

**Pembrokeshire Coast
National Park Authority**



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

**STATEMENT OF ACCOUNTS
2014/15**

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STATEMENT OF ACCOUNTS *the statutory information*

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STATEMENT OF ACCOUNTS

2014/15

EXPLANATORY FOREWORD & 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 Explanatory Foreword 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 Explanatory Foreword.

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 2014/15 the Authority's funding for revenue expenditure, (that is, day to day operational activities) was £6,911k. Capital expenditure of £549k, (that is, investment in longer term assets such as land and buildings) was funded £143k from revenue funds & £406k from other grant funding sources. We set out in the following paragraphs information about the sources of funding and what it has been spent on. The figures for 2013-14 have been restated to reflect the prior year adjustments recognised in the accounts and disclosed at Note 6.

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

| REVENUE BUDGET | 2014/15 £ 000 | 2014/15 % | 2013/14 £ 000 | 2013/14 % |
|---|--------------------------|----------------------|--------------------------|----------------------|
| National Park Grant, from the Welsh Government: | 3,294 | 48% | 3,540 | 49% |
| National Park Levy, against Pembrokeshire County Council: | 1,077 | 15% | 1,180 | 17% |
| Locally Generated Income (through fees and charges): | 1,436 | 21% | 1,387 | 19% |
| Service/Project Specific Revenue Grants: | 564 | 8% | 592 | 8% |
| Earmarked/General Reserves: | 540 | 8% | 467 | 7% |
| TOTAL REVENUE FUNDING | 6,911 | 100% | 7,166 | 100% |

| CAPITAL BUDGET | 2014/15 £ 000 | | 2013/14 £ 000 |
|--|--------------------------|--|--------------------------|
| Project Specific Capital Grants: | 406 | | 351 |
| Use of capital receipts | Nil | | Nil |
| CAPITAL FUNDING | 406 | | 351 |
| Plus, funding from the revenue budget (included above) | 143 | | 357 |
| TOTAL CAPITAL BUDGET | 549 | | 708 |

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

The Authority's overall revenue funding reduced overall by 3.6 % in 2014/15, with reductions in the National Park Grant and Levy of 7.4% and Service specific grants of 4.7% being compensated by an increase in locally generated income and use of

Earmarked Reserves. For 2014/15, for every £1 provided by the National Park Grant and Levy in the year, the Authority generated a further 58p from other sources (2013/14=53p).

Locally Generated Income consisted of:

| LOCALLY GENERATED INCOME | 2014/15 £000's | 2013/14 £000's | % Change |
|---|---------------------------|---------------------------|---------------------|
| Merchandise Sales and Income from Information Centres | 319 | 301 | 6% |
| Car park charges and concessions income | 404 | 353 | 14% |
| Admissions fees and Activities & Events | 205 | 182 | 13% |
| Advertising income | 88 | 88 | 1% |
| Planning fees | 173 | 192 | -10% |
| Timber sales | 37 | 68 | -46% |
| Other : property income & contributions | 149 | 131 | 14% |
| Income from investment properties | 51 | 56 | -9% |
| Investment income (spare cash invested) | 10 | 16 | -38% |
| TOTAL LOCAL INCOME | 1,436 | 1,387 | 4% |

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 | 2014/15 £000 | 2014/15 % | 2013/14 £000 | 2013/14 % |
|--|-------------------------|----------------------|-------------------------|----------------------|
| Employees | 3,835 | 55% | 3,821 | 53% |
| Premises related | 618 | 9% | 647 | 9% |
| Transport & Travel | 204 | 3% | 184 | 3% |
| Supplies, Services and Grants | 1,363 | 20% | 1,696 | 24% |
| Transfers to Earmarked Reserves | 743 | 11% | 447 | 6% |
| Contribution to capital projects | 143 | 2% | 365 | 5% |
| Financing charges | 1 | 0% | 3 | 0% |
| Increase/ (decrease) in General Reserves | 4 | 0% | 3 | 0% |
| TOTAL REVENUE COST | 6,911 | 100% | 7,166 | 100% |

| CAPITAL BUDGET | 2014/15 £ 000 | | 2013/14 £ 000 |
|-----------------------|--------------------------|--|--------------------------|
| Capital projects | 549 | | 708 |

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 below for the Authority’s main service areas, shown within a simplified Income & Expenditure Account (profit/loss account).

| 2014/15 Revenue Account | Net Budget £000 | Net out-turn £000 | Variance £000 | 2013/14 Net outturn £000 |
|--|--------------------------------|----------------------------------|--------------------------|---|
| Conservation of the Natural Environment | 565 | 568 | -3 | 511 |
| Conservation of the Cultural Heritage | 169 | 163 | 6 | 168 |
| Development Control | 624 | 507 | 117 | 611 |
| Forward Planning & Communities | 391 | 379 | 12 | 557 |
| Promoting and Understanding | 1,731 | 1,629 | 102 | 1,724 |
| Recreation Management & Transport | 213 | 106 | 107 | 516 |
| Rangers, Estates & Volunteers | 1,104 | 1,060 | 44 | 1,131 |
| Democratic Representation & Management | 667 | 589 | 78 | 665 |
| Service Management & Support Services | 30 | 0 | 30 | 0 |
| Net cost of services | 5,494 | 5,001 | 493 | 5,883 |
| Interest and investment income earned during the year | -15 | -10 | | -17 |
| Other Non Cash Items debited or credited to the Authority Reserves for the year: | -1,112 | -830 | | -1,129 |
| National Park Grant - Welsh Assembly Government | -3,294 | -3,294 | | -3,540 |
| National Park Levy – Pembrokeshire County Council | -1,076 | -1,076 | | -1,180 |
| Net Operating Surplus / Deficit (-) | 3 | 209 | | -17 |
| Less Net Transfer to (-) / from Earmarked Reserves | | -204 | | 20 |
| END OF YEAR SURPLUS | 3 | 5 | | 3 |

**Service Management & Support Services costs cover Heads of Service, reception, performance management, legal, finance, IT, training, projects, building maintenance, and accommodation costs – which are all recharged to users of these services, with any balance shown on the face of the accounts. Support Services net cost, including capital charges (£66k), totalled £1.0m and have been fully reallocated to direct service departments.*

Summary Comment

The outturn Net Cost of Service (N.C.S.) expenditure for the year was £5,001k against a budget N.C.S. of £5,494k and an actual of £5,883k for 2013/14. The main reason for the decreased N.C.S. in 2014/15 over 2013/14 was due to; reduced revaluation charges, lower operating costs associated with Development Control and significant increased income streams across all the Authority's activities. After the various movements to reserves for non cash entries, the End of Year Surplus was £5k which compares to an original budget surplus of £3k and an actual surplus of £3k in 2013/14. The N.C.S. was below the revised budget by £493k and an explanation for the major variances within each service is as follows:

- **Conservation of the Natural Environment (£3k over budget).** Despite reduced staffing levels timber sales at the Cilrhedyn Woodland Centre were slightly ahead of budget for the year. The post of Coed Cymru remained vacant during the year which has contributed to an under spend. In Nature Conservation two long serving members of staff retired during the year and their posts were amalgamated into one. The costs associated with this restructuring and a grant to West Wales Biodiversity group resulted in an over spend in this budget.
- **Conservation of Cultural Heritage (£6k under budget).** The under spend in this service area was due to a number of smaller costs savings together with additional income from another Archaeology day at Pembrokeshire College this year.
- **Development Control (£117k under budget).** Within Development Control planning fee income at £164k was up £44k versus budget but down £22k compared to the same period in 2013/14. The positions of Head of Development and subsequently a Senior Planner were vacant for a couple of months in the period which has contributed to a staff saving of £50k. The posts were covered by Prospero Planning which resulted in professional fees being over budget by £8k. There were however additional savings in travel costs of £5k and statutory advertising of £21k.
- **Forward Planning & Communities (£12k under budget).** Total Sustainable Development Fund grant payments during the year amounted to £98k to 11 different projects including: EduCAT, Green Key Pilot, Dr Beynon's Bug Farm Phase II, Passive Window and Door Manufacturing Area, and Woodlands and Wetlands Project Manager. There were saving in the cost of delivery of the grants and in the Development Planning budget.
- **Promoting & Understanding (£102k under budget).**
The table on page 10 shows the budget, actual and prior year's merchandise sales, admissions income and car park income for the 12 months ended 31st March 2015. The total merchandise sales at £317k is up £68k versus the 12 month budget, and is up £36k versus last year and £28k against 2012/13; with noticeably increases at Oriel Y Parc and Carew Castle. Despite the Origins development work at Castell Henllys admissions income has exceeded budget and is up £22k and £40k versus 2013/14 and 2012/13 respectively. The Authority was awarded a grant from the Arts Council For Wales to help support the Arts Officer based at Oriel y Parc. The post is jointly funded with Pembrokeshire County Council. The Discovery team also obtained additional funding from Welsh Government under the Tidy Towns Community led project for work based at Portfield Gate quarry.

