

REPORT OF FINANCE MANAGER

SUBJECT:
DRAFT STATEMENT OF ACCOUNTS 2017/18

Background:

This report accompanies the Draft Statement of Accounts 2017/18. They are for information purposes only and Members are requested to note the contents. .

RECOMMENDATION: To note the Draft Statement of Accounts 2017/18.

Background documents

Draft Statement of Accounts

(For further information, please contact Richard Griffiths, extension 4815 or at Richardg@pembrokeshirecoast.org.uk)

**Pembrokeshire Coast
National Park Authority**



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

**STATEMENT OF ACCOUNTS
2017/18**

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STATEMENT OF ACCOUNTS

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STATEMENT OF ACCOUNTS

2017/18

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 23rd 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 2017/18 the Authority's funding for revenue expenditure, (that is, day to day operational activities) was £7,711k, and a capital program spend of £174k. 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:-**

REVENUE BUDGET	2017/18 £ 000	2017/18 %	2016/17 £ 000	2016/17 %
National Park Grant, from the Welsh Government:	2,955	38%	3,645	53%
National Park Levy, against Pembrokeshire County Council:	985	13%	985	14%
Locally Generated Income (through fees and charges):	1,695	22%	1,495	22%
Service/Project Specific Revenue Grants:	1,492	19%	409	6%
Earmarked/General Reserves:	584	8%	367	5%
TOTAL REVENUE FUNDING	7,711	100%	6,901	100%

CAPITAL BUDGET	2017/18 £ 000	2016/17 £ 000
Project Specific Capital Grants:	-	87
Use of capital receipts	18	Nil
CAPITAL FUNDING	18	87
Plus, funding from the revenue budget (included above)	156	32
TOTAL CAPITAL BUDGET	174	119

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 increased by 11.7% in 2017/18 and the major reason for this was an additional £1,160k of National Park Grant released by Welsh Government to fund specific projects. This National Park Grant additional funding did not attract the usually Levy. In 2017/18, for every £1 provided by the National Park Grant and Levy in the year, the Authority generated a further 81p from other sources (2016/17=49p).

Locally Generated Income consisted of:

LOCALLY GENERATED INCOME	2017/18 £000's	2016/17 £000's	% Change
Merchandise Sales and Income from Information Centres	289	281	3%
Car park charges and concessions income	470	447	5%
Admissions fees and Activities & Events	287	237	21%
Advertising income	72	85	-14%
Planning fees	283	197	43%
Timber sales	28	31	-12%
Other : property income & contributions	185	154	20%
Income from investment properties	62	42	50%
Investment income (spare cash invested)	19	21	-10%
TOTAL LOCAL INCOME	1,695	1,495	13%

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:-**

REVENUE BUDGET	2017/18 £000	2017/18 %	2016/17 £000	2016/17 %
Employees	3,659	48%	3,637	53%
Premises related	769	9%	725	11%
Transport & Travel	179	2%	172	2%
Supplies, Services and Grants	1,391	19%	1,347	20%
Transfers to Earmarked Reserves	1,489	19%	749	11%
Contribution to capital projects	156	2%	32	0%
Financing charges	1	0%	2	0%
Increase/ (decrease) in General Reserves	67	1%	237	3%
TOTAL REVENUE COST	7,711	100%	6,901	100%

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).

2017/18 Revenue Account	Net Budget £000	Net out-turn £000	Variance £000	2016/17 Net Out-turn £000
Conservation of the Natural Environment	382	368	13	341
Conservation of the Cultural Heritage	137	129	8	147
Development Control	349	235	115	247
Forward Planning & Communities	487	416	71	390
Promoting and Understanding	1,031	1,003	28	856
Recreation Management & Transport	140	135	6	-6
Rangers, Estates & Volunteers	1,057	1,051	6	1043
Democratic Representation & Management	491	462	29	422
Service Management & Support Services	1,138	1,105	33	922
Net cost of services	5,212	4,904	308	4,362
Interest and investment income earned during the year	-15	-19	4	-21
Other Non Cash Items debited or credited to the Authority Reserves for the year:	-352	-107	-245	-482
National Park Grant - Welsh Assembly Government	-2955	-2955		-3645
National Park Levy – Pembrokeshire County Council	-985	-985		-984
Net Operating Surplus / Deficit (-)	905	838	67	770
Less Net Transfer to (-) / from Earmarked Reserves	-905	-905		-533
END OF YEAR SURPLUS	0	67	67	237

Summary Comment

The outturn Net Cost of Service (N.C.S.) expenditure for the year was £4,904k against a budget N.C.S. of £5,212k and an actual of £4,362k for 2016/17. The N.C.S. was below the revised budget by £308k and an explanation for the major variances within each service is as follows

- **Conservation of the Natural Environment (£13k under budget).**
The Cilrhedyn Woodland Centre was significantly under budget for the year as a result of staff savings, lower contractor and lower material raw costs..
- **Conservation of Cultural Heritage (£8k under budget).**
The under spend within the service is due to savings in the Archaeology budget.
- **Development Management (£115k under budget).**
Within Development Management a significant increase planning applications has resulted in year planning fee income of £258k, up £88k versus budget and £83k against the 2016/17 figures. Unbudgeted pre-application fee income (£17k) together with savings in statutory advertising (£10k), professional fees (£12k), travel costs (£4k) and other

savings contribute to the under spend. There was also an over spend of £25k on the cost of appeals.

- **Forward Planning & Communities (£71k under budget).**

Total Sustainable Development Fund grant payments during the year amounted to £141k, below that budgeted of £200k, and distributed amongst seventeen different projects. Grant payments in excess of £5k were made Pembrokeshire Marine SAC, LM Tree Solutions, The Sea Trust, Solva Community Council, Mikota Ltd, Greenseas Resources Ltd, Pembrokeshire Coastal Forum, Bumblebee Conservation Trust and Keep Wales Tidy.

- **Promoting & Understanding (£28k under budget).**

The table that follows shows the current year budget, actual and prior years' figures for merchandise sales, admissions income and car park income for the 12 months ended 31st March 2018. Total merchandise sales at £273k is up £16k versus the prior year and down 2k versus budget, with the exception of Carew, up £8k against budget the other centres are running below budget. The joint admission fee income of £227k for Carew Castle and Castell Henllys is £49k above budget and up £46k versus 2016/17. Admission fee income at Carew continues its upward trend over the last few years increasing by £45k (nearly 44%) from the similar period in 2014/15. Over the Christmas period 1,064 people attended the Carew Castle Christmas Fayre and 1,620 people attended the OYP Christmas market. During the year there was significant expenditure on the repairs on one of the Round Houses at Castell Henllys, (£57k), repairs of the Carew Causeway (£72k) and alterations to the reception area at Oriel Y Parc (£14k). Filming income at Carew Castle generated a further £27k.

Advertising income from the Authority's publication, Coast to Coast, of £77k is down £10k versus budget and £7k against last year's income; this is essential due to a few regular advertisers who have decided not to use Coast to Coast this year.

The Heritage Lottery Fund skills in Action project intended for trainees to develop their skills and career opportunities in the area of land management, was due to run for 3 years. However as there were surplus funds at the end of the 3 years this allowed funding for a further 2 apprentices for a further 6 month period; Of the overall trainees ten are in employment, nine of which are in the countryside sector, one is studying at university . One of our current trainees has just gained fulltime employment with the Authority as a South Warden.

The Authority in conjunction with Pembrokeshire Nature Partnership (of which PCNPA is a member) successfully applied for £1.8m LEADER funding to undertake a feasibility study to consider a visitor giving scheme for Pembrokeshire. The scheme raises awareness of conservation issues amongst local businesses and visitors and raise funds will be spent on nature conservation projects.

The Authority was awarded £180K from Welsh Government to deliver an enhanced marketing campaign to celebrate the Wales Coast Path (WCP) during the '2018 Year of the Sea' and beyond. The Authority is also currently in the process of bidding for additional grant-aid support from Visit Wales' Regional Tourism Engagement Fund to secure an additional £150K giving a total budget of £330K for WCP marketing activities over the next 2 years.

The Authority's bid for the Celtic Trails project was given approval in December 2017. Historically, the Park Authority has had limited involvement with Interreg projects but, through improved regional working on tourism initiatives, Pembrokeshire Coast National Park Authority, Ceredigion County Council and Carmarthenshire County Council (as the lead agency) formed a partnership that allowed the West Wales region to bid. The aim of the project is to convert the sizable "footfall" of potential visitors driving through the identified destinations with another final location in mind, into staying and paying visitors as well as attracting new visitors to cross the Irish/Celtic Sea.

The Authority started a 'Pathways' project in the Summer of 2017. The project focuses on the benefits of volunteering as one of the 'pathways' for people to experience the outdoors. Its aim is to provide supported opportunities to more than 2000 individuals from disadvantaged groups as part of a 3 year project to join in voluntary activity across the National Park.

