer of primary responsibility for a pension obligation (e.g. a group of employees being transferred to another scheme) or events that reduce the expected years of future service of employees or reduce the accrual of defined benefits over their future service for some employees (e.g. closing a business unit). The *return on assets* reflects the average rate of return expected on the actual assets held in the pension scheme. Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. These assumptions are made by the Fund's actuaries, William M Mercer Ltd, and are based on the actuarial valuation report at 31<sup>st</sup> March 2013. *Interest on pension liabilities* reflects the expected increase during the year in the present value of liabilities because the benefits are one year closer to settlement. The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31<sup>st</sup> March 2016 are as follows:

| <b>DYFED PENSION FUND</b><br><b>(Pembrokeshire Coast National Park Authority)</b><br><b>31 March 2016</b> |               |
|-----------------------------------------------------------------------------------------------------------|---------------|
| <b>£000</b>                                                                                               |               |
| Present Value of Funded Benefits Obligations                                                              | 26,081        |
| Present Value of Unfunded benefit obligations                                                             | 53            |
| <b>Total present value of Benefit Obligations</b>                                                         | <b>26,134</b> |
| Fair Value of Plan Assets                                                                                 | (22,766)      |
| Unrecognised Past Service                                                                                 |               |
| <b>Deficit</b>                                                                                            | <b>3,368</b>  |

#### **Prior Year Scheme Values**

| <b>Scheme Year</b>          | <b>Present value<br/>Scheme<br/>Liabilities(£000)</b> | <b>Fair Value<br/>of Scheme<br/>Assets (£000)</b> |
|-----------------------------|-------------------------------------------------------|---------------------------------------------------|
| 31 <sup>st</sup> March 2015 | 26,751                                                | 23,227                                            |
| 31 <sup>st</sup> March 2014 | 21,868                                                | 20,300                                            |
| 31 <sup>st</sup> March 2013 | 23,884                                                | 18,968                                            |
| 31 <sup>st</sup> March 2012 | 19,976                                                | 16,514                                            |
| 31 <sup>st</sup> March 2011 | 18,005                                                | 15,986                                            |
| 31 <sup>st</sup> March 2010 | 19,339                                                | 14,391                                            |
| 31 <sup>st</sup> March 2009 | 13,266                                                | 10,137                                            |
| 31 <sup>st</sup> March 2008 | 15,436                                                | 12,187                                            |

The main assumptions are set out below:

| <b>ACTUARIAL ASSUMPTIONS</b><br><i>Financial Assumptions</i> | End of Year | Start of year |
|--------------------------------------------------------------|-------------|---------------|
| Rate of CPI inflation                                        | 2.0%        | 2.0%          |
| Rate of increase in salaries                                 | 3.5%        | 3.5%          |
| Rate of increase in pensions                                 | 2.0%        | 2.0%          |
| Discount rate                                                | 3.6%        | 3.3%          |

Detailed assets breakdown are as follows.

| Investment Category |                       |  | Quoted | 31 March 2015  | 31 March 2016  |
|---------------------|-----------------------|--|--------|----------------|----------------|
|                     |                       |  | (Y/N)  | £000's         |                |
| Equities:           | UK                    |  | Y      | 5,479          | 5,427          |
|                     | Oversea Pooled        |  | N      | 4,599          | 4,719          |
|                     | US                    |  | N      | 116            | 2,411          |
|                     | Canada                |  | N      | 2,664          | 87             |
|                     | Japan                 |  | N      | 811            | 906            |
|                     | Pacific Rim           |  | N      | 694            | 637            |
|                     | Emerging Markets      |  | N      | 1,505          | 1,544          |
| Bonds:              | UK Government indexed |  | Y      | 2,464          | 2,174          |
|                     | UK Corporate          |  | N      | 2,334          | 2,229          |
| Property:           | UK                    |  |        |                |                |
|                     | Overseas              |  |        |                |                |
|                     | Overseas              |  |        |                |                |
|                     | Property Funds        |  | N      | 2,388          | 2,536          |
| Cash:               | Cash instruments      |  | Y      | 12             | 0              |
|                     | Cash accounts         |  | Y      | 91             | 46             |
|                     | Net current assets    |  | N      | 70             | 50             |
| <b>Total</b>        |                       |  |        | <b>£23,227</b> | <b>£22,766</b> |

| Asset category | Sub-category          |  | Quoted (Y/N) | 31 March 2015 % holding | 31 March 2016 % holding |
|----------------|-----------------------|--|--------------|-------------------------|-------------------------|
| Equities:      | UK                    |  | Y            | 23.59%                  | 23.84%                  |
|                | Overseas Pooled       |  | N            | 19.80%                  | 20.73%                  |
|                | US                    |  | N            | 0.50%                   | 10.59%                  |
|                | Canada                |  | N            | 11.47%                  | 0.38%                   |
|                | Japan                 |  | N            | 3.49%                   | 3.98%                   |
|                | Pacific Rim           |  | N            | 2.99%                   | 2.80%                   |
|                | Emerging Markets      |  | N            | 6.48%                   | 6.78%                   |
| Bonds:         | UK Government indexed |  | Y            | 10.61%                  | 9.55%                   |
|                | UK Corporate          |  | N            | 10.05%                  | 9.79%                   |
|                |                       |  |              |                         |                         |
| Property:      | UK                    |  | N            | 0.00%                   | 0.00%                   |
|                | Overseas              |  | Y            | 0.00%                   | 0.00%                   |
|                | Overseas              |  | N            | 0.00%                   | 0.00%                   |
|                | Property Funds        |  | N            | 10.28%                  | 11.14%                  |
|                |                       |  |              |                         |                         |
| Cash:          | Cash instruments      |  | Y            | 0.05%                   | 0.00%                   |
|                | Cash accounts         |  | Y            | 0.39%                   | 0.20%                   |
|                | Net current assets    |  | N            | 0.30%                   | 0.22%                   |
|                |                       |  |              |                         |                         |
| <b>Total</b>   |                       |  |              | 100.00%                 | 100.00%                 |