Advertising income arising from the Authority's annual publication Coast to Coast of £88k is up versus the budget of £76k while costs of producing the publication were £3k below that budgeted. The community engagement project Your Park Your Future absorbed £16k of staff and support costs for during the year. It has been agreed with project funders, The Big Lottery that the cumulative underspend can be used to extend the project, which was due to finish in June 2015, by another 6 months. .

In collaboration with Brecon Beacon National Park and Torfean Council, the Authority was awarded a Heritage Lottery fund grant of £341,906 over 3 years to fund a "Skills for the Future" project. The project involves employing and training 5 apprentices for each of the next 3 years. The Authority also obtained a grant of £15k from Visit Wales in relation to a Sustainable Charter for Events in Protected Areas. The work involved creating a guide to support the management of sport and leisure recreation events in the National Park. In

addition Rambles Cymru gave the Walkability Project £15k for the current financial year with a further £10k for both 2015/16 and 2016/17, £5k was also levered in via a partnership with the Friends of the National Park. The Walkability project is a scheme to encourage everyone regardless of ability to make use of local opportunities to walk and explore the outdoor environment

- **Recreation & Park Management (£107k under budget).** The Authority clearly benefited from the good weather in 2014 and associated increased visitor numbers to the county. The table on page 10 shows Car Park income for the 12 months of £374k, which is up £64k on budget, £66k on 2013/14 and £50k on 2012/13. During 2013/14 and 2014/15 Solva Car Park was managed by Solva Community Council and the figures represent income received by the Authority. Under the Sustainable Transport budget the payment to the Pembrokeshire Greenways Partnership was reduced by £13k in 2014/15 as one of the services was operated on a commercial basis.
- **Rangers, Estates & Volunteers (£44k under budget).** Within the Estates Management area income from both ice cream concessions and miscellaneous filming income was considerably above budget by £7k and £21k respectively. There was also additional income associated with the granting of an easement, to National Rail, for use of the Authority's car park at Penally. The Authority was awarded a second Storm Damage grant from Natural Resources Wales (NRW). Staff time recharged to the Storm Damage grant has resulted in budget underspends, notably in the North Area Manager Budget. This grant was used to repair much of the coast areas which were damaged during the unprecedented storms at the beginning of 2014. The Authority also received a grant of £29k from NRW for the Heritage Orchards project under the Resilient Ecosystems Fund.
- **Democratic Representation & Management (£78k under budget).** In the Corporate Activities & Management budget there was an unspent staff evaluation contingency together with savings in advertising and promotion. These helped to offset higher than budgeted audit fee costs. During the year the National Parks Wales Officer was on a secondment to Welsh Government with a resultant savings. The Authority made the decision to support the setting up of a UK National Parks commercial company which was set up to seek commercial sponsorships and trading opportunities for the National Park Authorities.
- **Service Management & Support Services (£30k under budget).** The underspend in Service Management & Support Services was due to a number of factors:
 - Salary and postage savings in the Reception and Administration budget.
 - Utility rebates from Renewable Heat Incentive Scheme and OFGEM following the installation of the biomass boiler and the photovoltaic panels. These investments have also contributed to significant saving in the electricity costs in Llanion H.Q.
 - Reduced travelling costs across a range of areas and savings in Staff Training budget.

| 2014/15 Income Versus Budget & Prior Years | | | | | | | |
|---|----------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Merchandise Sales | 12 mth Budget | 12 mth Income | Variance | 2013/14 | Variance | 2012/13 | Variance |
| Carew Income | 52,500 | 71,141 | 18,641 | 54,795 | 16,346 | 49,464 | 21,677 |
| Castell Henllys Income | 46,395 | 37,569 | -8,826 | 42,974 | -5,405 | 47,725 | -10,156 |
| Oriel Y Parc | 109,263 | 150,296 | 41,033 | 135,816 | 14,480 | 145,625 | 4,671 |
| Newport Information Centre | 20,205 | 28,886 | 8,681 | 22,479 | 6,407 | 20,313 | 8,573 |
| Tenby Visitor Centre | 20,500 | 28,967 | 8,467 | 24,652 | 4,315 | 25,959 | 3,008 |
| | 248,863 | 316,859 | 67,996 | 280,716 | 36,143 | 289,086 | 27,773 |
| Admission Fees | | | | | | | |
| Carew Income | 90,000 | 103,021 | 13,021 | 89,279 | 13,742 | 73,323 | 29,698 |
| Castell Henllys | 55,137 | 61,598 | 6,461 | 51,444 | 10,154 | 54,798 | 6,800 |
| | 145,137 | 164,619 | 19,482 | 140,723 | 23,896 | 128,121 | 36,498 |
| Car Park Income | | | | | | | |
| Car Park Operations | 0 | 10,109 | 10,109 | 3,722 | 6,387 | 9,085 | 1,024 |
| Saundersfoot Car Park | 49,920 | 65,911 | 15,991 | 36,438 | 29,473 | 30,232 | 35,679 |
| Manorbier Car Park | 37,389 | 41,153 | 3,764 | 28,454 | 12,699 | 29,505 | 11,648 |
| Freshwater East Car Park | 21,704 | 26,333 | 4,629 | 47,513 | -21,180 | 40,895 | -14,562 |
| Little Haven Car Park | 28,155 | 32,144 | 3,989 | 37,009 | -4,865 | 25,719 | 6,425 |
| Broad Haven Car Park | 20,638 | 22,871 | 2,233 | 57,412 | -34,541 | 70,958 | -48,087 |
| St Davids Car Park | 60,958 | 74,706 | 13,748 | 17,714 | 56,992 | 18,918 | 55,788 |
| Newport Car Park | 25,757 | 26,361 | 604 | 21,538 | 4,823 | 15,541 | 10,820 |
| Poppit Car Park | 20,524 | 36,657 | 16,133 | 20,961 | 15,696 | 20,778 | 15,879 |
| Newgale Car Park | 20,000 | 18,646 | -1,354 | 17,902 | 744 | 16,329 | 2,317 |
| Solva Car Park | 25,000 | 19,583 | -5,417 | 19,401 | 182 | 46,403 | -26,820 |
| | 310,045 | 374,474 | 64,429 | 308,064 | 66,410 | 324,363 | 50,111 |

8. Capital Programme

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

| | Total Cost 2014/15 £000 | Total Cost 2013/14 £000 |
|--|--|--|
| Conservation of the Cultural Heritage | - | 100 |
| Historic Towns Grant Scheme | - | 100 |
| Promoting Understanding & Enjoyment | 471 | 465 |
| Car Park Improvements | - | 190 |
| Carew Visitor Centre | - | 171 |
| Origins: Castel Henllys Refurbishment | 471 | 104 |
| Recreation & Park Management | 55 | 121 |
| Sandy Haven River Crossing | 42 | |
| Milton Depot | - | 121 |
| Vehicles | 13 | - |
| Corporate & Support Services | 23 | 22 |
| Llanion Buildings | 23 | - |
| Information & Communications Technology | - | 22 |
| TOTAL CAPITAL SPEND | 549 | 708 |
| Financed by: | | |
| Financing from the Revenue budget | -143 | -357 |
| Financing from Capital Receipts | - | - |
| Additional Grants (see table below) | -406 | -351 |
| Total | -549 | -708 |

From the total capital spend of £549k, £42k relates to expenditure on fixed assets not owned by the Authority – namely work done on Sandy Haven River Crossing. The remaining £507k relates to assets owned by the Authority and impacts on the fixed asset values held in the Balance Sheet. Details of the major spend in the 2014/15 programme are:

Details of the capital programme are:

- Origins: Castel Henllys Refurbishment. This project was completed in the autumn 2014 and officially opened by the Deputy Minister for Culture, Sport and Tourism in May 2015. The facility is fully up and running and all grant claims associated to the project were completed on time. The project also included developing a smart phone application and touch screen interactive exhibits which will allow users to learn and delve deeper into the history of Castell Henllys

- Sandy Haven River Crossing. The Crown Estate awarded the Authority a grant of £17k to repair / replace the stepping stones Sandy Haven. The total cost of the £42k and the shortfall from the Welsh Government Access grant.
- Llanion Buildings. Each year the Authority tries to allocate funds to energy saving green projects; the windows at Llanion HQ were replaced in December 2014 and this has considerably improved energy efficiency of the building.
- Vehicles. The Authority purchased a new easy access vehicle for Castell Henllys Iron Age Fort to allow less abled users to access the hill fort.

Of the total programme spend of £549k, £406k was funded by external grant sources including Visit Wales, Cadw (European Regional Development Fund and Targeted Match Funding), Crown Estate and the Welsh Government Access grant, with the balance of £143k from the Authority's own Earmarked Reserves created in prior years to fund the capital program.