- **Recreation & Park Management (£6k under budget).**
The table that follows shows Car Park income for the 12 months at £459k, which is up £53k on budget and £35k for the comparable period 2016/17. The Authority actively promoted car parking season tickets during the year. These sales are recorded in the "Car Park Operations" cost centre and it can be seen that season tickets have been very popular being up £25k versus budget and £31k versus 2016/17. The comparative reduced sales for Saundersfoot and Little Haven are explained by the increased season ticket sales. During the year the Authority's Technical Officer retired resulting in an underspend in this service area
- **Rangers, Estates & Volunteers (£6k under budget).**
There were no significant variances in this service area.
- **Democratic Representation & Management (£29k under budget).**
In setting the 2017/18 budget the Authority created a provision for "New Ways" of service delivery, and in the year the Authority has supported Pembrokeshire County Council's St. Davids UK City of Culture bid and the development of the new library in Haverfordwest.
- **Service Management & Support Services (33k under budget).**
The underspend in Service Management & Support Services was due to a number of factors including; reduced travelling costs across a range of areas, reduced legal fees and savings in staff training budget

2017/18 Income Versus Budget & Prior Years									
Merchandise Sales	12 month Budget	12 month Income	Variance	2016/17	Variance	2015 /16	Variance	2014/15	Variance
Carew Income	75,158	82,894	7,736	78,755	4,139	81,035	1,859	71,141	11,753
Oriel Y Parc	120,656	117,989	-2,667	108,188	9,801	121,575	-3,586	150,296	-32,307
Newport	30,427	29,538	-889	30,984	-1,446	31,276	-1,738	28,886	652
Castell Henllys	48,705	42,196	-6,509	39,179	3,017	47,645	-5,449	37,569	4,627
Total Merchandise Sales	274,946	272,617	-2,329	257,106	15,512	281,531	-8,914	287,892	-15,275
Admission Fees									
Carew Income	114,556	148,961	34,405	123,433	25,528	126,211	33,961	103,021	45,940
Castell Henllys	62,929	77,597	14,668	56,952	20,645	71,764	15,248	61,598	15,999
	177,485	226,558	49,073	180,385	46,173	197,975	49,209	164,619	61,939
Car Park Income									
Car Park Operations	10,000	35,579	25,579	4,548	31,031	11,503	24,076	10,109	25,470
Saundersfoot Car Park	65,920	66,499	579	77,391	-10,892	71,665	-5,166	65,911	588
Manorbier Car Park	41,389	42,554	1,165	41,094	1,460	41,259	1,295	41,153	1,401
Freshwater East Car Park	24,204	24,558	354	19,312	5,246	22,777	1,781	26,333	-1,775
Little Haven Car Park	34,155	28,753	-5,402	35,616	-6,863	38,955	-10,202	32,144	-3,391
Broad Haven Car Park	22,138	22,840	702	21,628	1,212	22,100	740	22,871	-31
St Davids Car Park	75,000	74,331	-669	77,327	-2,996	79,780	-5,449	74,706	-375
Newport Car Park	15,757	23,078	7,321	18,863	4,215	15,697	7,381	26,361	-3,283
Poppit Car Park	35,524	54,801	19,277	45,678	9,123	34,623	20,178	36,657	18,144
Newgale Car Park	19,500	17,865	-1,635	17,664	201	19,946	-2,081	18,646	-781
Solva Car Park	52,000	57,778	5,778	54,460	3,318	57,161	617	19,583	38,195
	395,587	448,636	53,049	413,581	35,055	415,466	33,170	374,474	74,162

8. Capital Programme

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

	Total Cost 2017/18 £000	Total Cost 2016/17 £000
Promoting Understanding & Enjoyment	57	6
Castell Henllys Roundhouse	57	6
Recreation & Park Management	109	107
Angle Gabions Revetment*	-	46
Vehicles	-	18
Carew Castle	23	
Car Parks	86	43
Corporate & Support Services	8	6
Information & Communications Technology	8	6
TOTAL CAPITAL SPEND	174	119
Financed by:		
Financing from the Revenue budget	-156	-32
Additional Grants	-	-87
Capital Receipts	-18	
Total	-174	-119
*Expenditure on the Angle Gabions Revetment was a part of the Capital Program but the cost was borne in the Net Cost of Services		

Details of the capital programme are:

- Castell Henllys Round House. The demolition of the old and rebuild of the new Cooks House, one of the Castell Henllys Round Houses, was completed during the financial year.
- Carew Castle Cafe. In the September 2017 National Park Authority meeting work to build a Café on site was approved. It is expected that build will be completed by July 2018 and will be funded from the Authority Capital Receipts Reserve.
- Carew Mill Roof. The Carew Mill roof was replaced in 2016/17 financial year and unfortunately there had been protracted discussions with the contractor with regard the settlement of the final account for the project, the account was finally agreed in September 2017.
- Carew Walled Garden. Preliminary work was undertaken on the Walled Garden during 2017/18 and is expected to be complete in the Autumn 2018
- Saundersfoot Regency Car Park. Funded by the 2016/17 Welsh Government Access grant the enhancement to the Saundersfoot Regency Car Park was completed in

December 2017.

- Electronic Planning / Document Management Systems (DMS). During the year the Authority continued work of the development of its DMS and a contract was awarded to Agile to deliver the improvement.
- Human Resources Recruitment System. During the year the Authority purchased a specialised software package to facilitate on line recruitment.

9. Summarised Balance Sheet as at 31 March 2018

	2017/18 £000	2016/17 £000
Fixed Assets	12,090	12,062
Cash in hand/bank	4,481	3,456
Stocks of merchandise and timber	131	153
Debtors – money owed to the Authority	277	289
Creditors – money owed by the Authority	-507	-471
Provisions – for known commitments	-8	-9
Long-term borrowing (in excess of 1 year)		
Cash Reserves:		
Usable Capital Receipts/Unapplied Capital Grants		
Earmarked Reserves – for specific purposes	-3,178	-2,273
General Revenue Reserves	-1,006	-939
Usable Capital Receipts Reserve	-263	-281
Non-cash:		
Accrued Absences Reserve	47	49
Capital Adjustment Account	-9,303	-9,351
Revaluation Reserve	-2,761	-2,685
Pension Liability	3,738	-4,638
Pensions Reserve (to balance with liability)	-3,738	4,638
BALANCED TO:		

The net value of the Authority's fixed assets employed at the year-end was £12,090k, up from £12,062k as at 31 March 2017. A number of assets were subject to revaluation as part of the five-year rolling programme of revaluations and include the following assets: Broad Haven Car Park, West Angle Car Park, Little Haven Car Park, Solva Car Park, Amroth Car Park, Nolton Haven Car Park, Penally Station Car Park, Porthgain Car Park, Fresh Water East Boat Park and Kilkiffeth Woods. Capital additions 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 movement in these categories has been fairly minimal between the two financial years. The Authority's cash balance on the other has increased dramatically and this was due to an award of £1.1k from Welsh Government for a range of projects received at the end of the financial year.

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 reduced by £18k to £263k, the funds being used to partially fund the capital program.. During the year the Earmarked Reserves increased from £2,273k to £3,178k. The balance of earmarked reserve increase during the year as the Authority received the afore mentioned £1.1m of revenue and grant funding from Welsh Government in March 2018; appropriate reserves were created and will be drawn upon in the near future.

The General Reserve balance was up from £939k to £1,006k at the end of the financial year. The Authority's financial position at the end of the 2017/18 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. 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 £3,738k compared with the liability at the close of 2016/17 of £4,638k. This was primarily due to an increase in the discount rate of around 0.1% p.a., a reduction in the CPI inflation assumption of around 0.1% p.a. and broadly neutral impact from investment markets over the period, with average returns being similar to the IAS19 discount rate.

10. Looking Forward

Funding from the National Park Grant and Levy for 2018/19 has reduced by 5.8% from the 2017/18 levels. This reduction is on top of a number of yearly reductions; in 2014/15 the Authority absorbed a 7.4%, reduction followed by reductions of 4.12% in 2015/16, and 6.04% for 2016/17. The total the N.P.A. Grant and Levy therefore will have fallen by approximately £1,000k from £4,721k for 2013/14 to £3,732k in 2018/19, further there is also an expectation of another 5% cut in core funding for 2019/20. 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 60 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 Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants etc.) by the Authority in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- The 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 62) 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 63) sets out the framework within which financial control is managed and reviewed in the Authority.
- 15** The Auditors' Report (page 79)

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 12th 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

In the financial year 2017/18 the Authority changed its policy on the reallocation of support costs to service users and these costs now appear as a separate line item on the Comprehensive Income and expenditure Statement. Accordingly for comparison purposes changes have been made to the 2016/17 data in the Comprehensive Income and expenditure Statement and associated 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 2017/18 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

The Authority changed its policy Support Services costs which are no longer recharged to service users.