### Post Retirement mortality assumptions

|                     | End of Year                                            | Start of Year                                          |
|---------------------|--------------------------------------------------------|--------------------------------------------------------|
| Non-retired members | S1PA CMI_2012_1.5% Tables<br>Males - 95% Females - 94% | S1PA_CMI_2012_1.5% Tables<br>Males - 95% Females - 94% |
| Retired members     | S1PA_CMI_2012_1.5% Tables<br>Males - 95% Females - 94% | S1PA_CMI_2012_1.5% Tables<br>Males - 95% Females - 94% |

### Life Expectancy

|                                                              | End of Year       | Start of Year     |
|--------------------------------------------------------------|-------------------|-------------------|
| Of males (female) future pensioner aged 65 in 20 year's time | 25.7 (28.2) years | 25.5 (28.1) years |
| Of males (female) current pensioner aged 65                  | 23.4 (25.9) years | 23.3 (25.8) years |



## Risk and Pension Sensitivity Analysis

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table below. The sensitivity analyses below have 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 all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

|                                                       | £000's   |                                |                            |                          |                                             |
|-------------------------------------------------------|----------|--------------------------------|----------------------------|--------------------------|---------------------------------------------|
|                                                       | Central  | Sensitivity 1                  | Sensitivity 2              | Sensitivity 3            | Sensitivity 4                               |
|                                                       |          | +0.1% p.a.<br>discount<br>rate | +0.1%<br>p.a.<br>inflation | +0.1% p.a.<br>pay growth | 1 Year<br>increase in<br>life<br>expectancy |
| <b>Disclosure Item</b>                                |          |                                |                            |                          |                                             |
| <b>Liabilities</b>                                    | 26,134   | 25,645                         | 26,633                     | 26,266                   | 26,633                                      |
| <b>Assets</b>                                         | (22,766) | (22,766)                       | (22,766)                   | (22,766)                 | (22,766)                                    |
| <b>Deficit ( Surplus)</b>                             | 3,368    | 2,879                          | 3,867                      | 3,500                    | 3,867                                       |
| <b>Projected Service<br/>Costs for next year</b>      | 629      | 610                            | 647                        | 629                      | 642                                         |
| <b>Projected Net Interest<br/>Costs for Next year</b> | 114      | 99                             | 132                        | 119                      | 132                                         |

## History of experience gains and losses

The actual gains identified as movement on the Pension Reserve in 2015/16 can be analysed into the following categories.

|                                              | 2015/16<br>% | 2014/15<br>% | 2013/14<br>% | 2012/13<br>% | 2011/12<br>% | 2010/11<br>% | 2009/10<br>% |
|----------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarial (gains) / losses on<br>Assets      | 4.2          | (9.1)        | (2.4)        | (7.8)        | (4.3)        | (3.9)        | (22.2)       |
| Actuarial (gains) / losses on<br>liabilities | 5.8          | (14.2)       | (16.6)       | (10.9)       | (3.4)        | 8.8          | 24.6         |

## Market value of whole fund assets (£millions)

| End of Year | Start of year |
|-------------|---------------|
| 1,859       | 1,914         |

The end of year figures for the market value of the assets and the split between investments categories have been calculated as at 31/12/13. The corresponding split of assets at the start of the year has been calculated as at 31/3/15. The actuarial assumptions used in the calculation of the end of

year balance sheet liabilities are based on the 2013 actuarial valuation assumption, other than the financial assumptions which are shown above. A deduction of £13,000 in respect of expenses was made for the year.

The forecasted employer's contribution for 2016/17 is £382,000; implied service cost including net interest cost £114,000 and administration cost of £13,000. The projected deficit as at 31/3/17 is expected to be £3,742,000.

Further information on the Dyfed Pension Fund, such as the annual report, is available from the Fund administrators at Carmarthenshire County Council, or on-line at [www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk)

**STATEMENT OF RESPONSIBILITIES  
FOR THE STATEMENT OF ACCOUNTS**

**The Authority's responsibilities for the accounts under local government legislation and other requirements are:**

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Financial Officer.
- to manage its affairs to secure economic, efficient, effective and best value use of resources and to safeguard its assets.
- to approve the statement of accounts by the statutory deadline.

Chairman.....

Date.....

**The Chief Financial Officer's legal and professional responsibility for the accounts:**

The Chief Financial 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 ('the Code of Practice').