9. Summarised Balance Sheet as at 31 March 2015

| | 2014/15 £000 | 2013/14 £000 |
|--|-------------------------|-------------------------|
| Fixed Assets | 13,010 | 13,116 |
| Cash in hand/bank | 2,111 | 2,173 |
| Stocks of merchandise and timber | 144 | 144 |
| Debtors – money owed to the Authority | 367 | 227 |
| Creditors – money owed by the Authority | -426 | -557 |
| Provisions – for known commitments | | |
| Long-term borrowing (in excess of 1 year) | -2 | -4 |
| <i>Cash Reserves:</i> | | |
| Usable Capital Receipts/Unapplied Capital Grants | | |
| Earmarked Reserves – for specific purposes | -1,521 | -1,317 |
| General Revenue Reserves | -506 | -501 |
| Usable Capital Receipts Reserve | -247 | -247 |
| <i>Non-cash:</i> | | |
| Accrued Absences Reserve | 53 | 54 |
| Capital Adjustment Account | -10,501 | -10,712 |
| Revaluation Reserve | -2482 | -2,376 |
| Pension Liability | -3525 | -1,568 |
| Pensions Reserve (to balance with liability) | 3525 | 1,568 |
| BALANCED TO: | 0 | 0 |

The net value of the Authority's fixed assets employed at the year-end was £13,010k, down from £13,116k as at 31 March 2014, due largely to the downward revaluation of assets at Castell Henllys. Other revaluations, capital additions, disposals and impairments also impacted the movement in the balance. Capital assets include vehicles and equipment and land/buildings – such as car parks, picnic sites, coastal land, woodlands, information centres and historic sites. Stock, Debtors, Creditors, Provisions and Long Term borrowing balances arise from the normal revenue and capital expenditure activities of the Authority. The increase in debtors is due to additional grant monies owed to the Authority at the end of the financial year and Creditors reduced as suppliers were owed less by the Authority.

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 remained unchanged during the year at £247k. During the year the Earmarked Reserves increased from £1,317k to £1,521k. Additional self generated and grant income in the year has allowed the Authority to create further reserves to cover car park refurbishment costs, expected increase in the costs of the next Local Development Plan, Restructuring costs, Sustainable Development Fund payments, and to cover the potential in year reduction in the National Park Grant.

The General Reserve balance was up £5k at £506k at the end of the financial year. The Authority's financial position at the end of the 2014/15 remains strong with sizeable cash reserves in place. However given the continued tight fiscal environment in the public sector it is expected that the balances on the General, Capital Receipts & Earmarked Reserves will reduce significantly over the next few years.

The Accumulated Absences Reserve relates to staff accrued absences earned but not taken in the year. This reserve reduced by £1k in the year which reflects falling establishment numbers. Due to the way the Authority accounts for capital expenditure the balances on the Capital Adjustment Account and Revaluation Reserve mirror the value of fixed assets employed.

The Pension Fund Liability at the year-end increased considerably to £3,525k compared with the liability at the close of 2013/14 of £1,568k. This was primarily due to the decrease in the discount rate (1.2% Reduction). Under the accounting standard the discount rate has to be based on corporate bond yields and over the past year corporate bond yields have fallen significantly (meaning lower discount rates and so higher liabilities), and this has only been partly offset by a smaller fall in inflation-linked Government bond yields (meaning lower assumed inflation and so lower liabilities). The net impact was a significant increase in liability values and deficits due to the changes in these two assumptions.

10. Looking Forward

Like all public bodies the Authority's core funding has been subject to significant reductions in recent years and the trend is likely to continue for some years to come. The Authority's National Park Grant and Capital Grants for 2015/16 was initially subject to a 4.32% cut however when notification was received in February 2015 it showed the total reduction in funding to the Authority of £209k (4.9%), which included the loss of the capital grant of £117k. It is reasonable to expect similar reductions in grant funding for the next few years. The financial position over short to medium term therefore continues to look challenging but the Authority's reserves are fairly strong which positions the Authority well for the difficult years ahead. Against this back drop there will be a need to continue to review areas of activity and to maximise income generation opportunities to ensure resources continue to be allocated to meet priority objectives.

STATEMENT OF ACCOUNTS

- 11** The remainder of this document presents the statutory statements of accounts for the Authority.
- 12** The Authority's Accounts, which are covered by the Statements of Responsibilities and the Auditors report, are set out on pages 16 to 58 and comprise of:-
- The Statement of Accounting Policies (from page 16) explains the principles and bases on which the Authority's accounts have been prepared.
 - The Comprehensive Income & Expenditure Statement summarises the resources that have been generated and consumed in providing services and managing the Authority during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of the retirement benefits earned by employees in the year.
 - The Authority Movement in Reserves Statement. This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.
 - The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to

maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

- The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

- Notes to the Financial Statements

- 13** The Statement of Responsibilities for the Statement of Accounts (page 57) 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 58) sets out the framework within which financial control is managed and reviewed in the Authority.
- 15** The Auditors’ Report (page 72)

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 accordance with accepted practice the Authority has negated the values of internal sales and associated costs from its financial statements for 2014/15 (£44k) and the figures for 2013/14 (£41k) have been amended accordingly for comparative purposes. While individual service lines have been affected there is no impact on the net cost of services.

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 2014/15 accounts, as no relationships exist with any subsidiaries, associates or joint ventures as defined for reporting purposes.

10. Intangible Assets

No intangible assets exist.

11. Investments and Capital Instruments

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

12. Leases

The Authority manages Operating Leases for its main photocopiers and for the majority of its vehicles, including vehicles provided to nominated staff under the Staff Lease Car Scheme. Lease payments are charged in full according to date payable on a straight-line basis, ensuring an equal

annual charge to service revenue accounts throughout the life of the lease. Contributions from staff benefiting from the Lease Car Scheme are credited to the revenue account in the period of receipt.

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

No Finance Leases exist.

13. Recharging of Service Management & Support Service Costs

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

14. Employee Benefits

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

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

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

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

reserve which equals the net change in the pension's liability recognised in the Comprehensive Income & Expenditure Statement.

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

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

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

15. Provisions

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

16. Research & Development

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

17. Reserves

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

18. Inventories & Long-term Contracts

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

19. Non Current Assets

Fixed assets comprise capital expenditure on:

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

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

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

Asset values have been stated in the balance sheet on the following bases:

- *Operational land and buildings and other operational assets* are recorded at the lower of net current replacement cost or net realisable value in existing use (Existing Use Value).
- *Infrastructure and community assets* are recorded at historical cost where known, net of depreciation, or at a nominal value.
- *Non-operational land and properties and other non-operational assets* are recorded at the lower of net current replacement cost or net realisable value (Open Market Value).
- *Non-operational assets in the course of construction/development* are recorded at cost.

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 fair 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 depreciated over 25 years, or the useful life of the asset as determined under the Asset Valuation Report
- 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.

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 2015. 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.

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 2014 – 31st March 2015

£000's

| | 31 March 2015 | | | 31 March 2014 | | |
|--|---------------|--------------|--------------|---------------|---------------|---------------|
| | Expenditure | Income | Net | Expenditure | Income | Net |
| Conservation of the Natural Environment | 606 | -38 | 568 | 626 | -115 | 511 |
| Conservation of the Cultural Heritage | 165 | -2 | 163 | 273 | -106 | 167 |
| Development Control | 684 | -177 | 507 | 805 | -194 | 611 |
| Forward Planning & Communities | 379 | | 379 | 637 | -80 | 557 |
| Promoting Understanding | 2,475 | -846 | 1,629 | 2,472 | -747 | 1,725 |
| Recreation & Transport | 810 | -703 | 107 | 1,072 | -556 | 516 |
| Rangers, Estates & Volunteers | 1,234 | -175 | 1,059 | 1,222 | -91 | 1131 |
| Democratic Representation & Management | 630 | -41 | 589 | 723 | -58 | 665 |
| Past Service Cost (Note 40) | 49 | | 49 | | | |
| Cost of Services | 7,032 | -1982 | 5,050 | 7,830 | -1,947 | 5,883 |
| Financing & Investment Income & Expenditure (Note 8) | | | -22 | | | -128 |
| Other Operating Expenditure (Note 9) | | | 14 | | | 36 |
| Taxation & Non -specific Grant Income (Note 10) | | | -4,736 | | | -4,976 |
| (Surplus) or Deficit on Provision of Services | | | 306 | | | 815 |
| Surplus or deficit on revaluation of fixed assets (Note 11) | | | -138 | | | -113 |
| Actuarial gains / losses on pension assets / liabilities (Note 40) | | | 1,684 | | | -3,845 |
| Other Comprehensive Income and Expenditure | | | 1,546 | | | -3,958 |
| Total Comprehensive Income and Expenditure | | | 1,852 | | | -3,143 |