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 31st March 2018. 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

1st April 2017 – 31st March 2018

£000's

	31 March 2018			31 March 2017		
	Expenditure	Income	Net	Expenditure	Income	Net
Conservation of the Natural Environment	389	-21	368	372	-31	341
Conservation of the Cultural Heritage	130	-1	129	149	-2	147
Development Control	518	-283	235	452	-205	247
Forward Planning & Communities	416		416	403	-13	390
Promoting Understanding	1,757	-754	1,003	1,638	-782	856
Recreation & Transport	801	-666	135	645	-651	-6
Rangers, Estates & Volunteers	1,189	-138	1,051	1,156	-113	1,043
Democratic Representation & Management	472	-10	462	435	-13	422
Support Service Costs	1,125	-20	1,105	953	-31	922
Past Service Cost (Note 40)	29		29	25	0	25
Cost of Services	6,826	-1,893	4,933	6,228	-1841	4,387
Financing & Investment Income & Expenditure (Note 8)			23			1,006
Other Operating Expenditure (Note 9)			15			28
Taxation & Non -specific Grant Income (Note 10)			-5,153			-4,773
(Surplus) or Deficit on Provision of Services			-182			648
Surplus or deficit on revaluation of fixed assets (Note 11)			-109			-315
Actuarial gains / losses on pension assets / liabilities (Note 40)			-1,593			898
Other Comprehensive Income and Expenditure			-1,702			583
Total Comprehensive Income and Expenditure (Note 6)			-1,884			1,231

Pembrokeshire Coast National Park Authority

BALANCE SHEET

As at 31st March 2018

£000's

As at:	31 March 2018	31 March 2017
Property, Plant & Equipment (Note 11)	9,965	9,956
Assets Held for Sale (Note 11)	500	500
Heritage Assets (Note 11)	171	171
Intangible Assets (Note 11)	18	7
Investment Property (Note 12)	1,436	1,428
Long term Debtor	5	-
Long Term Assets	12,095	12,062
Inventories (Note 16)	131	153
Short Term Debtors (Note 17)	272	289
Cash and Cash Equivalents (Note 18)	4,481	3,456
Current Assets	4,884	3,898
Short Term Creditors (Note 20)	-507	-471
Provisions (Note 20)	-8	-9
Current Liabilities	-515	-480
Pension Liability (Note 40)	-3,738	-4,638
Long Term Liabilities	-3,738	-4,638
Net Assets	12,726	10,842
Usable reserves (Note 21)	4,447	3,493
Unusable Reserves (Note 22)	8,279	7,349
Total Reserves	12,726	-10,842

Movement in Reserves Statement

1st April 2016 – 31st March 2017

£000's

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Accum Compensation Unusable Reserve	Unusable Reserves	Total Authority Reserves
Balance as at 31 March 2016	702	1,789	281		2,772	2,558	10,313	-3,368	-49	9,454	12,226
Surplus or (deficit) on provision of services	-648				-648						-648
Other Comprehensive Expenditure and Income						163		-898		-735	-735
Total Comprehensive Expenditure and Income	-648				-648	163		-898		-735	-1,383
Adjustment between accounting basis and funding basis under regulations (Note 6)	1,369				1,369	-35	-962	-372		-1,369	
Net Increase/Decrease before Transfers to Earmarked Reserves	721				721	128	-962	-1,270		-2,104	-1,383
Transfers to/from Earmarked Reserves (Note 6)	-484	484									
Increase/Decrease in Year	237	484			721	128	-962	-1,270		-2,104	-1,383
Roundings						-1				-1	-1
Balance at 31 March 2017 carried forward	939	2,273	281		3,493	2,685	9,351	-4,638	-49	7,249	10,842

Movement in Reserves Statement

1st April 2017 – 31st March 2018

£000's

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Accum Compensation Unusable Reserve	Unusable Reserves	Total Authority Reserves
Balance as at 31 March 2017	939	2,273	281		3,493	2,685	9,351	-4,638	-49	7,349	10,842
Surplus or (deficit) on provision of services	182				182						182
Other Comprehensive Expenditure and Income						109		1,593		1,702	1,702
Total Comprehensive Expenditure and Income	182				182	109		1,593		1,702	1,884
Adjustment between accounting basis and funding basis under regulations (Note 6)	790		-18		772	-33	-47	-694	2	-772	
Net Increase/Decrease before Transfers to Earmarked Reserves	972		-18		954	76	-47	899	2	930	1,884
Transfers to/from Earmarked Reserves (Note 6)	-905	905									
Increase/Decrease in Year	67	905	-18		954	76	-47	899	2	930	1,884
Roundings						1	-1	1		1	
Balance at 31 March 2018 carried forward	1,006	3,178	263		4,447	2,762	9,303	-3,738	-47	8,279	12,726

Cash Flow Statement
1st April 2017 – 31st March 2018
£000s

	31 March 2018		31 March 2017
Net (surplus) or deficit on the provision of services	(182)		648
Adjust net surplus or deficit on the provision of services for noncash Movements (Note 24)	-1,053		-1,420
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	792		185
Net cash flows from Operating Activities	(443)		(587)
Investing Activities (Note 25)	-591		-135
Financing Activities (Note 25)	9		1
Net increase() or decrease in cash and cash equivalents	(1,025)		(721)
Cash and cash equivalents at the beginning of the reporting period	3,456		2,735
Cash and cash equivalents at the end of the reporting period	4,481		3,456

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. There were no new or amended standards within the 2017/18 Code which impacted upon the Authority.

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 2018 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 absences 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 30th June 2018 there were no post balance sheet events to report.

6) NOTES TO COMPREHENSIVE INCOME & EXPENDITURE and MOVEMENT IN RESERVES ACCOUNTS

The Expenditure Funding Analysis below reconciles Comprehensive Income & Expenditure Statement to the movement on the General Reserve Fund:

£000's

	2017/18			2016/17		
	Net Expenditure chargeable to the General Reserve	Total Adjust between funding and Accounting basis	NET Comprehensive Income Expenditure Statement Expenditure	Net Expenditure chargeable to the General Reserve	Total Adjust between funding and Accounting basis	NET Comprehensive Income Expenditure Statement Expenditure
Conservation of the Natural Environment	306	62	368	286	54	340
Conservation of the Cultural Heritage	117	12	129	133	14	147
Development Control	179	56	235	225	22	247
Forward Planning & Communities	386	30	416	378	12	390
Promoting Understanding	760	243	1,003	684	172	856
Recreation & Transport	49	86	135	-53	47	-6
Rangers, Estates & Volunteers	893	158	1,051	1,036	8	1,044
Democratic Representation & Management	435	27	462	410	12	422
Support Service Costs	984	121	1,105	884	38	922
Past Service Gain / Pension Curtailment	29		29	25	0	25
Net Cost of Services	4,138	795	4,933	4,008	379	4,387
Other Income & Expenditure	-4,205	-2,612	-6,817	-4,246	1,090	-3,156
Surplus(-) / Deficit	-67	-1,817	-1,884	-238	1,469	1,231
Opening balance of General Reserve	939			702		
Movement	67			238		
Roundings				-1		
Closing Balance	1,006			939		

The following are the adjustments from the General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts:

2017/18	£000's			
	Capital	Other	Pension	Total
Conservation of the Natural Environment	5	31	26	62
Conservation of the Cultural Heritage			12	12
Development Control		1	55	56
Forward Planning & Communities		1	29	30
Promoting Understanding	125	-4	122	243
Recreation & Transport	63	-11	34	86
Rangers, Estates & Volunteers	42	-18	134	158
Democratic Representation & Management		-2	29	27
Support Services	25	-1	97	121
Net cost of services	260	-3	538	795
Other I&E	-117	-1,060	-1,435	-2,612
Total	143	-1,063	-897	-1,817

2016/17	£000's			
Service	Capital	Other	Pension	Total
Conservation of the Natural Environment	4	40	10	54
Conservation of the Cultural Heritage			14	14
Development Control			22	22
Forward Planning & Communities			12	12
Promoting Understanding	124	-2	50	172
Recreation & Transport	50	-13	10	47
Rangers, Estates & Volunteers	-65	21	52	8
Democratic Representation & Management			12	12
Support Services	5		33	38
Net cost of services	118	46	215	379
Other I&E	561	-525	1,054	1,090
Total	679	-479	1,269	1,469

EXPENDITURE & INCOME ANALYSED BY NATURE

The table below show the surplus or deficit on the provision of services analysed by nature of expenditure:

	2017/18		2016/17
	£000's		£000's
Expenditure			
Employee benefits	4,352		4,011
Other services	2,338		2,244
Depreciation, amortisation,	263		117
Total expenditure	6,953		6,372
Income			
Fees, charges & services income	1,893		1,842
Interest & investment income	89		-891
Government grants and contributions	5,153		4,773
Total Income	7,135		5,724
Surplus / deficit (-) on provision of services	182		-648

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

The following tables show 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:

2016/17 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION £000's

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
Movement in reserves during 2016/17				
Adjustment to Revenue Resources				
Charges for depreciation and impairment of non-current assets	235			-235
Revaluation of Investment Properties	953			-953
Revaluation losses on Property, Plant & Equipment	34			-34
Adjustment involving the Accumulated Absences Account	0			0
Revenue expenditure funded from capital under statute	46			-46
Revenue expenditure funded from capital grants	-87			87
Pension Costs	372			-372
Total adjustment to Revenue Resources	1,553			-1,553
Adjustments between Revenue and Capital Resources				
Capital expenditure charged against the General Fund	-32			32
Transfer of non current sales proceeds from revenue to Capital receipts reserve	0			0
Total Adjustments between to Revenue and Capital Resources	-32			32
Total Adjustments between accounting basis and funding basis under regulations	1,521			-1,521

2017/18
ADJUSTMENTS BETWEEN ACCOUNTING BASIS
AND FUNDING BASIS UNDER REGULATION
£000's

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
Movement in reserves during 2017/18				
Adjustment to Revenue Resources				
Charges for depreciation and impairment of non-current assets	248			-248
Revaluation of Investment Properties	15			-15
Revaluation losses on Property, Plant & Equipment	-8			8
Adjustment involving the Accumulated Absences Account	-3			3
Revenue expenditure funded from capital under statute				
Revenue expenditure funded from capital grants				
Pension Costs	694			-694
Total adjustment to Revenue Resources	946			-946
Adjustments between Revenue and Capital Resources				
Capital expenditure charged against the General Fund	-156			156
Transfer of non current sales proceeds from revenue to Capital receipts reserve		-18		18
Total Adjustments between to Revenue and Capital Resources	-156	-18		174
Total Adjustments between accounting basis and funding basis under regulations	790	-18		-772

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 2017/18.

	£000's			
	Closing Balance 31 March 17	Transfers to Revenue	Transfers from Revenue	Closing Balance 31 March 18
Receipts In Advance	846	-215	1,245	1,876
Asset Management	37			37
Llanion Park	2	-2		
Planning (Formerly Local Plan)	188	-55		133
Self-Insurance	30			30
Staff Restructuring	319	-55		264
IT/Public Sector Broadband	4	-4		
National Park Wales	54	-13		41
Planning System	94	-5		89
Car Par Integration	77			77
Memorial Donations	3		1	4
Round Houses	100	-57		43
SDF	129	-100		29
Machinery	4	-4		
NPG Reduction	100			100
Car Park Resurfacing	98			98
Biodiversity	11			11
Planning Enforcement	100			100
Portfield Gate	2	-2		
Stitch In Time	25			25
The Pathways Project	35			35
Skills In Action	15			15
Carew Causeway		-72	230	158
Underground Cables At Newport Parrog			14	14
Roundings			-1	-1
Total	2,273	-584	1,489	3,178

8. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

£000's

Items	2017/18	2016/17
Movement in fair value of investment properties(- Gain)	-8	953
Income from Investment properties	-62	-42
Pensions Net Interest Cost	112	115
Interest receivable and similar income	-19	-21
TOTAL	23	1,005

9. OTHER OPERATING EXPENDITURE / INCOME

£000's

Items	2017/18	2016/17
Movement on Bad Debt Provision	-	2
Movement on General Provision	-1	9
Pension Administration Expenses	16	16
TOTAL	15	27

10. TAXATION AND NON SPECIFIC GRANT INCOMES

£000's

Items	2017/18	2016/17
National Park Grant from Welsh Government	2,955	3,645
Levy on Pembrokeshire County Council	985	985
Capital grants and contributions	1,213	143
TOTAL	5,153	4,773

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.

2016/17 Non Current Assets
£000's

	Operational Land & Buildings	Plant & Equipment	Infrastructure Assets	Community Assets	Non op'l Assets In Progress	<i>Total PP&E</i>
COST OR VALUATION						
As at 1 April 2016	10,144	1,450			73	11,667
Reclassifications						
Assets made operational in yr	52				-52	
Additions	42	18			7	67
Disposals		-261				-261
Impairment						
Revaluations	155					155
As at 31 March 2017	10,393	1,207			28	11,628
DEPRECIATION						
As at 1 April 2016	-615	-1,209				-1,824
Charge for year	-181	-53				-234
Disposals		261				261
Reclassification						
Impairment						
Revaluation	125					125
As at 31 March 2017	-671	-1,001				-1,672
NET VALUE 31/3/16	9,529	241			73	9,843
NET VALUE 31/3/17	9,722	206			28	9,956

2017/18 Non Current Assets
£000's

	Operational Land & Buildings	Plant & Equipment	Infrastructure Assets	Community Assets	Non op'l Assets In Progress	<i>Total PP&E</i>
COST OR VALUATION						
As at 31 March 2017	10,393	1,207			28	11,628
Reclassifications						
Assets made operational in yr	12				-12	
Additions	156				6	162
Impairment	-2					-2
Revaluations	-23					-23
Rounding	1					1
As at 31 March 2018	10,537	1,207			22	11,766
DEPRECIATION						
As at 31 March 2017	-671	-1,001				-1,672
Charge for year	-181	-67				-248
Revaluation	119					119
As at 31 March 2018	-733	-1,068				-1,801
NET VALUE 31/3/17	9,722	206			28	9,956
NET VALUE 31/3/18	9,804	139			22	9,965

ASSETS MADE OPERATIONAL DURING THE YEAR

The following assets were made operational in the year:

	2017/18	2016/17
Carew Mill Roof	11,007	51,841
Saundersfoot car Park	1,455	
Total	12,462	51,841

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

Green Bridge Viewing Point	15,577
Carew Castle Cafe	5,322
Carew Castle Walled garden	325
Total	21,224

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 there no disposals.

RECLASSIFICATIONS

The asset reclassifications which took place during the year are in relation to the transfer of the Carew Mill Roof and Saundersfoot Car Park from Non Operational Assets to Operational Land & Buildings.

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; Broad Haven Car Park, West Angle Car Park, Little Haven Car Park, Solva Car Park, Amroth Car Park, Nolton Haven Car Park, Penally Station Car Park, Porthgain Car Park, Fresh Water East Boat Park and Kilkiffeth Woods. In regard to revaluation & impairment included in Other Comprehensive Income & Expenditure are made up as follows:

	2017/18	2016/17
Revaluation of Fixed Assets included in Surplus/Deficit (-) on the Provision of Services	-13,000	117,856
Downward/ Upward revaluation of assets and impairment losses not charged to the Surplus/Deficit	108,812	162,310
Sub total	95,812	280,166
Revaluation and Impairment of Investment Properties	8,000	-953,000
Total	103,812	-672,384

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
	£	£	£	£
2017/18	-22,888			-22,888
2016/17	-30,190			-30,190
2015/16	176,998			176,998
2014/15	595,923			595,923
2013/14	1,403,322			1,403,322

FINANCING OF FIXED ASSETS and INTANGIBLES

The net cash additions to fixed assets and intangibles of £174,101 (Additions less transfers from Non Operational Assets) were financed as follows:

£156,119	Funding from revenue grant
£17,982	Grant funding and other sources

CAPITAL COMMITMENTS

As at 31st March 2018 there were capital commitments totalling £32,608 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	2017/18	2016/17
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
TOTAL	87	87

CAPITAL PROGRAMME

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

	Total Cost 2017/18 £000	Total Cost 2016/17 £000
Promoting Understanding & Enjoyment	57	6
Castell Henllys Roundhouse	57	6
Recreation & Park Management	109	107
Angle Gabions Revetment*	-	46
Vehicles	-	18
Carew Castle	23	
Car Parks	86	43
Corporate & Support Services	8	6
Information & Communications Technology	8	6
TOTAL CAPITAL SPEND	174	119
Financed by:		
Financing from the Revenue budget	-156	-32
Additional Grants	-	-87
Capital Receipts	-18	
Total	-174	-119
*Expenditure on the Angle Gabions Revetment was a part of the Capital Program but the cost was borne in the Net Cost of Services		

* The additional grants were received from the following partners:	2017/18 £000's	2016/17 £000's
Welsh Government	-	87
TOTAL ADDITIONAL GRANTS	-	87

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 is 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.

	2017/18 £000's	2016/17 £000's
Balance at start of year	7	2
Additions	13	6
Accumulative Amortisation	-3	-1
Rounding	1	0
Balance at end of year	18	7

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 at 31/3/16	Valuation as at 31/3/17	Reclassification	Valuation as at 31/3/18
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		3,500
Porthclais Trailer Park	275	275		275
Angle, The Tower	1	1		1
St. Brides - The Ruin	1	1		1
Solva Prendergast Woods	1,250	1,250		1,250
St. Brides - Pumphouse	1	1		1
Whitesands Field & Land	8,000	8,000		8,000
Total	171,445	171,445	0	171,445

ASSETS HELD FOR SALE

The Authority held the following assets held for resale as at 31/3/18.

£000's

Asset	Valuation as at 31/3/17	Reclassification	Valuation as at 31/3/18
Land at Sageston	500		500
Total	500		500

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:

	2017/18 £000	2016/17 £000
Rental income from investment property	62	42
Net gain/(loss)	62	42

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

	2017/18 £000	2016/17 £000
Balance at start of the year	1,428	2,881
Disposal	0	0
Reclassifications	0	-500
Net gains/losses from fair value adjustments	8	-953
Balance at end of the year	1,436	1,428

13. LEASES

Finance Leases

The Authority had no finance leases as at 31st March 2018 (nor as at 31st March 2017).