In preparing this statement of accounts, the Chief Financial Officer has:

- ✓ selected suitable accounting policies and then applied them consistently;
- ✓ made judgments and estimates that were reasonable and prudent;
- ✓ complied with the Code of Practice;

The Chief Financial Officer has also:

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

**Chief Financial Officer's Certificate**

I hereby certify that the *Statement of Accounts 2015/16* presents a true and fair view of the financial position of the Authority at 31<sup>st</sup> March 2016 and its income and expenditure for the year ended 31<sup>st</sup> March 2016

**R.E.GRIFFITHS** .....  
**Chief Financial Officer**

**Date** .....

# **2015/16 ANNUAL GOVERNANCE STATEMENT**

## **I. Introduction**

The Pembrokeshire Coast National Park Authority (“the Authority”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. It is a Welsh improvement authority under section 1 of the Local Government (Wales) Measure 2009 and as such has a general duty under section 2 to make arrangements to secure continuous improvement in the way in which its functions are exercised. The Authority is also a public body as defined under the Wellbeing of Future Generations Act legislative requirement for 1<sup>st</sup> April 2016.

In 2010/11 the Authority approved a Code of Corporate Governance, which is consistent with the principles of the CIPFA/ SOLACE Framework ‘Delivering Good Governance in Local Government’. This guidance recommends that the review of effectiveness of the system of internal control that local authorities are required to undertake in accordance with the Accounting and Audit Regulations should be reported in an Annual Governance Statement. In Wales the inclusion of the Annual Governance Statement in the Statement of Accounts is voluntary. In 2009/10 CIPFA also published an “Application Note to Delivering Good Governance in Local Government: A Framework”. This note has been developed to advise on the application of the “Statement of the Role of the Chief Financial Officer on Local Government” under the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government”. The Authority reviews and adopts any additional guidance as issued and has decided to adopt the CIPFA framework and Annual Governance Statement approach for 2015/16

## **II. The purpose of the Governance framework**

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

## **III. The Governance framework**

There is clear definition of the roles of Members and Officer and a clear committee and decision making structure. This is based on:

### **The Authority**

The Authority comprises 18 members and will meet at least 6 times a year and its main functions are:

- To approve the development of the Authority’s strategic corporate planning framework through the National Park Management Plan (every five years), the Local Development Plan (every five years), and the Business and Improvement Plan (annually).
- To determine all policy matters in support of its strategic planning objectives. The Authority may receive advice from its committees and may also set up task and finish advisory groups to investigate and advise on specific matters.
- To determine all Service Standards and the Authority’s Welsh Language Scheme.
- To agree policies relating to the management of the Authority’s resources i.e. finance, staffing and assets; and to approve the budget, levy, charges, and the Annual Accounts.
- To ensure that the NPA complies with all legislation affecting its services.
- To determine membership of other committees, task & finish groups, working groups and advisory groups, within the NPA, and their terms of reference, and the Authority’s representation on external bodies and organisations.
- To determine the delegation of the Authority’s responsibilities to other committees of the Authority and when appropriate to the Chief Executive.

#### Audit and Corporate Services Review Committee

The Committee will comprise 9 Members of the Authority to be selected and/or confirmed at the Annual General Meeting each year. The Role of the committee is to exercise the powers and duties of the Authority in relation to the following functions:

1. Regulatory Framework
  - To monitor the Authority’s performance against the National Park Management Plan
  - To oversee the production of the Annual Governance Statement and to monitor the Authority’s performance against the associated Action Plan
  - To monitor the Authority’s performance against the annual Strategic Grant Letter
  - To monitor performance against the Welsh Government’s Standards relating to the Welsh language
  - To monitor performance against the Authority’s adopted Service Standards
2. Audit Activity
  - To consider reports from the Wales Audit Office (e.g. the Annual Improvement Report, Annual Audit Letter) and to monitor the Authority’s performance thereon
  - To consider reports from Internal Audit on the Authority’s financial systems and controls
3. Finance
  - To consider quarterly reports on the Authority’s financial performance and budgetary matters
  - To monitor the Authority’s performance in relation to its Annual Statement of Accounts
4. Human Resources
 

To monitor the Authority’s performance:

- against its adopted HR policies
  - in relation to Health and Safety
5. Information Technology
    - To monitor the Authority's performance in relation to its Information Technology Strategy
  6. Performance Management
    - To consider quarterly reports on the *Ffynnon* performance management system and to monitor the Authority's performance thereon
    - To review the Authority's Risk Register in terms of Audit and Corporate functions and make any recommendations to the National Park Authority to change levels of risk
    - To consider reports of the meetings of the Continuous Improvement Group
  7. Communications
    - To monitor the Authority's performance in relation to Communications and Marketing
  8. Other issues
    - To review any issue referred to it by the National Park Authority, any of its Committees or the Chief Executive Officer
    - To determine an Authority response on any proposals that affect the National Park or the Authority, its powers, duties, functions and responsibilities, particularly but not exclusively, from central, regional or local government, neighbouring authorities, partnerships and other external bodies where the proposals are relevant to the functions of the Committee and where the Chief Executive considers that such response should be determined by the Committee

#### Development Management Committee

The Development Management Committee is responsible for carrying out the Authority's statutory planning functions in relation to the determination of applications, appeals and enforcement matters, and allied issues relating to development and the regulation of uses and activities.

The terms of reference of the Development Management Committee are:

- (a) Except where those powers and duties have been delegated by the Authority to one of its officers and subject to its decisions being in conformity with the Authority's approved statements and plans the Committee shall exercise, with power to act, all the powers and duties of the Authority relating to the consideration of planning, listed building and conservation area applications, notification schemes, tree preservation orders, the control of development and the enforcement of such control, and other consultation schemes where appropriate.
- (b) Where members resolve to take a decision, contrary to an officer's recommendation, which the Chief Executive (National Park Officer), the Director of Park Direction and Planning or Head of Development Management identifies as constituting a significant departure from an approved plan or policy of the Authority, or as otherwise having significant implications for the Authority, the decision shall be deferred until the next meeting of the Committee.