Pembrokeshire Coast National Park Authority

BALANCE SHEET

As at 31st March 2015

£000's

| As at: | 31 March 2015 | 31 March 2014 |
|---------------------------------------|--------------------------|--------------------------|
| Property, Plant & Equipment (Note 11) | 10,043 | 10,170 |
| Heritage Assets (Note 11) | 158 | 158 |
| Intangible Assets (Note 11) | 2 | 3 |
| Investment Property (Note 12) | 2,806 | 2,784 |
| Long Term Debtors (Note 17) | 1 | 1 |
| Long Term Assets | 13,010 | 13,116 |
| Inventories (Note 16) | 144 | 144 |
| Short Term Debtors (Note 17) | 367 | 227 |
| Cash and Cash Equivalents (Note 18) | 2,111 | 2,173 |
| Current Assets | 2,622 | 2,544 |
| Short Term Creditors (Note 20) | -426 | -557 |
| Current Liabilities | -426 | -557 |
| Long Term Creditors (Note 20) | -2 | -4 |
| Pension Liability (Note 40) | -3,524 | -1,568 |
| Long Term Liabilities | -3,526 | -1,572 |
| Net Assets | 11,680 | 13,531 |
| Usable reserves (Note 21) | -2,274 | 2,065 |
| Unusable Reserves (Note 22) | -9,406 | 11,466 |
| Total Reserves | 11,680 | 13,531 |

Movement in Reserves Statement
1st April 2013 – 31st March 2014
£000's

| | General Fund Balance | Earmarked GF Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Revaluation Reserve | Capital Adjustment Account | Pensions Reserve | Accumulative Compensation Unusable Reserve | Unusable Reserves | Total Authority Reserves |
|---|----------------------|-----------------------|--------------------------|--------------------------|-----------------------|---------------------|----------------------------|------------------|--|-------------------|--------------------------|
| Balance at 31 March 2013 | 498 | 1,337 | 248 | | 2,083 | 2,314 | 10,968 | -4,916 | -61 | 8,305 | 10,388 |
| Movement in reserves during 2013/14 | | | | | | | | | | | |
| Surplus or (deficit) on provision of services | -815 | | | | -815 | | | | | | -815 |
| Other Comprehensive Expenditure and Income | | | | | | 113 | | 3,845 | | 3,958 | 3,958 |
| Total Comprehensive Expenditure and Income | -815 | | | | -815 | 113 | | -3,845 | | 3,958 | 3,143 |
| Adjustments between accounting basis & funding basis under regulations (Note 6) | 798 | | | | 798 | -51 | -256 | -497 | 6 | -798 | |
| Net Increase/Decrease before Transfers to Earmarked Reserves | -17 | | | | -17 | 62 | -256 | 3,348 | 6 | 3,160 | 3,143 |
| Transfers to/from Earmarked Reserves (Note 7) | 20 | -20 | | | | | | | | | |
| (Rounding adjustments) | | | -1 | | -1 | | | | 1 | 1 | |
| Increase/Decrease in Year | 3 | -20 | -1 | | -18 | 62 | -256 | 3,348 | 7 | 3,161 | 3,143 |
| Balance at 31 March 2013 carried forward | 501 | 1,317 | 247 | | 2,065 | 2,376 | 10,712 | -1,568 | -54 | 11,466 | 13,531 |

Movement in Reserves Statement
1st April 2014 – 31st March 2015
£000's

| | General Fund Balance | Earmarked GF Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Revaluation Reserve | Capital Adjustment Account | Pensions Reserve | Accumulative Compensation Unusable Reserve | Unusable Reserves | Total Authority Reserves |
|---|----------------------|-----------------------|--------------------------|--------------------------|-----------------------|---------------------|----------------------------|------------------|--|-------------------|--------------------------|
| Balance at 31 March 2014 | 501 | 1,317 | 247 | | 2,065 | 2,376 | 10,712 | -1,568 | -54 | 11,466 | 13,531 |
| Movement in reserves during 2014/15 | | | | | | | | | | | |
| Surplus or (deficit) on provision of services | -306 | | | | -306 | | | | | | -306 |
| Other Comprehensive Expenditure and Income | | | | | | 139 | | -1,684 | | -1,545 | -1,545 |
| Total Comprehensive Expenditure and Income | -306 | | | | -306 | 139 | | -1,684 | | -1,545 | -1,851 |
| Adjustments between accounting basis & funding basis under regulations (Note 6) | 515 | | | | 515 | -33 | -211 | -273 | 2 | -515 | |
| Net Increase/Decrease before Transfers to Earmarked Reserves | 209 | | | | 209 | 106 | -211 | -1,957 | 2 | -2,060 | -1,851 |
| Transfers to/from Earmarked Reserves (Note 7) | -204 | 204 | | | | | | | | | |
| (Rounding adjustments) | | | | | | | | | | | |
| Increase/Decrease in Year | 5 | 204 | | | 209 | 106 | -211 | -1,957 | 2 | -2,060 | -1,851 |
| Balance at 31 March 2015 carried forward | 506 | 1,521 | 247 | | 2,274 | 2,482 | 10,501 | -3,525 | -52 | 9,406 | 11,680 |

Cash Flow Statement
1st April 2014 – 31st March 2015
£000s

| | 31 March 2015 | | 31 March 2014 |
|--|------------------|--|------------------|
| Net (surplus) or deficit on the provision of services | 306 | | 815 |
| Adjust net surplus or deficit on the provision of services for noncash Movements (Note 24) | (771) | | (1,367) |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 415 | | 290 |
| Net cash flows from Operating Activities | (50) | | (262) |
| Investing Activities (Note 25) | 110 | | 105 |
| Financing Activities (Note 25) | 2 | | (7) |
| Net increase() or decrease in cash and cash equivalents | 62 | | (164) |
| Cash and cash equivalents at the beginning of the reporting period | 2,173 | | 2,009 |
| Cash and cash equivalents at the end of the reporting period | 2,111 | | 2,173 |

Notes to the Financial Statements

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

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

- IFRS 13 Fair Value Measurement. This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require 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) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Authority.
- Annual Improvements to IFRSs (2011 – 2013 Cycle). These improvements are minor, principally providing clarification and will not have a material impact on the Statement of Accounts.

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY.

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

In the Authority's Balance Sheet at 31 March 2015 there is a risk of material adjustment in the forthcoming financial year in the size of the pension liability. Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

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

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

4. MATERIAL ITEMS OF INCOME AND EXPENSE

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

5. EVENTS AFTER THE BALANCE SHEET DATE

As at 30th June 2015 there were no post balance sheet events to report.

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

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

2013/14
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 2013/14 | | | | |
| Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement: | | | | |
| Charges for depreciation and impairment of non current assets | 293 | | | -293 |
| Investment Properties | -253 | | | 253 |
| Revaluation losses on Property, Plant & Equipment | 858 | | | -858 |
| Revenue expenditure funded from capital under statute | 100 | | | -100 |
| Revenue expenditure funded from capital grants | -351 | | | 351 |
| Amounts of non current assets charged to the CIES on disposal | 17 | | | -17 |
| | 664 | | | -664 |
| Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement: | | | | |
| Capital expenditure charged against the General Fund and HRA balances | -357 | | | 357 |
| | | | | |
| Adjustments involving the Pensions Reserve: | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | 870 | | | -870 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | -373 | | | 373 |
| | 497 | | | -497 |
| Adjustment involving the Accumulated Absences Account | -6 | | | 6 |
| | | | | |
| Total Adjustments between accounting basis & funding basis under regulations | 798 | | | -798 |

2014/15
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 2014/15 | | | | |
| Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement: | | | | |
| Charges for depreciation and impairment of non current assets | 262 | | | -262 |
| Revaluation of Investment Properties | 511 | | | -511 |
| Revaluation losses on Property, Plant & Equipment | -22 | | | 22 |
| Revenue expenditure funded from capital under statute | 42 | | | -42 |
| Revenue expenditure funded from capital grants | -406 | | | 406 |
| | 387 | | | -387 |
| Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement: | | | | |
| Capital expenditure charged against the General Fund and HRA balances | -143 | | | 143 |
| | | | | |
| Adjustments involving the Pensions Reserve: | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | 693 | | | -693 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | -420 | | | 420 |
| | 273 | | | -273 |
| Adjustment involving the Accumulated Absences Account | -2 | | | 2 |
| | | | | |
| Total Adjustments between accounting basis & funding basis under regulations | 515 | | | -515 |

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 2014/15.