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 £48,586 for 2017/18 (£43,943 for 2016/17). 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 2017/18 were £47,510 (£44,842, 2016/17).

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

£000's

	As at March 2018			As at March 2017		
	Land & Buildings	Vehicles & Equipment	total	Land & Buildings	Vehicles & Equipment	Total
	£	£	£	£	£	£
Not Later than one year	46	43	89	45	36	81
Later than one year and not later than five years	92	35	127	109	32	141
Later than 5 years	289	-	289	315	-	315
	427	78	505	469	68	537

The Authority acts as Lessor on 23 properties, generating an income of £108,017 during 2017/18 (£79,239 2016/17). 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 £1,417,901 with nil cumulative depreciation.

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

£000's

	As at March 2018	As at March 2017
	£	£
Not Later than one year	79	55
Later than one year and not later than five years	240	180
Later than 5 years	715	729
	1,034	964

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 on the Balance Sheet.

16. INVENTORIES

£000's

	Information Centres	Cilrhedyn Woodland Centre	Cleddau Bridge Tickets	Franking Machine	Total
Balance outstanding as at 31/3/15	114	27	1	2	144
Purchases	194	0	5	12	211
Recognised as an expense in the year	-152	-16	-4	-14	-186
Written out	-3				-3
Balance outstanding as at 31/3/16	153	11	2	0	166
Purchases	140	14	3	15	172
Recognised as an expense in the year	-157	-10	-3	-13	-183
Written out	-2				-2
Balance outstanding as at 31/3/17	134	15	2	2	153
Purchases	141	24	3	12	180
Recognised as an expense in the year	-165	-18	-3	-11	-197
Written out	-5				-5
Balance outstanding as at 31/3/18	105	21	2	3	131

17. LONG & SHORT TERM DEBTORS

£000's

	2017/18	2016/17
Long Term:		
Staff Car / Green Travel Loans	5	0
TOTAL	5	0
Short Term:		
Central government bodies	87	137
Other local authorities	51	10
Other entities and individuals	73	95
Payment in advance	66	54
Staff Loan	2	0
Debt Impairment Provision	-7	-7
TOTAL	272	289

18. CASH AND CASH EQUIVALENTS

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

£000's

	2017/18	2016/17
Bank accounts & deposits	4,479	3,454
Cash held by the Authority	2	2
TOTAL	4,481	3,456

19. ASSETS HELD FOR SALE

As at 31 March 2018 the authority held land at Sageston Northside as an asset held for sale

	2017/18 £000	2016/17 £000
Balance at start of the year	500	0
Reclassifications	-	500
Balance at end of the year	500	500

20. LONG & SHORT TERM CREDITORS & PROVISIONS

£000's

	2017/18	2016/17
Long term		
TOTAL	0	0
Short term		
Central government bodies	-72	-63
Other local authorities	-80	-84
Receipts in Advance	-35	-42
Other entities and individuals	-273	-233
Accumulative Absences	-47	-49
TOTAL	-507	-471
Provisions		
General Provisions	-8	-9
Total	-8	-9

21. USABLE RESERVES

£000's

2017/18		2016/17
1,006	General Fund : Resources available to meet future running costs of services	939
3,178	Earmarked Reserves : Reserves set aside for specific items	2,273
263	Capital Receipts : Proceeds on fixed asset sales available to meet future capital investment	281
4,447	TOTAL	3,493

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

22. UNUSABLE RESERVES

£000's

2017/18		2016/17
2,761	Revaluation Reserve	2,685
9,303	Capital Adjustment Account	9,351
-3,738	Pensions Reserve	-4,638
-47	Accumulated Absences Account	-49
8,279	TOTAL	7,349

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

2017/18		2016/17
2,685	Balance at 1 April	2,558
189	Upward revaluation of assets	232
-81	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-70
-32	Difference between fair value depreciation and historical cost depreciation	-35
2,761		2,685

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

2017/18		2016/17
9,351	Balance at 1 April	10,313
-249	Charges for depreciation and impairment of non current assets	-235
8	Revaluations of Investment Assets	-965
-13	Revaluation on Property, Plant & Equipment	154
0	Amounts of non current assets written out on disposal	-24
0	Revenue expenditure funded from capital under statute	-46
32	Depreciation adjusting amounts written out of the Revaluation Reserve	35
0	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	87
174	Capital expenditure charged against the General Fund balances	32
9,303	Balance at 31 March	9,351

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.

2017/18	£000's	2016/17
-4,638	Balance at 1 April	-3,368
1,593	Actuarial gains or losses on pensions assets and liabilities	-898
-1,087	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	-742
409	Employer's pensions contributions and direct payments to pensioners payable in the year	386
-16	Administration Expenses	-16
1	Rounding	
-3,738	Balance at 31 March	-4,638

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.

2017/18	£000's	2016/17
49	Balance at 1 April	49
-3	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	0
46	Amounts accrued at the end of the current year	49

24. CASH FLOW STATEMENT –

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

2017/18	£000's	2016/17
-250	Depreciation	-235
-5	Revaluations and Impairments	-835
-110	Movement in creditor/stock/debtors	29
-694	Provision of Services costs for post employment benefits	-372
6	Other non-cash items charged to the CIES	-7
-1,053	Total	-1,420

25. CASH FLOW STATEMENT OPERATING & INVESTING ACTIVITIES

The cash flows for operating activities include the following items:

2017/18	£000's	2016/17
15	Interest received	19
Nil	Interest paid	Nil

Cash Flows from Investing Activities are:

2017/18	£000's	2016/17
200	Purchase of property, plant and equipment, investment property and intangible assets	53
-791	Other receipts from investing activities	-188
-591	Net cash flows from investing activities	-135

Cash Flows from Financing Activities are:

2017/18	£000's	2016/17
6	Travel Loans: Advances Less Receipts	-1
3	Repayment of Long Term Loan	2
9	Net cash flows from investing activities	1

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 2017/18 (*nor 2016/17*) 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 2017/18 (*nor 2016/17*).

30. AGENCY SERVICES

The Authority did not provide any agency services in 2017/18 (*nor 2016/17*)

31. POOLED BUDGET.

The Authority did not participate in any pooled budget arrangements in 2017/18 (*nor 2016/17*)

32. MEMBERS ALLOWANCES & EXPENSES PAID IN THE FINANCIAL YEAR 2017/18

Total members' allowances paid during the year amounted to £73,136 (£70,652 in 2016/17) plus reimbursement of travelling, subsistence and other expense payments amounting to £9,116 (£8,293 in 2016/17).

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:

	2017/18 £000	2016/17 £000
	Chief Executive Officer	Chief Executive Officer
Gross Pay	79	78
P11D values	1	1
Employer Pension Contributions	11	11
Total	91	90

In addition to the above during 2016/17 one retiring officer's total remuneration, including a redundancy settlement was in the band £60,000 to £64,999 and in 2017/18 another retiring officer's total remuneration, including a redundancy settlement was in the band £65,000 to £69,999. The median remuneration of the Authority was £20,138 with the ratio of the Chief Executive Officer to the median remuneration of 3.88:1.

There were no compulsory redundancies in 2017/18 *nor* 2016/17. 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 £000's
	to £20,000	£20,001 to £40,000	£40,001 to £60,000	
2016/17	4	1	1	113
2017/18	1		1	55

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:

	2017/18 £000	2016/17 £000
Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor	27	27
Fees payable to the Auditor General for Wales in respect of statutory inspections and the LG Measure 2011	17	17
W.P.I. Grant	-	-
Total	44	44

35. GRANT INCOME

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

	2017/18 £000	2016/17 £000
Credited to Taxation and Non Specific Grant Income:		
NPA Grant (Welsh Government funded)	2,955	3,645
Levy on Pembrokeshire County Council	985	985
Other Grant Income (Welsh Government funded)	1,160	143
Donations	53	
	5,153	4,773
Credited to Services		
The Welsh Government: major funding towards, Conservation, Access projects & Carew Castle and Porthgain Harbour and Quarry	4	21
Natural Resources Wales: contributed funding towards the National Trail/Coast Path management & maintenance; various woodland schemes, National Parks Wales and the Castlemartin Ranger post.	240	246
Ministry of Defence: Castlemartin Ranger	20	19
Heritage Lottery: Skills in Action	53	104
Let's Walk Cymru	5	10
Other grants	11	9
TOTAL GRANTS	333	409

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 2017/18 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 £000's	Expenditure £000's	31/3/17 Creditor £000's	31/3/17 Debtor £000's
Welsh Government	4,116		-	13
Pembrokeshire County Council	1,008	269	12	8

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 2017-18 financial year that exceeded £5,000 were to the following projects:-