If, ultimately, the Committee's decision is contrary to the officer recommendation, there shall be taken a full minuted record of Members' reasons for rejecting the officer recommendation, together with a recorded vote. (*Policy Committee, 10/97*)

- (c) To receive reports from time to time from the Chief Executive (National Park Officer) and other officers on the exercise of any functions relating to the control of development which may have been delegated to them.
- (d) To deal with all matters relating to the designation and administration of Conservation Areas. (*Policy Committee 10/97*)

#### Operational Review Committee

The Committee comprises 9 Members of the Authority, to be selected and/or confirmed at the Annual General Meeting each year. The Committee meet on a quarterly basis and considers reports to the Authority on its performance. The Role of the committee is:

1. To monitor performance and make recommendations to the National Park Authority in relation to the functions of:
  - Development Management
  - Park Direction
  - Park Delivery
  - Discovery
2. To review the Authority's Risk Register and make any recommendations to the National Park Authority to change levels of risk
3. To review the Authority's financial performance in relation to the functions of the services referred to in 1 above
4. To review any issue referred to it by the National Park Authority, any of its Committees or the Chief Executive Officer
5. To determine an Authority response on any proposals that affect the National Park or the Authority, its powers, duties, functions and responsibilities, particularly but not exclusively, from central, regional or local government, neighbouring authorities, partnerships and other external bodies where the proposals are relevant to the functions of the Committee and where the Chief Executive considers that such response should be determined by the Committee

#### Continuous Improvement Group

The Continuous Improvement Group consists of five members of the Authority including the CEO. The membership includes the Chairman and Vice Chairman of the Authority along with the Chairmen of the two Performance Review Committees. The group have the power to invite attendance of other members or officers if the work programme indicates that their attendance or experience would add value to its work

#### Internal Audit

The review of the effectiveness of the system of internal control and governance arrangements is informed by the work of the Internal Auditors and their reporting to the Authority. This work is undertaken by Gateway Assure . The terms of reference for internal audit require that work is conducted in accordance with standards as set out in the Chartered Institute of Public Finance and

Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government.. Gateway Assure provide an audit opinion which is reported to the Authority and act as the Chief Audit Executive.

#### External Audit

Wales Audit Office act as the Authority's external audit and make comments following their financial accounts and performance work and in the annual audit letter. They also express an opinion on the adequacy of internal audit work.

#### Section 151 Officer

In the Authority the Finance Manager also acts as the Section 151 Officer. The Authority complies with the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government". The Finance Manager is also a member of the Authority's Core Management Team.

#### The Executive

An Executive structure for decision making for officers is based on a Senior Management Team, Core Management Team and a Leadership Team.

#### Principles of Governance

The review of the effectiveness of the Authority systems of governance is undertaken in accordance with the following 6 principles.

- Focusing on the Authority's purpose, on outcomes for the community including citizens and service users and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose, with clearly defined functions and roles.
- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of Members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability.



#### **IV. Actions Taken During The Year**

Previously identified Significant Governance Issues, the actions taken to tackle these issues and their evaluations are shown in the table below:

| <b>Governance Issues Identified</b>                    | <b>Actions proposed</b>                                                                                 | <b>Evaluation</b>                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Delays In Implementation of Document Management System | Review of potentially suitable systems in terms of functionality, cost and implementation.              | Investigation identified possible connectivity problems with PCC system. Alternative systems being evaluated and costed.                                                                                                                                                                                                     |
| The Impact of the Review of Designated Landscapes      | Publication of the Review is expected in 2015 and the NPA will respond accordingly.                     | The Review of Designated Landscapes was not published by the Welsh Government until late Autumn 2015. Based on findings of review the Minister commissioned a further Future Landscapes study under the chairmanship of Lord Ellis Thomas. The Authority's Chairman and three senior officers are contributing to the study. |
| Reduction In National Park Authority Funding           | Officers will continue to liaise with Welsh Government on the National Park Authority funding position. | The Authority was notified of a further 5% reduction in funding. Due to a number of efficiency savings and additional incomes the Authority has been able to balance its budget for 2016/17                                                                                                                                  |
| The Impact of the Well-being of Future Generation Act  | The NPA, in partnership with BBNPA & SNPA is working with WLGA as an Early Adopter.                     | Member & officer training undertaken. Corporate Plan prepared using Future Generations guidance.                                                                                                                                                                                                                             |
| The Removal of Grant Funding                           | This risk of the loss of other sources of grant funding will be closely monitored.                      | This is an ongoing issue but thus far no notifications of reduced grant funding have been received.                                                                                                                                                                                                                          |

|                                            |                                                                                                                                                                                                                                                                                                    |                                                                                                                          |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Information Governance                     | This was identified during the Internal Audit of 2014. A review of information management will take place to identify any changes required to current policies, procedures and responsibilities.                                                                                                   | Change of IT Management personnel has limited progress on this.                                                          |
| Improvement of the management of Car Parks | After many years delay, the Off-Street Parking Order has been prepared by Pembrokeshire County Council and is expected to be confirmed by July. Discussions will be held with PCC to investigate whether PCC might assist in parking enforcement and other routine car park management activities. | PCC have undertaken enforcement during 2015 and discussions underway to develop this to include cash collection in 2016. |
| Cilrhedyn                                  | Officers will consider all options regarding the future operations at the Cilrhedyn Centre                                                                                                                                                                                                         | Negotiations with Coed Cymru and Tir Coed are progressing with a view to them taking over the operations of the site.    |

## **V. Review of Effectiveness**

The Authority is responsible for conducting an annual review of the effectiveness of its governance framework including the system of internal control. This review is informed by the work of the Authority's, Members and its Committees, internal and external auditors, other review agencies (as appropriate) and senior managers who have responsibility for the development and maintenance of the internal control environment. The normal process of review has been impacted by the delay in the production of the Annual Improvement Report from the Wales Audit Office.