£000's

| | Closing Balance 31 March 14 | Transfers from Revenue | Transfers to Revenue | Closing Balance 31 March 15 |
|---|--|---------------------------------------|---------------------------------|--|
| Receipts In Advance | 136 | -104 | 87 | 119 |
| Asset Management | 37 | | | 37 |
| Llanion Park | 25 | -23 | | 2 |
| Planning: LDP | 120 | | 100 | 220 |
| Self-Insurance | 30 | | | 30 |
| Staff Restructuring | 340 | -142 | 200 | 398 |
| IT/Public Sector Broadband | 19 | | | 19 |
| National Park Wales | 22 | | 13 | 35 |
| Finance System | 19 | | | 19 |
| Planning System | 100 | | | 100 |
| Car Par Integration | 77 | | | 77 |
| Invasive Species Eradication Program | 15 | | | 15 |
| Surface Water Drainage | 9 | -9 | | |
| Origins: Castell Henllys Refurbishment | 259 | -259 | | |
| Memorial Donations | 2 | | | 2 |
| Archaeology | 2 | -2 | | |
| Wellbeing | 5 | | | 5 |
| Round Houses | 100 | | | 100 |
| Castell Henllys Tractor | | | 16 | 16 |
| SDF Funds For 2016/17 | | | 100 | 100 |
| Machinery | | | 27 | 27 |
| N.P.G. Reduction | | | 100 | 100 |
| Car Park Resurfacing | | | 100 | 100 |
| TOTAL | 1,317 | -539 | 743 | 1,521 |

8. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

| £000's | | |
|--|----------------|----------------|
| Items | 2014/15 | 2013/14 |
| Movement in market value of investment properties(- Gain) | -22 | -253 |
| Income from Investment properties | -51 | -56 |
| Pensions Net Interest Cost | 61 | 198 |
| Interest receivable and similar income | -10 | -17 |
| TOTAL | -22 | -128 |

9. OTHER OPERATING EXPENDITURE / INCOME

| £000's | | |
|---------------------------------|----------------|----------------|
| Items | 2014/15 | 2013/14 |
| Movement on Bad Debt Provision | | |
| Asset Disposal | | 22 |
| Pension Administration Expenses | 14 | 14 |
| TOTAL | 14 | 36 |

10. TAXATION AND NON SPECIFIC GRANT INCOMES

| £000's | | |
|---|----------------|----------------|
| Items | 2013/14 | 2013/14 |
| National Park Grant from Welsh Government | 3,294 | 3,541 |
| Levy on Pembrokeshire County Council | 1,077 | 1,180 |
| Capital grants and contributions | 365 | 251 |
| Other | | 4 |
| TOTAL | 4,736 | 4,976 |

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.

2013/14 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 2013 | 10,014 | 1,228 | | 9 | 874 | 12,125 |
| Reclassifications | 1,325 | | | | -1,325 | |
| Assets made operational in yr | | | | | | |
| Additions | 7 | 19 | | | 583 | 609 |
| Disposals | -21 | | | | | -21 |
| Impairment | | | | | | |
| Revaluations | -1,088 | | | | | -1,088 |
| As at 31 March 2014 | 10,234 | 1,247 | | 9 | 132 | 11,625 |
| | | | | | | |
| DEPRECIATION | | | | | | |
| As at 1 April 2013 | -606 | -899 | | | | -1,505 |
| Charge for year | -149 | -144 | | | | -293 |
| Disposals | | | | | | |
| Reclassification | | | | | | |
| Impairment | | | | | | |
| Revaluation | 343 | | | | | 343 |
| As at 31 March 2014 | -412 | -1,043 | | | | -1,455 |
| | | | | | | |
| | | | | | | |
| NET VALUE 31/3/13 | 9,408 | 329 | | 9 | 874 | 10,620 |
| NET VALUE 31/3/14 | 9,822 | 204 | | 9 | 132 | 10,170 |

2014/15 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 2014 | 10,237 | 1,247 | | 9 | 132 | 11,625 |
| Reclassifications | | | | | | |
| Assets made operational in yr | 487 | 28 | | | -515 | |
| Additions | 23 | 85 | | | 399 | 507 |
| Disposals | | | | | | |
| Impairment | | | | | | |
| Revaluations | -516 | | | | | -516 |
| As at 31 March 2015 | 10,231 | 1,360 | | 9 | 16 | 11,616 |
| | | | | | | |
| DEPRECIATION | | | | | | |
| As at 1 April 2014 | -412 | -1,043 | | | | -1,455 |
| Charge for year | -184 | -78 | | | | -262 |
| Disposals | | | | | | |
| Reclassification | | | | | | |
| Impairment | | | | | | |
| Revaluation | 144 | | | | | 144 |
| As at 31 March 2015 | -452 | -1,121 | | | | -1,573 |
| | | | | | | |
| | | | | | | |
| NET VALUE 31/3/14 | 9,825 | 204 | 0 | 9 | 132 | 10,170 |
| NET VALUE 31/3/15 | 9,779 | 239 | 0 | 9 | 16 | 10,043 |

ASSETS MADE OPERATIONAL DURING THE YEAR

The following assets were made operational in the year:

| | 2014/15 | 2013/14 |
|--|-----------------|-------------------|
| Origins: Castell Henllys Refurbishment | 515,412 | |
| Carew Castle | | £634,445 |
| Milton Depot | | £120,852 |
| Solva Car park | | £195,818 |
| Porthgain Car Park | | £152,145 |
| Poppit Car Park | | £225,090 |
| Total | £515,412 | £1,328,350 |

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

| | |
|----------------------------|---------------|
| Green Bridge Viewing Point | 15,577 |
| Total | 15,577 |

ASSET ADDITION

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

DISPOSAL

There were no capital disposals in the year although Authority did receive an easement, credited to the revenue account, from National Rail for used of the Authority's car park at Penally.

RECLASSIFICATIONS

The only reclassifications are in relation to assets made operational in the year referenced above.

REVALUATIONS & IMPAIRMENT

A number of assets were subject to revaluation during the year as part of the five-year rolling programme of revaluations. Significant revaluations in the year relate to, St. Davids' Airfield, the Iron Aged Roundhouses at Castell Henllys and Withybush Depot. In regard to revaluation & impairment included in Other Comprehensive Income & Expenditure are made up as follows:

| | 2014/15 | 2013/14 |
|---|-----------------|-----------------|
| Revaluation of Fixed Assets included in Surplus/Deficit on the Provision of Services | -511,223 | -857,861 |
| Downward/ Upward revaluation of assets and impairment losses not charged to the Surplus/Deficit | 138,699 | 113,407 |
| Sub total | -372,524 | -744,454 |
| Revaluation and Impairment of Investment Properties | 22,000 | 253,000 |
| Total | -350,524 | -491,454 |

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 |
|---------|------------------------|------------------|------------------------|-----------|
| | £ | £ | £ | £ |
| 2014/15 | 595,923 | | | 595,923 |
| 2013/14 | 1,403,322 | | | 1,403,322 |
| 2012/13 | 304,797 | | | 304,797 |
| 2011/12 | 236,902 | | | 236,902 |
| 2010/11 | 80,658 | | | 80,658 |
| 2009/10 | 267,824 | | -393,955 | -126,131 |

FINANCING OF FIXED ASSETS

The net cash additions to fixed assets of £507,482.54 (Additions less transfers from Non Operational Assets) were financed as follows:

| | |
|----------|----------------------------------|
| £364,824 | Grant funding from other sources |
| £142,658 | Funding from revenue grant |
| £ nil | Other |

CAPITAL COMMITMENTS

As at 31st March 2015 there were no capital commitments on the Authority.

FIXED ASSET PORTFOLIO

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

| Type | 2014/15 | 2013/14 |
|------------------------|-----------|-----------|
| 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 2014/15 £000 | Total Cost 2013/14 £000 |
|--|--|--|
| Conservation of the Cultural Heritage | | 100 |
| Historic Towns Grant Scheme | | 100 |
| Promoting Understanding & Enjoyment | 471 | 465 |
| Car Park Improvements | | 190 |
| Carew Visitor Centre | | 171 |
| Origins: Castell Henllys Refurbishment | 471 | 104 |
| Recreation & Park Management | 55 | 121 |
| Sandy Haven River Crossing | 42 | |
| Milton Depot | | 121 |
| Vehicles | 13 | |
| Corporate & Support Services | 23 | 22 |
| Llanion Buildings | 23 | |
| Information & Communications Technology | | 22 |
| TOTAL CAPITAL SPEND | 549 | 708 |
| Financed by: | | |
| Financing from the Revenue budget | -143 | -357 |
| Financing from Capital Receipts | | |
| Additional Grants (see table below) | -406 | -351 |
| Total | -549 | -708 |

From the total capital spend of £549,011, £41,529 relates to expenditure on fixed assets not owned by the Authority – namely work done on Sandy Haven River Crossing. The remaining £507,482 relates to assets owned by the Authority and impacts on the fixed asset values held in the Balance Sheet.

| * The additional grants in 2014/15 were received from the following partners: | 2014/15 £000's | 2013/14 £000's |
|--|---------------------------|---------------------------|
| CADW | 1 | 50 |
| Welsh Government | 125 | 117 |
| Convergence Programme Funds | 225 | 184 |
| Digital Tourism | 38 | |
| Crown Estate | 17 | |
| TOTAL ADDITIONAL GRANTS | 406 | 351 |

INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful life assigned to assets acquired during the year is 4 years.

| | 2014/15 £000's | 2013/14 £000's |
|---------------------------------|-------------------|-------------------|
| Balance at start of year | 3 | 0 |
| Purchases during year | 0 | 3 |
| Accumulative Amortisation | -1 | 0 |
| Balance at end of year | 2 | 3 |

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 1/4/13 | Valuation as at 31/3/14 | Reclassification | Disposals | Revaluations | Impairment | Valuation as at 31/3/15 |
|---------------------------------------|------------------------|-------------------------|------------------|-----------|--------------|------------|-------------------------|
| 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 |
| Maidenhall Car Park | 0 | 0 | | | | | 0 |
| 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 |
| Total | 158,417 | 158,417 | | | | | 158,417 |

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:

| | 2014/15 £000 | 2013/14 £000 |
|--|-----------------|-----------------|
| Rental income from investment property | 51 | 56 |
| Direct operating expenses arising from investment property | | |
| Net gain/(loss) | 51 | 56 |

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:

| | 2014/15 £000 | 2013/14 £000 |
|--|-----------------|-----------------|
| Balance at start of the year | 2,784 | 2,531 |
| Reclassification | | |
| Net gains/losses from fair value adjustments | 22 | 253 |
| Balance at end of the year | 2,806 | 2,784 |

13. LEASES

Finance Leases

The Authority had no finance leases as at 31st March 2015 (nor as at 31st March 2014).