Project Name	Awarded to	Project Description	Amount
Pembrokeshire Sustainable Shellfish Pilot Initiative	Pembrokeshire 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 and consequently reduce the negative impact that lost gear is having on the marine environment and local economy.	£5,786
Compost Heat Recovery	LM Tree Solutions	To enable the expansion of a National Park based tree surgery business this project uses an innovative compost heat recovery (CHR) system as an environmentally friendly source	£6,624

		of heat for a kiln to dry firewood.	
Coleg Y Mor	Sea Trust	SDF funding is contributing towards the employment of a part time Project Development Officer to develop the concept of a financially viable Coleg y Mor/Marine Academy at the Ocean lab building in Goodwick. This Welsh centre of excellence will deliver education, scientific research, environmental monitoring and also be a visitor attraction housing a refurbished aquarium.	£6,995
Coleg Y Mor Phase 2	Sea Trust	Phase 2 will build upon this success by taking their activities outside the Ocean Lab including the upgraded Sea Môr Aquarium	£20,226
Solva Care Development	Solva Community Council	Solva Care, a not for profit community enterprise, delivers an average of 33 hours of tailored care each week to 40 people and their families. The care provided has been flexible and responsive to need, ranging from dog walking to transport and help with IT.	£11,595
Slipper Limpet Hemocyanin Study	Mikota Ltd	This project is a research study to investigate the extraction of hemocyanin from the slipper limpet and compare it against existing hemocyanins used in pharma products.	£18,875
Sustainable Seaweed Management	Greenseas Resources Ltd	This project focusses on the management of seaweed blooms in the Milford Haven waterway as a way to address the significant environmental issue of high nutrient levels affecting the water quality.	£29,375
The Marine Renewable Supply Chain Development	Pembrokeshire Coastal Forum	The Marine Renewable Supply Chain Development project will assess the supply chain capabilities of Pembrokeshire companies with the potential to diversify into the Marine Renewable Energy industry.	£8,287
Bee Wild West Wales	Bumblebee Conservation Trust	Working with communities, Bumblebee Conservation Trust explain the importance of bees and what can be done to protect them. They will achieve this through citizen science, conservation work parties, events, an education and activity programme and a toolkit for community groups, which will help to make green spaces more bee friendly.	£5,249
The Well-being project	Keep Wales Tidy	The Well-being project is a partnership led by Keep Wales Tidy, with the Archaeological Trusts across Wales. The project works to improve the records and recording of wellsprings within Pembrokeshire National Park, specifically around the St.David's and Strumble Head area, ensuring that they are recorded properly and not in danger of being lost.	£6,000

37. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

The Authority had no PFI and similar contracts in place as at 31/3/18 (nor 31/3/17).

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 2017/18 the Authority provided £35,757 for specific termination benefits, (£80,946 in 2016/17).

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 31st March 2016, 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 1st 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:

Total post employment benefit charged to Comprehensive Income and Expenditure Statement	£000's	
	2017-18	2016-17
Service Costs:		
Current service cost	946	602
Effects of curtailment	13	-
Past Service Cost	16	25
Financing & Investment Income & Expenditure:		
Interest cost on Liabilities	803	931
Interest on Plan Assets	-691	-816
Net Interest On Pension	112	115
Other Operating Income & Expenditure		
Administration Costs	16	16
Total Post-Employment Benefits charged to Surplus / Deficit on Provision of Services	1,103	758
Other Post Employment Benefits charged to Comprehensive Income & Expenditure:		
Return on plan assets (excluding the amount included in the net interest expense)	311	4,409
Actuary Experience gain/(loss)	-	-
Actuary Gain / (Loss) on financial assumptions	1,282	-5,307
Actuary Gain / (Loss) on demographic assumptions		
Total Post-employment Benefits charged / credited to the Comprehensive Income and Expenditure Statement	1,593	-898
Reversal of charges made to surplus/deficit on provision of services in the Movement in Reserves Statement		
Current service cost	-946	-602
Past service gain / loss	-16	-25
Effects of curtailment	-13	-
Interest cost on Liabilities	-803	-931
Interest on Plan Assets	691	816
Administration Costs	-16	-16
Actual Amount charged against General Fund	-1103	-758
Employer Contributions	409	386

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 £000's	
	2017/18	2016/17
Benefit Obligations at beginning of Year	32,430	26,134
Current Service Cost	946	602
Interest On Pension Liabilities	803	931
Member Contributions	173	163
Past Service Cost	16	-
Actuarial (Gains)/Losses on Liabilities	-	-
Remeasurement of Liabilities:	-	-
Experience (gain)/loss	-	-868
(Gain) / Loss on financial assumptions	-1,282	6,544
(Gain) / Loss on demographic assumptions	-	-369
Curtailments	13	25
Benefits Paid	-887	-732
Benefit Obligations at End of Year	32,212	32,430

Reconciliation of Present value Scheme Assets:

	Local Government Pension Scheme £000's	
	2017/18	2016/17
Fair Value at beginning of Year	27,792	22,766
Interest on / Expected Return on Plan Assets	691	816
Remeasurement / Actuarial Gains/(Losses) on Assets	311	4,409
Administration Expenses	-16	-16
Employer Contributions	409	386
Member Contributions	173	163
Benefits/transfers paid	-887	-732
Fair Value at End of Year	28,473	27,792
Actual return on scheme assets	1,002	5,615

Statement of Recognised Gains & Losses

	2017/18 £000's	2016/17 £000's
Restatements / Actuarial (Gains)/Losses	-1,593	898
Total pension cost recognised in MiRS	-1,593	898

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 31st March 2016. *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 31st March 2018 are as follows:

DYFED PENSION FUND (Pembrokeshire Coast National Park Authority) 31 March 2018	
	£000
Present Value of Funded Benefits Obligations	32,157
Present Value of Unfunded benefit obligations	55
Total present value of Benefit Obligations	32,212
Fair Value of Plan Assets	(28,473)
Unrecognised Past Service	
Deficit	3,739

Prior Year Scheme Values

Scheme Year	Present value Scheme Liabilities(£000)	Fair Value of Scheme Assets (£000)
31st March 2017	32,430	27,792
31st March 2016	26,134	22,766
31 st March 2015	26,751	23,227
31 st March 2014	21,868	20,300
31 st March 2013	23,884	18,968
31 st March 2012	19,976	16,514
31 st March 2011	18,005	15,986
31 st March 2010	19,339	14,391
31 st March 2009	13,266	10,137

The main assumptions are set out below:

ACTUARIAL ASSUMPTIONS <i>Financial Assumptions</i>	End of Year	Start of year
Rate of CPI inflation	2.1%	2.3%
Rate of increase in salaries	3.6%	3.8%
Rate of increase in pensions	2.2%	2.3%
Discount rate	2.6%	2.5%

Detailed assets breakdown are as follows.

Investment Category			Quoted	31 March 2018	31 March 2017
			(Y/N)	£000's	
Equities:	UK		Y	5,784	6,835
	Global Unquoted		N	6,406	6,059
	US		N	2,847	2,668
	Canada		N	142	139
	Japan		N	968	917
	Pacific Rim		N	740	834
	Emerging Markets		N	2,249	2,112
	Pooled Overseas		Y		28
	European ex UK		Y	968	
Bonds:	UK Government indexed		Y	2,790	2,696
	Overseas other		N	2,733	2,696
Property:	UK				
	Overseas				
	Other		Y	2,676	2,585
Cash:	Cash instruments		Y		
	Cash accounts		Y	85	167
	Net current assets		N	85	56
Total				28,473	27,792

Asset category	Sub-category		Quoted (Y/N)	31 March 2018 % holding	31 March 2017 % holding
Equities:	UK		Y	20.30%	24.60%
	Global Unquoted		N	22.50%	21.80%
	US		N	10.00%	9.60%
	Canada		N	0.50%	0.50%
	Japan		N	3.40%	3.30%
	Pacific Rim		N	2.60%	3.00%
	Emerging Markets		N	7.90%	7.60%
	Pooled Overseas			0.00%	0.10%
	European ex UK			3.40%	-
Bonds:	UK Government indexed		Y	9.80%	9.70%
	Overseas other		N	9.60%	9.70%
Property:	UK				
	Overseas				
	Other		Y	9.40%	9.30%
Cash:	Cash instruments		Y		
	Cash accounts		Y	0.30%	0.60%
	Net current assets		N	0.30%	0.20%
Total				100.00%	100.00%

Post Retirement mortality assumptions

	End of Year	Start of Year
Non-retired members	S1PA CMI_2015_1.5% Tables Males - 97% Females - 90%	S1PA CMI_2015_1.5% Tables Males - 97% Females - 90%
Retired members	S1PA_CMI_2015_1.5% Tables Males - 97% Females - 90%	S1PA_CMI_2015_1.5% Tables Males - 97% Females - 90%

Life Expectancy

	End of Year	Start of Year
Of males (female) future pensioner aged 65 in 20 year's time	25.1 (27.9) years	25 (27.8) years

Of males (female) current pensioner aged 65	22.9 (25.6) years	22.8 (25.5) years
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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. discount rate	+0.1% p.a. inflation	+0.1% p.a. pay growth	1 Year increase in life expectancy
Disclosure Item					
Liabilities	32,212	31,686	32,798	32,324	32,844
Assets	(28,473)	(28,473)	(28,473)	(28,473)	(28,473)
Deficit (Surplus)	3,739	3,163	4,325	3,851	4,371
Projected Service Costs for next year	880	855	906	880	899
Projected Net Interest Costs for Next year	93	81	108	96	109

History of experience gains and losses

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

	2017/18 %	2016/17 %	2015/16 %	2014/15 %	2013/14 %	2012/13 %	2011/12 %
Actuarial (gains) / losses on Assets	(1.1)	(15.9)	4.2	(9.1)	(2.4)	(7.8)	(4.3)
Actuarial (gains) / losses on liabilities	(4.0)	(16.4)	5.8	(14.2)	(16.6)	(10.9)	(3.4)

Market value of whole fund assets (£millions)

End of Year	Start of year
2,535	2,236

The end of year figures for the market value of the assets and the split between investments categories have been calculated as at 31/12/17. The corresponding split of assets at the start of the year has been calculated as at 31/3/17. The actuarial assumptions used in the calculation of the end of year balance sheet liabilities are based on the 2016 actuarial valuation assumption, other than the financial assumptions which are shown above. A deduction of £16,000 in respect of expenses was made for the year.