The review is based on the six principles of the Code of Corporate Governance.

### **Principle 1.**

**Focusing on the Authority's purpose, on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.**

The Authority has been focusing on developing work to ensure that it is 'fit for Purpose' to meet the challenges of the future.

#### Review of Designated Landscapes

In April 2014 the Welsh Government announced its intention to undertake a Review of Designated Landscapes in Wales. The first part of this Review, which was undertaken from September 2014 to January 2015, focused on the benefits of creating one designation for National Parks and Areas of Outstanding Natural Beauty and the need to review the Purposes of Designated Areas. The Authority worked with the other two Welsh National Park Authorities to submit joint advice and met with the Panel undertaking the Review to discuss the evidence. In January 2015 the first stage report was published and outlined six recommendations.

The final report of the Review was published in October 2014. The report included 69 recommendations. The Minister for Natural Resources received the report but made no statement or decisions regarding accepting the recommendations. Instead he set up a new programme called the Future Landscapes Wales programme, under the Chairmanship of Lord Ellis-Thomas AM to review and take forward the recommendations of the Review of Designated Landscapes.

#### Future Landscapes Wales Program

In November 2015, the Minister for Natural Resources announced the Future Landscapes Wales programme. This programme will take forward the recommendations of the Review of Designated Landscapes and produce a series of options for a future Minister to consider in relation to designated landscapes. The programme has a number of elements and currently one Member and three officers are participating in the programme. The programme will run until April 2016 and will consider:

- The Well-being Goals and what they mean for refreshing the vision and ambition for designated landscapes
- Catalysts for economic development – what it looks like if it's going to work
- Modern governance – improving the current settlement and a blueprint for the future that reconciles national and local accountability
- Innovation in resourcing – more than just a grant from government. Harnessing resources to broaden the resource base; money and skills

While the Authority has received a token financial sum from the Welsh Government for its participation on the programme, the time requirement, in particular for the officers is significant. On a positive note, the programme provides an opportunity for the Authority to shape future options for its governance and operation.

### The Wellbeing of Future Generations Act

The Authority has worked with WLGA as an Early Adopter and undertaken Member and officer training with Brecon Beacons and Snowdonia NPAs. The Corporate Plan for 2016/17 has been prepared to deliver against the seven Well-being Goals set by Welsh Government.

### Demonstrating Strategic Leadership

The Authority's current National Park Management Plan (NPMP) 2015/19 was approved in 2014 and was developed following full consultation with partners, stakeholders and communities setting out policies and longer term objectives. Members agreed to extend the life of the existing NPMP while awaiting the new Policy Statement and further guidance from Welsh Government.

### Annual Improvement Plan

The Authority sets out its improvement objectives and priority work activities for the forthcoming year. This document is developed in consultation with Members, staff and stakeholders.

### Quality of Service

The Authority carries out surveys of the effectiveness of its service delivery through customer satisfactions surveys, performance against quality standards and by monitoring formal complaints which remain at a low level.

### Ffynnon System

The Authority has continued to adopt the Ffynnon system to ensure that we develop and manage a robust system of performance information to highlight the impact of the work undertaken by the Authority. Performance review committee reports are prepared directly from Ffynnon.

### Budget Pressures / Joint working

Work has continued to reduce costs and to identify options for joint working. Discussions are ongoing with a number of other Authorities to identify efficient ways of delivering our services.

### Community Engagement

the Authority undertook an extensive consultation exercise in 2014 designed to help staff and members increase their understanding of the needs of a wide variety of individuals, communities and stakeholders, including local businesses. The results of the consultations will be used to inform the future strategic direction of the Authority's work. The methodology involved collating questionnaire data via Survey Monkey, the County Show and Tenby Market, consulting with Friends of the National Park and holding five Community consultations event across Pembrokeshire.

### Membership of Local Service Board

Local Service Boards (LSB) seek to deliver benefits for citizens through strengthening joint working across all public services in Wales. Despite having responsibility for delivering outcomes included in the Pembrokeshire Single Integrated Plan the Authority has not been represented on the Pembrokeshire LSB. During March 2015 the Authority received an invitation to become Members of the Pembrokeshire LSB. This will enhance the ability of the Authority to influence the delivery of public services in Pembrokeshire. In April 2016 the Pembrokeshire LSB will become the Pembrokeshire Public Service Board (PSB). The PSB will lead the development of the local well-being assessment and the Pembrokeshire Well-being Plan, which is likely to significantly impact the work of the Authority from 2017 onwards.