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 £60,718 for 2014/15 (£35,169 for 2013/14).

The Authority rents 15 properties to support its purposes, which includes for example, Tenby T.I.C., Carew Castle & Tidal Mill. The rental costs of these properties for 2014/15 were £41,066 (£40,655 2013/14).

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

£000's

| | As at March 2015 | | | As at March 2014 | | |
|---|------------------|----------------------|------------|------------------|----------------------|------------|
| | Land & Buildings | Vehicles & Equipment | Total | Land & Buildings | Vehicles & Equipment | Total |
| | £ | £ | £ | £ | £ | £ |
| Not Later than one year | 41 | 39 | 80 | 33 | 75 | 108 |
| Later than one year and not later than five years | 150 | 11 | 161 | 102 | 17 | 119 |
| Later than 5 years | 295 | - | 295 | 368 | - | 368 |
| | 486 | 50 | 536 | 503 | 92 | 595 |

The Authority acts as Lessor on 25 properties, generating an income of £72,588 during 2014/15 (£73,174 2013/14). 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 £1,295,501 with nil cumulative depreciation.

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

£000's

| | As at March 2015 | As at March 2014 |
|---|------------------|------------------|
| | £ | £ |
| Not Later than one year | 49 | 22 |
| Later than one year and not later than five years | 176 | 82 |
| Later than 5 years | 807 | 648 |
| | 1,032 | 752 |

14. INTANGIBLE ASSETS

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

15. FINANCIAL INSTRUMENTS

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

16. INVENTORIES

£000's

| | Information Centres | Cilrhedyn Woodland Centre | Cleddau Bridge Tickets | Franking Machine | Total |
|--|---------------------|---------------------------|------------------------|------------------|------------|
| Balance outstanding as at 31/3/13 | 126 | 31 | 2 | 2 | 161 |
| Purchases | 160 | 31 | 5 | 12 | 208 |
| Recognised as an expense in the year | 178 | 27 | 6 | 14 | 225 |
| Balance outstanding as at 31/3/14 | 108 | 35 | 1 | | 144 |
| Purchases | 201 | 16 | 5 | 18 | 240 |
| Recognised as an expense in the year | 195 | 24 | 5 | 16 | 240 |
| Balance outstanding as at 31/3/15 | 114 | 27 | 1 | 2 | 144 |

17. LONG & SHORT TERM DEBTORS

£000's

| | 2014/15 | 2013/14 |
|--------------------------------|------------|------------|
| Long Term: | | |
| Staff Car / Green Travel Loans | 1 | 1 |
| TOTAL | 1 | 1 |
| Short Term: | | |
| Central government bodies | 217 | 136 |
| Other local authorities | 7 | 15 |
| Other entities and individuals | 86 | 27 |
| Payment in advance | 59 | 51 |
| Staff Loan | 3 | 3 |
| Debt Impairment Provision | -5 | -5 |
| TOTAL | 367 | 227 |

18. CASH AND CASH EQUIVALENTS

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

£000's

| | 2014/15 | 2013/14 |
|----------------------------|--------------|--------------|
| Bank accounts & deposits | 2,109 | 2,171 |
| Cash held by the Authority | 2 | 2 |
| TOTAL | 2,111 | 2,173 |

19. ASSETS HELD FOR SALE

The authority held no assets for sales at 31/3/15 nor 31/3/14

20. LONG & SHORT TERM CREDITORS

£000's

| | 2014/15 | 2013/14 |
|--------------------------------|-------------|-------------|
| Long term | | |
| Central government bodies | -2 | -4 |
| TOTAL | -2 | -4 |
| | | |
| Short term | | |
| Central government bodies | -80 | -87 |
| Other local authorities | -53 | -63 |
| Receipts in Advance | -39 | -38 |
| Other entities and individuals | -202 | -315 |
| Accumulative Absences | -52 | -54 |
| TOTAL | -426 | -557 |

21. USABLE RESERVES

£000's

| 2014/15 | | 2013/14 |
|--------------|---|--------------|
| 506 | General Fund : Resources available to meet future running costs of services | 501 |
| 1,521 | Earmarked Reserves : Reserves set aside for specific items | 1,317 |
| 247 | Capital Receipts : Proceeds on fixed asset sales available to meet future capital investment | 247 |
| 2,274 | TOTAL | 2,065 |

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

22. UNUSABLE RESERVES

£000's

| 2014/15 | | 2013/14 |
|--------------|------------------------------|---------------|
| 2,482 | Revaluation Reserve | 2,376 |
| 10,501 | Capital Adjustment Account | 10,712 |
| -3,524 | Pensions Reserve | -1,568 |
| -53 | Accumulated Absences Account | -54 |
| 9,406 | TOTAL | 11,466 |

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

| 2014/15 | | 2013/14 |
|--------------|--|--------------|
| 2,376 | Balance at 1 April | 2,314 |
| 222 | Upward revaluation of assets | 668 |
| -83 | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | -554 |
| -33 | Difference between fair value depreciation and historical cost depreciation | -34 |
| 0 | Accumulated gains on assets sold or scrapped | -18 |
| 2,482 | | 2,376 |

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

| 2014/15 | | 2013/14 |
|---------------|---|---------------|
| 10,712 | Balance at 1 April | 10,968 |
| -263 | Charges for depreciation and impairment of non current assets | -293 |
| 0 | Impairment of Investment Assets | -13 |
| 22 | Gain of Investment Assets | 266 |
| -511 | Revaluation Losses on Property, Plant & Equipment | -858 |
| 0 | Amounts of non current assets written off on disposal | -17 |
| 0 | Revaluation Reserve balance on disposal | 17 |
| -41 | Revenue expenditure funded from capital under statute | -100 |
| 33 | Depreciation adjusting amounts written out of the Revaluation Reserve | 34 |
| 406 | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | 351 |
| 143 | Capital expenditure charged against the General Fund balances | 357 |
| 10,501 | Balance at 31 March | 10,712 |

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.

| 2014/15 | £000's | 2013/14 |
|---------------|--|---------------|
| -1,568 | Balance at 1 April | -4,916 |
| -1,684 | Actuarial gains or losses on pensions assets and liabilities | 3,845 |
| -679 | 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 | -856 |
| 421 | Employer's pensions contributions and direct payments to pensioners payable in the year | 373 |
| -14 | Administration Expenses | -14 |
| -3,524 | Balance at 31 March | -1,568 |

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.

| 2014/15 | £000's | 2013/14 |
|-----------|---|-----------|
| 55 | Balance at 1 April | 61 |
| (2) | 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 | (6) |
| 53 | Amounts accrued at the end of the current year | 55 |

24. CASH FLOW STATEMENT –

Adjustment of net surplus or deficit on the provision of services for noncash movements

| 2014/15 | £000's | 2013/14 |
|-------------|--|---------------|
| -263 | Depreciation | -293 |
| -489 | Revaluations and Impairments | -605 |
| 252 | Movement in creditor/stock/debtors | 22 |
| -273 | Provision of Services costs for post employment benefits | -497 |
| 2 | Other non-cash items charged to the CIES | 6 |
| -771 | Total | -1,367 |

25. CASH FLOW STATEMENT –OPERATING & INVESTING ACTIVITIES

The cash flows for operating activities include the following items:

| 2013/14 | £000's | 2013/14 |
|---------|-------------------|---------|
| 10 | Interest received | 17 |
| Nil | Interest paid | Nil |

Cash Flows from Investing Activities are:

| 2014/15 | £000's | 2013/14 |
|-------------|--|-------------|
| -571 | Purchase of property, plant and equipment, investment property and intangible assets | -728 |
| 461 | Other receipts from investing activities | 623 |
| -110 | Net cash flows from investing activities | -105 |

Cash Flows from Financing Activities are:

| 2014/15 | £000's | 2013/14 |
|----------|---|-----------|
| 1 | Travel Loans: advances Less Receipts | -8 |
| 1 | Repayment of Long Term Loan | 1 |
| 2 | Net cash flows from investing activities | -7 |

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 operation

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 2014/15 (*nor 2013/14*) 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 2014/15 (*nor 2013/14*).