The forecasted employer's contribution for 2018/19 is £352,000; implied service cost including net interest cost £93,000 and administration cost of £16,000. The projected deficit as at 31/3/18 is expected to be £4,376,000.

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

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 2017/18* presents a true and fair view of the financial position of the Authority at 31st March 2018 and its income and expenditure for the year ended 31st March 2018

R.E.GRIFFITHS
Chief Financial Officer

Date

2017/18 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 since 1st April 2016.

The Authority has an approved Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accounting (CIPFA)/Society of Local Authority Chief Executives and Senior Managers (UK) (SOLACE) Framework ‘Delivering Good Governance in Local Government: Guidance for Welsh Authorities 2016. 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 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 2016/17.

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 associated with 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 officers 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 Corporate Resources 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 Statutory Duties.
- 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 Authority complies with all legislation affecting its services.
- To determine membership of other committees, task & finish groups, working groups and advisory groups, within the Authority, 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 Committee meets quarterly, and its role 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, the Director of Planning or the Development Management Team Leader 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.

- (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.

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 meets 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 in relation to the above-mentioned functions 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.
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 four Members of the Authority plus the Chief Executive. The membership includes the Chairman and Deputy Chairman of the Authority along with the Chairs of the two Review Committees. The Group has authority 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 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

Within 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 Leadership Team.

Sustainable Development Fund Committee

The Authority has a Sustainable Development Fund Committee that consists of Authority Members and independent advisors who provide advice on the awarding of SDF grants.

The Executive

An Executive structure for decision making for officers is based on a Senior 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 CIPFA 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:

Governance Issues Identified	Action proposed	Evaluation
Document Management System	Review alternative systems	The Authority upgraded the APAS Document Management System during the year.
Impact of Future Landscapes Programme	A review will be undertaken to access the outcome of the programme	To be updated
National Park Grant Funding	Continue to work with Welsh Government to respond to funding position and developing a medium term financial plan	Work has been undertaken to prepare for 5% budget cuts over the next two financial years
Business Interruption	An internal group will be set up to lead all aspects of business continuity	The group is reviewing our existing approach and will test any changes
Compliance with the Equality Act	Continue the review to ensure compliance with the Act	Reporting on strategic equality plan has been mainstreamed into Annual Report on Meeting Well-being Objectives/ Improvement Plan Part 2. This includes reporting on workforce data
Information Governance	There will be a review by the Performance & Compliance Officer on Information Governance which will feed into staff training plans	Work has been undertaken to identify actions to comply with GDPR. This has included appointment of DPO, policy and procedures reviews and creation of data register
Change in Authority Membership	The impending change in the membership of the Authority will be managed effectively and necessary induction process and training provided	An induction process has been undertaken to support new members and enable them to function effectively as Members.

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 CIPFA 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.

Future Landscapes Wales Programme

During the year officers of the Authority have been actively involved in the Future Landscapes Wales programme and the Minister made a statement on Designated Landscapes on 13th March 2018.

The Wellbeing of Future Generations Act

The Authority has worked with the Welsh Local Government Association (WLGA) as an Early Adopter and undertaken Member and officer training with Brecon Beacons and Snowdonia National Park Authorities (NPAs). The Corporate and Resources Plan for 2018/19 has been prepared to deliver against the seven Well-being Goals set by Welsh Government. The plan shows budget distribution across the Well-being Goals and the Authority's Well-being Objectives.

During 2017/18 the Wales Audit Office looked at the 'Setting up of the Pathways Project' as part of its work on developing new approaches to audit. The Authority will use feedback from the pilot work carried out with the Authority and others to inform how it demonstrates the five ways of working under the Act in its work and decision making.

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. We are expecting new guidance on producing NPMPs in light of the development of Area Statements and other legislative changes.

Corporate and Resources Plan

The three National Park Authorities in Wales have agreed to work to a common format of an annual Corporate and Resources Plan to meet the requirements of both the The Well-being of Future Generations (Wales) Act 2015 and Local Government (Wales) Measure 2011. The Corporate and Resources Plan document sets out the Authority's Well-being objectives (which are also the Authority's Improvement objectives) and aligned work programme for the forthcoming year and acts as our Annual Improvement Plan Part 1. The Well-being of Future Generations Act also requires public bodies to act in accordance with the sustainable development principles and this document highlights how these principles are embedded in the work carried out to achieve our objectives.

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 on-going with a number of other Authorities to identify efficient ways of delivering our services.

Community Engagement

The Authority has endorsed Participation Cymru's 10 National Principles for Public Engagement in Wales. In 2017/18 The Authority held a workshop with its Leadership Team and Team Leaders to increase awareness of engagement and to carry out an engagement mapping exercise to inform the development of an engagement action plan.

The Authority has carried out consultation and engagement activities with communities on key decisions that will affect them. Officers met and engaged with Community Councils across the National Park as part of the development of the preferred strategy for the Local Development Plan (LDP) replacement. The Authority is part of the Pembrokeshire Engagement Network which promotes engagement practice and provision in Pembrokeshire. The Authority undertook significant public consultation on the future delivery of its information services and in particular the future of its centre in Newport.

Membership of Public Service Board

The Authority is an invited member of the Pembrokeshire Public Services Board (PSB). The PSB is currently working to prepare the Pembrokeshire Well-being Plan, which will be agreed by May 2018. This work builds on the Well-being Assessment agreed in March 2017 and consultation with stakeholders. From 2018 onwards the Authority's Corporate Plan will reflect the Well-being Objectives agreed in the Pembrokeshire Well-being Plan.

Welsh Language Strategy

Under the Welsh Language (Wales) Measure 2011, all local authorities in Wales must comply with a framework of Welsh Language Standards. Standard 145 requires the Authority to produce a 5-year strategy that sets out how we propose to promote the Welsh language more widely in the National Park. The strategy must also include a target (in terms of the percentage of speakers in the National Park) for increasing or maintaining the number of Welsh speakers in the National Park by the end of the 5 year period concerned, together with a statement setting out how we intend to reach that target.

Following a six-week consultation period, Members approved the 5-year strategy at its meeting held on the 29th November 2017. The strategy must be reviewed within 5 years of its publication.

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

A balanced revenue budget for 2017/18 was approved in February 2017. The Authority's core funding from the National Park Grant and Levy for the year remained unchanged from 2016/17. This was a welcomed halt to the successive funding reductions since 2013/14 which saw core funding being reduced by £782k.

Fortunately the Authority was been able to absorb the pressure from the successive years of continued reduced funding. The Authority practice of holding Budget workshops has proven very helpful in developing operational budgets, a medium term financial strategy and identifying areas for rationalisation.

Scrutiny Committee

Members and officers have in place an agreed scrutiny process, through which they can assess how successful National Park Authority policies are working.

Member and officer Joint Training & Development

During the year Members & officers undertook joint training sessions which covered the following areas:

- Design Commission for Wales workshop on the impact of buildings in the rural landscape
- Wales Audit Office governance culture workshop
- Presentation by Hywel Dda University Health Board on transforming clinical and mental health services

Consultations

Members have contributed their comments to responses to Welsh Government and other bodies' consultation papers including: Taking forward Wales' sustainable management of natural resources; Pembrokeshire Public Services Board's Pembrokeshire Well-being Plan, and the Independent Remuneration Panel for Wales' consultation on Member remuneration.

Employee Forum

The Authority has in place an Employee Forum. The purpose of the Forum is to provide a platform for Members and staff to maintain open and collaborative employee relations by discussing a range of employee matters and gaining an understanding from each other on issues facing the Authority.

Task and Finish Groups

The Authority task and finish group into the provision of visitor information contributed significantly to the decisions surrounding the future of the Tenby & Newport Information Centres. The work of the support services group continued in 2017.

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 have been adopted by the Authority..