## **Principle 2**

**Members and officers working together to achieve a common purpose, with clearly defined functions and roles.**

### Reduction in National Park Grant and Levy

The revenue budget for 2015/16 was approved in February 2015. While certain strategic savings had been agreed with members it was intended that the 2015/16 budget be balanced by a range of potential additional savings. During the 2015/16 financial year savings and additional income have been identified and the current end of year forecast position for 2015/16 is a surplus.

The Authority practice of holding Budget workshops following NPA's meeting has proven very helpful in developing the budget for 2015/ 16 and a medium term financial strategy and identifying areas for rationalisation. With a cut in core funding over 17% in the last three years continuation of the workshops will be essential if it is to successfully manage the anticipated budgetary challenges ahead.

### Scrutiny Committee

Members and officers have been developing the scrutiny process, particularly through the National Parks joint scrutiny group on the economy held in conjunction with Snowdonia National Park Authority. The review is to enquire how successful National Park Authority policies and work are in supporting all small and medium sized enterprises businesses

### Member and Officer Joint Training & Development

During the year Members & Officer undertook several joint training programmes which covered the following areas:

- Solar Array
- Flowers and Butterflies on the Llanion Meadow
- Sky Cam Wales – Drone demo at Carew Castle
- Sea levels and Shoreline Management.
- Rural Alliances

### Consultations

Members have contributed their comments to responses to Welsh Government consultation papers including: Planning and the Welsh language' Draft Public Services Ombudsman (Wales) Bill, Environment Impact Assessment (Agriculture) Regulations, ROWIP review: guidance to Local Highway Authorities in Wales, Proposed changes to the Accounts and Audit (Wales) Regulations 2014, Nature Recovery Plan for Wales, Draft Local Government (Wales),The public sector waste and resource efficiency plan, Improving opportunities to access the outdoors for responsible recreation, Welsh Government Draft Equality Objectives for 2016-2020.

### Task and Finish Groups

The Authority set up three task and finish groups with members and officers to explore firstly managing the Authority's car parks, secondly the provision of visitor information and thirdly the provision of support services. The car park group reported back late in 2015 with a view to extending charging to current non charging car parks and increasing the rates which the Authority charge. The visitor information and support services group are due to report back later in 2016.

### **Principle 3**

#### **Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.**

A Code of Conduct for Members and a Code of Conduct for Officers is in place. Issues relating to breaking the Code of Conduct are dealt with by the following:

##### The Standards Committee

It is the responsibility of the Authority's Standards Committee to promote high standards of conduct by Members and Officers. It does this by advising on and promoting awareness and understanding of the code of conduct for Members and the code of conduct for officers, both of which are documented in the Authority's Constitution.

##### Monitoring Officer

The statutory Monitoring Officer functions set out in Section 5 of the Local Government and Housing Act 1989 (as amended) i.e., in short, to report to the Authority if the Monitoring Officer considers that any proposal, decision, or omission by the Authority may give rise to unlawfulness or maladministration. The Monitoring Officer provides an Annual Report of his work to both the Standards Committee and the National Park Authority.

##### Public Sector Ombudsman for Wales

The Public Service Ombudsman for Wales has jurisdiction over the Authority's functions by virtue of the Public Service Ombudsman (Wales) Act 2005. He has not made any investigation into the Authority either in relation to any alleged breaches of the Members' Code of Conduct adopted by the Authority on 25 June 2008. However there has been one investigation with regard to the Authority's planning process.

##### Staff Members

Issues relating to the conduct of staff are normally considered in accordance with the Authority's Disciplinary procedures, which are normally reviewed in accordance with the Human Resources Strategy. All Authority staff have annual and interim performance appraisals. This process allows an opportunity for managers and staff to review past performance, highlight potential areas of concern and agree future objectives to ensure they are linked to service plan/corporate targets.

##### Whistle Blowing Policy

In the Public Interest Disclosure Act 1998 the Government has given statutory protection to employees who 'blow the whistle' by speaking out against corruption and malpractice at work. It protects them against victimisation and dismissal. The Authority has approved and adopted such a policy in 2002 which was updated in 2009. In its commitment to the highest standards of openness, probity and accountability, it says "The authority encourages employees and others with serious concerns about the Authority's work to come forward and raise their concerns with the Authority". This was reviewed in November 2013 by the Monitoring Officer who was of the view no amendments were required; the document is in the public domain.

##### Safeguarding Policy

In August 2014 the Authority approved a safeguarding policy. The policy aims to ensure that sound working practices are in place that put safeguarding as a priority and which are effective in managing risk for these vulnerable groups, but which will also protect staff and volunteers against wrongful or malicious allegations.

### Anti-Fraud and Bribery Policy

The Authority approved an Anti-Fraud and Bribery Policy in 2015. Policy covers all employees, volunteers and members of the Authority. This document replaced the previous Anti Fraud and Corruption Policy and incorporates the changes to the bribery legislation that have been included in the Bribery Act 2010. The Bribery Act 2010 establishes criminal offences and individuals found guilty can face an unlimited fine and imprisonment up to ten years. Where an organisation itself is found guilty of the offence then the penalty is an unlimited fine.

### Financial Standards

In February 2016 the Authority revised its Financial Standards. The purpose of the Financial Standards is to provide a financial framework within which the Authority can operate. This will assist the Authority in ensuring that:

- Legislation is complied with.
- The assets of the Authority are safeguarded.
- The funds available are spent wisely and efficiently.
- Appropriate income generation is undertaken.
- Best value is achieved

## **Principle 4**

### **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.**

The Authority has taken the following action to improve its processes and structures and also to tackle identified issues of risk.