30. AGENCY SERVICES

The Authority did not provide any agency services in 2014/15 (*nor 2013/14*)

31. POOLED BUDGET.

The Authority did not participate in any pooled budget arrangements in 2014/15 (*nor 2013/14*)

32. MEMBERS ALLOWANCES & EXPENSES PAID IN THE FINANCIAL YEAR 2014/15

Total members' allowances paid during the year amounted to £70,119 (£65,903 in 2013/14) plus reimbursement of travelling, subsistence and other expense payments amounting to £10,877 (£10,216 in 2013/14).

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:

| | 2014/15 £000 | 2013/14 £000 |
|--------------------------------|-------------------------|-------------------------|
| | Chief Executive Officer | Chief Executive Officer |
| Gross Pay | 76 | 76 |
| P11D values | 1 | 1 |
| Employer Pension Contributions | 10 | 10 |
| Total | 87 | 87 |

The median remuneration of the Authority was £17,372 with the ratio of the Chief Executive Officer to the median remuneration of 4.4:1.

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 | |
| 2013/14 | | 1 | | 21 |
| 2014/15 | 2 | 1 | 2 | 142 |

There were no compulsory redundancies in 2014/15 nor 2013/14.

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:

| | 2014/15 £000 | 2013/14 £000 |
|--|-----------------|-----------------|
| Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor | 34 | 34 |
| Fees payable to the Auditor General for Wales in respect of statutory inspections and the LG Measure 2011 | 17 | 18 |
| W.P.I. Grant | -8 | -5 |
| Redistribution of Wales Audit Office Reserves (estimate) | | -5 |
| Total | 43 | 42 |

35. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15.

| | 2014/15 | 2013/14 |
|---|--------------|--------------|
| | £000 | £000 |
| Credited to Taxation and Non Specific Grant Income: | | |
| NPA Grant (Welsh Government funded) | 3,294 | 3,541 |
| Levy on Pembrokeshire County Council | 1,077 | 1,180 |
| Other Grant Income | 365 | 251 |
| | 4,736 | 4,972 |
| | | |
| Credited to Services | | |
| The Welsh Government: major funding towards Access projects & Tourism and Wellbeing Partnership for Growth (2013/14 Planning Improvement Fund, the Historic Towns Scheme) | 66 | 128 |
| Natural Resources Wales: contributed funding towards the National Trail/Coast Path management & maintenance; various woodland schemes, Storm Damage, National Parks Wales and the Castlemartin Ranger post. | 317 | 298 |
| Pembrokeshire County Council: includes retro poster campaign | 40 | |
| Ministry of Defence: Castlemartin Ranger | 17 | 17 |
| Heritage Lottery: Skills in Action | 66 | |
| CADW: Historic Towns Scheme | | 50 |
| Big Lottery: Your Park Your Future projects | 54 | 84 |
| Let's Walk Cymru | 15 | 15 |
| Crown Estate: Sandy Haven Bridge | 17 | |
| Other grants | 14 | - |
| TOTAL GRANTS | 606 | 592 |

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 2014/15 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 the following third parties are:

| Organisation | Income £000's | Expenditure £000's |
|------------------------------|------------------|-----------------------|
| Welsh Government | 3,724 | |
| Pembrokeshire County Council | 1,135 | 224 |

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 2014-15 financial year that exceeded £5,000 were to the following projects:-

| Project Name | Awarded to | Project Description | Amount (£) |
|--|--------------------------|--|------------|
| EduCAT | TYF Connect | The EduCAT (education catalyst) project takes actual sustainability challenges, which are being experienced by business or public sector organizations, into the County's secondary schools. Pupils are encouraged and helped to develop innovative and practical solutions to the set challenges that take into account social, economic and environmental considerations. With guidance, their ideas will be developed into a business plan that will be presented back to the challenge setter. | 6,924 |
| Green Key Pilot | Keep Wales Tidy | Grant used to fund a 14 month pilot of Green Key, eco-labelling programme for the tourist industry, in Pembrokeshire. Crucial to the pilot is the development of an IT system and working with local tourism businesses. Keep Wales Tidy has become the UK's first national operator of Green Key, the world recognised eco-label that promotes sustainable tourism by awarding hospitality establishments the world recognised environmental standard of Green Key. | 10,171 |
| Dr Beynon's Bug Farm Phase II | Dr Beynon's Bug Farm Ltd | The project is to assist the purchase and development of farm buildings to provide a permanent base for development of Dr Beynon's Bug Farm, and will deliver conservation through research, innovation and education and provide a wet weather tourist attraction. | 32,500 |
| Passive Window and Door Manufacturing Area | Thomas Joinery Ltd | The project will maintain and grow a sustainable business. This necessitates increasing manufacturing capability and reducing energy consumption and associated costs. It will also safeguard and create employment, contribute to the local economy and provide training opportunities in the manufacture and supply of high quality sustainable products. To achieve | 17,058 |

| | | | |
|--|------------------|---|--------|
| | | these objectives SDF support will contribute towards extending an existing workshop area, putting in place 'greener' energy solutions and modernising a spray shop facility. | |
| Woodlands and Wetlands Project Manager | Pembroke 21C CIC | SDF funding was used to employ a project manager to further develop a woodland and wetland training programme and volunteering opportunities at a woodland and willow coppice site. | 10,000 |

37. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

The Authority had no PFI and similar contracts in place as at 31/3/15 (nor 31/3/14).

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 2014/15 the Authority provided £104,539 for specific termination benefits, (£21,000 in 2013/14).

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 2013, and are set with the aim of ensuring that the overall liabilities of the fund can be met when matched with employee contributions. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

Local authorities are required to recognise the costs of retirement in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, this conflicts with the charge the Authority is required to make in the Comprehensive Income & Expenditure Account based on the cash payable in the year to the pension fund, so the real cost of retirement benefits is then reversed out of the accounts in the statement of movement on the general fund balance. Under International Accounting Standards 19 (IAS 19) the accounting for pension's schemes has been revised for all fiscal years beginning on or after 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 | |
|---|---------------|--------------|
| | 2014-15 | 2013-14 |
| Service Costs: | | |
| Current service cost | 569 | 658 |
| Past Service Cost | 49 | |
| Financing & Investment Income & Expenditure: | | |
| Interest cost on Liabilities | 973 | 996 |
| Interest on Plan Assets | -912 | -798 |
| Net Interest On Pension | 61 | 198 |
| Other Operating Income & Expenditure | | |
| Administration Costs | 14 | 14 |
| Total Post-Employment Benefits charged to Surplus / Deficit on Provision of Services | 693 | 870 |
| Other Post Employment Benefits charged to Comprehensive Income & Expenditure: | | |
| Return on plan assets (excluding the amount included in the net interest expense) | 2,104 | 484 |
| Actuary Experience gain/(loss) | | 1,141 |
| Actuary Gain / (Loss) on financial assumptions | -3,788 | 2,355 |
| Actuary Gain / (Loss) on demographic assumptions | | -135 |
| Total Post-employment Benefits charged / credited to the Comprehensive Income and Expenditure Statement | -1,684 | 3,845 |
| Reversal of charges made to surplus/deficit on provision of services in the Movement in Reserves Statement | | |
| Current service cost | -569 | -658 |
| Past service gain / loss | -49 | |
| Interest cost on Liabilities | -973 | -996 |
| Interest on Plan Assets | 912 | 798 |
| Administration Costs | -14 | -14 |
| Actual Amount charged against General Fund | -693 | -870 |
| Employer Contributions | 421 | 373 |

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 | |
|--|---|---------------|
| | 2014/15 | 2013/14 |
| Benefit Obligations at beginning of Year | 21,868 | 23,884 |
| Current Service Cost | 569 | 658 |
| Interest On Pension Liabilities | 973 | 996 |
| Member Contributions | 180 | 175 |
| Past Service Gain | | |
| Actuarial (Gains)/Losses on Liabilities | | |
| Remeasurement of Liabilities: | | |
| Experience (gain)/loss | | -1,141 |
| (Gain) / Loss on financial assumptions | 3,788 | -2,355 |
| (Gain) / Loss on demographic assumptions | | 135 |
| Curtailments | 49 | |
| Benefits Paid | -676 | -484 |
| Benefit Obligations at End of Year | 26,751 | 21,868 |

Reconciliation of Present value Scheme Assets:

| | Local Government Pension Scheme £000's | |
|--|---|---------------|
| | 2014/15 | 2013/14 |
| Fair Value at beginning of Year | 20,300 | 18,968 |
| Interest on / Expected Return on Plan Assets | 912 | 798 |
| Remeasurement / Actuarial Gains/(Losses) on Assets | 2,104 | 484 |
| Administration Expenses | -14 | -14 |
| Employer Contributions | 421 | 373 |
| Member Contributions | 180 | 175 |
| Benefits/transfers paid | -676 | -484 |
| Fair Value at End of Year | 23,227 | 20,300 |
| | | |
| Actual return on scheme assets | 3,016 | 1,203 |