Monitoring Officer

The statutory Monitoring Officer functions are 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. In light of the impending retirement of the Authority's Monitoring Officer, a review was undertaken as to how the function would be provided going forward. The Authority has agreed to the appointment of the Administration and Democratic Services Manager as Deputy Monitoring Officer to support the post of Monitoring Officer, which is a part-time post.

Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales has jurisdiction over the Authority's functions by virtue of the Public Services 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, or in relation to a complaint made against the Authority.

Staff Members

Issues relating to the conduct of staff are normally considered in accordance with the Authority's Disciplinary procedures. 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 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, the policy states "The Authority encourages employees and others with serious concerns about the Authority's work to come forward and raise their concerns with the Authority".

Standing Orders

The Authority reviewed its Standing Orders during the year to reflect changes in legislation, to formalise practices that had evolved over the years and to incorporate best practice from other local authorities. The revised set of Standing Orders was adopted on the 14th June 2017.

Safeguarding Policy

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. During the year the Authority's Internal Auditors gave a full assurance level in their review of safeguarding.

Anti-Fraud and Bribery Policy

The Authority has in place approved an Anti-Fraud and Bribery Policy. The policy covers all employees, volunteers and members of the Authority. It 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

The Authority recently revised its Financial Standards, the purpose of which is to provide a financial framework within which the Authority can operate. The Standards 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

Data Protection and GDPR compliance

In preparation for the General Data Protection Regulations coming into force on the 25th May 2018 the Authority has been reviewing its practices and identifying and implementing actions to ensure compliance by this date. Actions identified have been informed by guidance from the Information Commissioner's Office including 'Preparing for the General Data Protection Regulation (GDPR) 12 steps to take now.' Activities undertaken include appointing a Data Protection Officer, the creation of a data register, awareness raising with staff and Members through presentation on GDPR at a Staff meeting and at Committees and reviewing policies and practices.

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.

Risk Management

The Risk Register is presented to each meeting of both the Audit & Corporate Services and Operational Review Committees and annually to the Authority. It is regularly reviewed by the Leadership Team when current risks are reviewed and new risks evaluated.

Performance Management

The Authority uses the Ffynnon performance management system. Staff update the Ffynnon system directly with information to update performance reporting on a regular basis.

Upgrading systems infrastructure

During 2017/18 the Authority undertook work on the following IT systems; document management system and an applicant tracking system. A process to improve the working practices of the Authority via the use of digital technology is also being explored.

Internal Audit 2017/18

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 2017/18 by the Authority's internal auditors Gateway Assure. The focus of the Audit was on the following areas:

- Departmental Review – Communications
- Income Generation
- IT Health Check
- Income Generation
- Key Financial Controls – Payroll and Expense
- Human Resources
- Grant Income

The Chief Audit Executive's Opinion

Robin Pritchard of Gateway Assure, the Authority's Internal Auditors, gave the following audit opinion for the year 2017/18:

“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 their respective teams. 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 more time for considered decisions.

Wales Audit Office Reports

Wales Audit Office passes an opinion on its review of the Authority's performance and Statements of Accounts which is recorded in the WAO Improvement Assessment Letter and the ISA 260 report.

Wales Audit Office National Park Authorities – Governance Review

Following the Auditor General's consultation on the Well-being of Future Generations Act and audit, all three National Park Authorities in Wales agreed to work with the Wales Audit Office in piloting approaches to audit under the Act. It has been agreed that over the next four years, the Wales Audit Office will undertake a series of governance reviews aimed at facilitating improved governance in the context of the Well-being of Future Generations Act. In 2016-17 the Wales Audit office undertook a governance review of governance culture involving survey and workshop activities with staff and Members. Key areas identified for improvement from this work were scrutiny, communication, engagement, the appraisal process, equality and the Welsh Language.

During 2017/18 the Wales Audit Office looked at the 'Setting up of the Pathways Project' as part of its work on developing new approaches to audit. The Authority will use feedback from the pilot work carried out with the Authority and others to inform how it demonstrates the five ways of working under the Act in its work and decision making.

Annual Report on meeting the Well-being objectives

In 2017/18 the Authority published its first Annual Report on meeting the Well-being Objectives (which also acted as our Annual Improvement Plan Part 2 under the Local Government (Wales) Measure 2011). This report sets out our performance on delivery in 2016/17 against the Authority's Well-being Objectives.

Benchmarking

The Authority undertakes benchmarking activities across a number of areas. Key performance indicators within the annual Corporate and Resources Plan are benchmarked against other National Park Authorities where comparative data is available. The Authority submits an Annual Performance Report every November as part of the Welsh Government Planning Performance Framework. The annual report discusses how the Authority has performed against the indicators, identifying what it had done well so that this can be shared with others, and what steps might be taken to address areas of performance in need of improvement. Through the Framework the Authority is able to benchmark its performance against other Planning Authorities in Wales.

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:

Member induction

Following local government elections in 2017, 5 changes were made to Pembrokeshire County Council's Member representation on the Authority. In addition, three new Welsh Government Members were appointed. A series of induction sessions, including a general induction to the Authority, Code of Conduct and planning training, were held with all new Members. Some of the more established Members also attended as a refresher.

Wales Charter for Member Support and Development

The Authority currently holds Charter status for the Welsh Local Government Association's Wales Charter 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 Chief Executive 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. The Authority produces an annual Health and Safety Plan which sets out its priorities for the year. Members received a comprehensive annual report in November 2017 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 Safely' course and all managers have taken part in a workshop to refresh management understanding of manual handling.

Staff Development

Both team leaders and administrative staff participated in professional development programmes run by Pembrokeshire County Council. A cross authority programme to support administration staff is ongoing.

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's Strategic Equality Plan (2016-20) was informed by a consultation exercise involving a major equalities perception survey carried out by a consortium of public bodies in south west Wales, managed by Carmarthenshire County Council. . Actions to deliver on this plan have been mainstreamed into the Corporate and Resources Plan. Performance against these activities is included in the Annual Report on Meeting Well-being Objectives (Improvement Plan Part 2) and this acts as our Annual Equality Report including reporting on workforce diversity data

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
- 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
- Public Services Board
- Apprenticeship scheme with Brecon Beacons National Park and Torfaen Borough Council
- National Park Partnership on corporate social responsibility options and other sponsorship funding
- The UK National Parks on support services benchmarking.

Embedding Engagement across the Authority

The Authority has endorsed Participation Cymru's 10 National Principles for Public Engagement in Wales. In 2017/18 The Authority held a workshop with its Leadership Team and Team Leaders to increase awareness of engagement and to carry out an engagement mapping exercise to inform the development of an engagement action plan.

DRAFT

VI. Significant Governance Issues

Governance Issues Identified	Action to be taken
Action Wales Audit Office Pilot recommendations on scrutiny, internal and external communication, engagement, appraisals process, equality and the Welsh Language	Workshops with Members. Staff Reps, Leadership Team Action recommendations from these Workshops Pilot internal newsletter and other mechanisms and forums to promote internal communication and collaboration
National Park Grant Funding	Continue to work with Welsh Government to respond to funding position and developing a medium term financial plan
Support staff to deliver on General Data Protection Regulations Compliance	Data Protection Officer in Place. Data register and update of policy and guidance for staff in place. Data Protection Awareness raising week held. Review of Privacy Notices. Data Protection Impact Assessment Framework in place.
Benchmarked – Planning Performance: Enforcement	Clear back log of historical cases

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 _____

DRAFT

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 2018 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 2017/18 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 2018 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 2017/18.

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 2017/18

NAME	Basic Salary	Senior salary	Travel & subsistence	% of attendance
Current Members				
Mr AG Archer	3625		1244	75%
Cllr P Baker ²				68%
Cllr D Clements ¹	3089		208	95%
Cllr KW Doolin ¹	3089		423	60%
Cllr M Evans	3625			50%
Cllr NP Harries	3625		722	86%
Mrs GM Hayward	0	11047	1410	100%
Dr R Heath Davies ³	3021		815	79%
Cllr DGM James	3122	2267	1513	91%
Mrs J James ³	3021		667	65%
Cllr PJ Kidney ¹	3089			58%
Mr PJ Morgan	3625		354	95%
Cllr RS Owens	667	4871	356	91%
Dr RM Plummer ⁴	604		39	50%
Mr AE Sangster	667	4871	715	96%
Cllr AW Wilcox	3625			64%
Cllr M Williams	3625		205	95%
Cllr SJ Yelland ¹	3089		221	85%
Former Members				
Ms CM Gwyther ⁵	2728			65%
Cllr ST Hudson ⁶	536			50%
Cllr R Kilmister ⁶	536		104	100%
Mrs LM Jenkins ⁶	536		66	100%
Cllr R Lewis ²				67%
Cllr DWM Rees ^{6,7}	536		54	0%
Total	50,080	23,056	9,116	
¹ Since 25/05/17, ² In receipt of a senior salary from another authority, ³ Since 31/05/15, ⁴ Since 31/01/2018, ⁵ Until 01/01/2018, ⁶ Until 24/05/17, ⁷ Payment in respect of 2016/17 financial year,				