#### Scrutiny Project

The scrutiny exercise on our work to support the local economy was run in partnership with Snowdonia National Park Authority concluded its findings in July 2015 and formally reported back to the Authority in February 2016.

#### Risk Management

Following recommendation by Internal Audit the Risk Register is now presented to each meeting of both the Audit & Corporate Services and Operational Review Committees and annually to the full Authority. It is a standing agenda item on the monthly Leadership Team meetings when current risks are reviewed and new risks evaluated.

#### Performance Management

Staff are updating the Ffynnon system directly with information to update performance reporting. However following the withdrawal of financial support by Welsh Government, the continuing use of Ffynnon beyond 2015/16 is in doubt and may depend on agreement of all three Welsh National Park Authorities.

#### Upgrading systems infrastructure

During 2015/16 the Authority made further investments in its IT systems, with upgrades to the planning system and the introduction of an EPOS module linked to the tills in each centre. Further upgrades to servers and the wide area network were introduced to improve disaster recovery.

#### Internal Audit 2015/16

As part of the Authority's corporate governance programme a risk assessment was made on all its services and formed the basis of the work carried out during 2015/16 by the Authority's internal auditors' Gateway Assure. The focus of the Audit was on the following areas:

- Review of Previous Year Agreed Action Plan
- Risk Management
- Key Financial Controls – Budgetary Control
- Health & Safety
- Corporate Governance
- Departmental Review – Income Generation

#### The Chief Audit Executive's Opinion

In the Audit & Corporate Services Review Committee Meeting of 11<sup>th</sup> May 2016 Robin Pritchard of Gateway Assure, the Authority's Internal Auditors, gave the following audit opinion for the year 2015/16:

“Overall in our opinion, based upon the reviews performed during the year, the Pembrokeshire Coast National Park Authority:



- has adequate and effective risk management;
- has adequate and effective governance; and
- has adequate and effective control processes.”

### Committees

Individual service team leaders update Members of their respective Review Committee with details of the work in progress within the team. There is a clear documenting of decisions, meeting agenda and minute process. Members therefore make decisions based on timely and accurate information, although some decisions are deferred to allow members for considered decisions.

### Wales Audit Office Reports

Wales Audit Office passes an opinion on their review the Authority’s performance and Statements of Accounts which is recorded in the WAO Improvement Assessment Letter and the ISA 260 report. The Wales Audit Office 2013/14 Annual Improvement Report was not available in 2014/15 to action any recommendations.

### Planning Audit

A review of the Planning Service was carried out by Wales Audit Office with the final report, “Delivering More With Less”, published in October 2015 and a formal presentation by WAO to the Authority in February 2016 endorsed the progress made by the service. The report recommended increasing partnership and joint working with other planning authorities and WLGA, setting further service objectives, investigating opportunities for additional income. Work on these recommendations was underway prior to the publication of the report.

## **Principle 5**

### **Developing the capacity and capability of Members and Officers to be effective.**

The Authority has undertaken the following to develop the capacity and capability of Members:

#### Wales Charter for Member Support and Development

The Authority currently holds Charter status for Member Support & Development

#### Staff Development

Learning and development needs are identified at annual performance reviews and priority 1 needs form the basis of the plans for the year. All new staff are ‘inducted’ on an individual basis when they start, with an annual corporate induction with the CE and Directors, and the opportunity to attend an all-UK National Park event. Appropriate certificated training is identified and scheduled with periodic refreshers.

In 2015-16, the 3-year SLA with PCC delivered an autumn/winter programme of learning opportunities for leadership team and team leaders, plus some coaching. Relevant managers also undertook an Equality Impact Assessment workshop.

A regular programme of lunchtime training and awareness events takes place.

A training programme with the West Wales Action on Mental Health team is ongoing, including for team leaders in their role as people managers. Over 50 staff took part in sessions introducing Mindfulness as an aid to wellbeing.

### Health and Safety

There was an internal audit of Health and Safety during 2015/16 with a substantial assurance. Members received a comprehensive annual report in November 2015 and endorsed a set of priorities and actions. An HSE inspection took place following a RIDDOR report of a work related health condition. Three team leaders have successfully completed a 4-day IOSH accredited 'Managing Safety' course and all managers have taken part in a workshop to refresh management understanding of manual handling.

## **Principle 6**

### **Engaging with local people and other stakeholders to ensure robust public accountability.**

During the past year the Authority has sought to engage with local people and stakeholders through a range of consultations. Following last year's survey of community councils training sessions on planning have been provided to all who requested it.

The Authority proposes to continue to undertake consultation with residents, visitors, organisations and other stakeholders on a long term strategy on service delivery on the reducing funding anticipated over the next few years.

### Strategic Equality Plan

The Authority joined a consortium of most of the public bodies in south west Wales to undertake a major equalities perception survey which was managed by Carmarthenshire County Council. The results of the survey are being considered during the review of the Authority's Strategic Equality Plan.

### Partnership working arrangements

The Authority works with a number of external bodies helping to improve value for money and in communicating with various other interest groups to deliver a number of common projects, e.g.:

- Carmarthenshire County Council; SLA's Payroll / Pension. Minerals
- South Wales Local Authority Purchasing Group; Legal Services Provision
- Brecon Beacons & Snowdonia National Parks Authorities, brokerage Insurance / joint IT manager and Mosaic project Community Consultation; there has been significant engagement with Town and Community Councils on the changes in Planning guidance and on Budget priorities for the Authority.
- Future Landscapes Wales programme
- Local Service Board's and it's subgroups
- Apprenticeship scheme with Brecon Beacons National Park and Torfaen Borough Council

## **VI. Significant Governance Issues**

| <b>Governance Issues Identified</b>                                     | <b>Action to be taken</b>                                                                                         |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| Document Management Systems                                             | Review alternative suitable systems                                                                               |
| Impact of Future Landscapes Program                                     | Work with partners to seek to influence the outcome of the program                                                |
| National Park Grant Funding                                             | Continue to work with Welsh Government to respond to funding position and developing a medium term financial plan |
| Continuity planning following experienced staff leaving the Authority   | Monitor staff workloads and ensure Authority is run as effectively as possible                                    |
| Provide members with most efficient distribution of Authority documents | Review of options in conjunction with PCC's practice of electronically distributing committee papers.             |
| Compliance with the Welsh language Act                                  | Continue the review to ensure compliance with the Act                                                             |

## **VII. OPINION**

We propose over the coming year to take steps to address the matters referred to in part VI 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 \_\_\_\_\_  
Chairman

DATED \_\_\_\_\_

SIGNED \_\_\_\_\_  
Chief Executive

DATE \_\_\_\_\_

SIGNED \_\_\_\_\_  
Section 151 Officer

DATE \_\_\_\_\_

## **Proposed audit report of the Appointed Auditor to the Pembrokeshire Coast National Park Authority**

**I have audited the accounting statements and related notes of Pembrokeshire Coast National Park Authority** for the year ended 31 March 2016 under the Public Audit (Wales) Act 2004.

Pembrokeshire Coast National Park Authority's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 based on International Financial Reporting Standards (IFRSs).

### **Respective responsibilities of the responsible financial officer and the independent auditor**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts [set out on page 58], the responsible financial officer is responsible for the preparation of the statement of accounts which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to Pembrokeshire Coast National Park Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

### **Opinion on the accounting statements of Pembrokeshire Coast National Park Authority**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Pembrokeshire Coast National Park Authority as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

### **Opinion on other matters**

In my opinion, the information contained in the Narrative Report for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

**Matters on which I report by exception**

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with ‘Delivering Good Governance in Local Government: Framework’ published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

**Certificate of completion of audit**

I certify that I have completed the audit of the accounts of Pembrokeshire Coast National Park Authority in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

**Anthony Barrett**  
**Assistant Auditor General**  
**24 Cathedral Road**  
**Cardiff**  
**CF11 9LJ**  
**Date:**

## Appendix I

### Schedule of Members Allowances & Expenses Paid in the Financial Year 2015/16

| <u>NAME</u>                                                                                                                                                                                                       | Basic Salary  | Senior salary | Travel & subsistence | % of attendance |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|----------------------|-----------------|
| Cllr ST Hudson                                                                                                                                                                                                    | 3,600         |               | 114                  | 73%             |
| Mr D Ellis***                                                                                                                                                                                                     | 770           | 4,717         | 92                   | 91%             |
| Cllr M Williams                                                                                                                                                                                                   | 3,600         |               | 131                  | 79%             |
| Cllr PJ Morgan                                                                                                                                                                                                    | 3,600         |               | 154                  | 95%             |
| Cllr DGM James                                                                                                                                                                                                    |               | 12,300        | 2,061                | 95%             |
| Mrs GM Hayward                                                                                                                                                                                                    |               | 6,000         | 750                  | 86%             |
| Mr AE Sangster***                                                                                                                                                                                                 | 2,830         | 1,283         | 452                  | 91%             |
| Cllr LM Jenkins                                                                                                                                                                                                   | 3,600         |               | 606                  | 100%            |
| Ms CM Gwyther                                                                                                                                                                                                     | 3,600         |               | 24                   | 73%             |
| Mr AG Archer                                                                                                                                                                                                      | 3,600         |               | 955                  | 73%             |
| Mrs MJ Thomas                                                                                                                                                                                                     | 3,600         |               | 1,120                | 68%             |
| Cllr NP Harries                                                                                                                                                                                                   | 3,600         |               | 669                  | 100%            |
| Cllr RS Owens                                                                                                                                                                                                     | 3,600         |               | 236                  | 73%             |
| Cllr DWM Rees                                                                                                                                                                                                     | 3,600         |               | 504                  | 73%             |
| Cllr RP Kilmister**                                                                                                                                                                                               | 3,503         |               | 557                  | 82%             |
| Cllr O James*                                                                                                                                                                                                     | 445           |               | 50                   | 100%            |
| Cllr AW Wilcox                                                                                                                                                                                                    | 3,600         |               |                      | 77%             |
| Cllr M Evans*                                                                                                                                                                                                     | 3,155         |               |                      | 79%             |
| Cllr RM Lewis                                                                                                                                                                                                     |               |               |                      | 77%             |
| <b>Total</b>                                                                                                                                                                                                      | <b>50,303</b> | <b>24,300</b> | <b>8,475</b>         | <b>83%</b>      |
| * Part year attendance due to changes in Pembrokeshire County Council representation.<br>** Temporarily stood down while a candidate in Welsh Government Elections<br>*** Served part of the year as Deputy Chair |               |               |                      |                 |