Statement of Recognised Gains & Losses

| | 2014/15 £000's | 2013/14 £000's |
|--|-------------------|-------------------|
| Restatements / Actuarial (Gains)/Losses | 1,684 | -3,845 |
| Total pension cost recognised in MiRS | -1,684 | -3,845 |

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 2013. *Interest on pension liabilities* reflects the expected increase during the year in the present value of liabilities because the benefits are one year closer to settlement. The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31st March 2015 are as follows:

| DYFED PENSION FUND (Pembrokeshire Coast National Park Authority) 31 March 2015 | |
|---|--------------|
| £000 | |
| Present Value of Funded Benefits Obligations | 26,694 |
| Present Value of Unfunded benefit obligations | 57 |
| Total present value of Benefit Obligations | 26,751 |
| Fair Value of Plan Assets | (23,227) |
| Unrecognised Past Service | |
| Deficit | 3,524 |

Prior Year Scheme Values

| Scheme Year | Present value Scheme Liabilities(£000) | Fair Value of Scheme Assets (£000) |
|-----------------------------|---|---|
| 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 |
| 31 st March 2008 | 15,436 | 12,187 |

The main assumptions are set out below:

| ACTUARIAL ASSUMPTIONS <i>Financial Assumptions</i> | End of Year | Start of year |
|--|-------------|---------------|
| Rate of CPI inflation | 2.0% | 2.4% |
| Rate of increase in salaries | 3.5% | 4.15% |
| Rate of increase in pensions | 2.0% | 2.4% |
| Discount rate | 3.3% | 4.2% |

Detailed assets breakdown are as follows.

| Investment Category | | Quoted | 31 March 2014 | 31 March 2015 |
|----------------------------|-----------------------|---------------|----------------------|----------------------|
| | | (Y/N) | £000's | |
| Equities: | UK | Y | 8,321 | 5,479 |
| | Oversea Pooled | N | 6,320 | 4,599 |
| | US | N | | 116 |
| | Canada | N | | 2,664 |
| | Japan | N | | 811 |
| | Pacific Rim | N | | 694 |
| | Emerging Markets | N | | 1,505 |
| Bonds: | UK Government indexed | Y | 1,910 | 2,464 |
| | UK Corporate | N | 1,892 | 2,334 |
| Property: | UK | N | 57 | |
| | Overseas | Y | 16 | |
| | Overseas | N | 45 | |
| | Property Funds | N | 1,807 | 2,388 |
| Cash: | Cash instruments | Y | 20 | 12 |
| | Cash accounts | Y | 91 | 91 |
| | Net current assets | N | (179) | 70 |
| Total | | | £20,300 | £23,227 |

| Asset category | Sub-category | | Quoted (Y/N) | 31 March 2014 % holding | 31 March 2015 % holding |
|----------------|-----------------------|--|--------------|-------------------------|-------------------------|
| Equities: | UK | | Y | 40.99% | 23.59% |
| | Overseas Pooled | | N | 31.13% | 19.80% |
| | US | | N | | 0.50% |
| | Canada | | N | | 11.47% |
| | Japan | | N | | 3.49% |
| | Pacific Rim | | N | | 2.99% |
| | Emerging Markets | | N | | 6.48% |
| Bonds: | UK Government indexed | | Y | 9.41% | 10.61% |
| | UK Corporate | | N | 9.32% | 10.05% |
| | | | | | |
| Property: | UK | | N | 0.28% | 0.00% |
| | Overseas | | Y | 0.08% | 0.00% |
| | Overseas | | N | 0.22% | 0.00% |
| | Property Funds | | N | 8.90% | 10.28% |
| | | | | | |
| Cash: | Cash instruments | | Y | 0.10% | 0.05% |
| | Cash accounts | | Y | 0.45% | 0.39% |
| | Net current assets | | N | -0.88% | 0.30% |
| | | | | | |
| Total | | | | 100.00% | 100.00% |

Post Retirement mortality assumptions

| | End of Year | Start of Year |
|---------------------|--|--|
| Non-retired members | S1PA CMI_2012_1.5% Tables Males - 95% Females - 94% | S1PA_CMI_2012_1.5% Tables Males - 99% Females - 94% |
| Retired members | S1PA_CMI_2012_1.5% Tables Males - 95% Females - 94% | S1PA_CMI_2012_1.5% Tables Males - 95% Females - 94% |

Life Expectancy

| | End of Year | Start of Year |
|--|-------------------|-------------------|
| Of males (female) future pensioner aged 65 in 20 year's time | 25.5 (28.1) years | 25.4 (28) years |
| Of males (female) current pensioner aged 65 | 23.3 (25.8) years | 23.2 (25.7) years |

Risk and Pension Sensitivity Analysis

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

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

| | £000's | | | | |
|---|----------|--------------------------------|----------------------------|--------------------------|---|
| | Central | Sensitivity 1 | Sensitivity 2 | Sensitivity 3 | Sensitivity 4 |
| | | +0.1% p.a. discount rate | +0.1% p.a. inflation | +0.1% p.a. pay growth | 1 Year increase in life expectancy |
| Disclosure Item | | | | | |
| Liabilities | 26,751 | 26,250 | 27,261 | 26,886 | 27,261 |
| Assets | (23,227) | (23,227) | (23,227) | (23,227) | (23,227) |
| Deficit (Surplus) | 3,524 | 3,023 | 4,034 | 3,659 | 4,034 |
| Projected Service Costs for next year | 718 | 698 | 739 | 718 | 734 |
| Projected Net Interest Costs for Next year | 110 | 96 | 127 | 114 | 127 |

History of experience gains and losses

The actual gains identified as movement on the Pension Reserve in 2014/15 can be analysed into the following categories.

| | 2014/15 % | 2013/14 % | 2012/13 % | 2011/12 % | 2010/11 % | 2009/10 % | 2008/09 % |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarial (gains) / losses on Assets | (9.1) | (2.4) | (7.8) | (4.3) | (3.9) | (22.2) | (31.5) |
| Actuarial (gains) / losses on liabilities | (14.2) | (16.6) | (10.9) | (3.4) | 8.8 | 24.6 | 27.4 |

Market value of whole fund assets (£millions)

| End of Year | Start of year |
|-------------|---------------|
| 1,809 | 1,671 |

The end of year figures for the market value of the assets and the split between investments categories have been calculated as at 31/12/13. The corresponding split of assets at the start of the year has been calculated as at 31/3/14. The actuarial assumptions used in the calculation of the end of year balance sheet liabilities are based on the 2013 actuarial valuation assumption, other than the financial assumptions which are shown above. A deduction of £14,000 in respect of expenses was made for the year.

The forecasted employer's contribution for 2015/16 is £402,000, implied service cost including net interest cost £110,000 and administration cost of £14,000. The projected deficit as at 31/3/16 is expected to be £3,964,000.

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 2014/15* presents a true and fair view of the financial position of the Authority at 31st March 2015 and its income and expenditure for the year ended 31st March 2015

R.E.GRIFFITHS
Chief Financial Officer

Date

2014/15 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.

In 2010/11 the Authority approved a Code of Corporate Governance, which is consistent with the principles of the CIPFA/ SOLACE Framework ‘Delivering Good Governance in Local Government’. This guidance recommends that the review of effectiveness of the system of internal control that local authorities are required to undertake in accordance with the Accounting and Audit Regulations should be reported in an Annual Governance Statement. In Wales the inclusion of the Annual Governance Statement in the Statement of Accounts is voluntary. In 2009/10 CIPFA also published an “Application Note to Delivering Good Governance in Local Government: A Framework”. This note has been developed to advise on the application of the “Statement of the Role of the Chief Financial Officer on Local Government” under the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government”. The Authority has decided to adopt the CIPFA framework and Annual Governance Statement approach for 2014/15

II. The purpose of the Governance framework

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

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

III. The Governance framework

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

The Authority

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

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

Audit and Corporate Services Review Committee

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

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

To monitor the Authority's performance:

 - against its adopted HR policies

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

Development Management Committee

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

The terms of reference of the Development Management Committee are:

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

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

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

Operational Review Committee

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

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

Continuous Improvement Group

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

The terms of reference for the group are:

- To review aspects of the Authority's governance arrangements, to include relevant policies and procedures, as directed by the Authority.
- To oversee the improvement process arising out of risks identified by the Authority and / or one of the Performance Review Committees.

- To monitor the Authority's response to the Welsh Government's Improvement Agenda, by identifying opportunities for collaboration, partnership and customer centred working.
- To identify additional outcome /qualitative measures to help assess the Authority's performance across its service areas.

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 Pembrokeshire County Council's Internal Audit Department who structure their work based on a rolling 5 year audit program. The terms of reference for internal audit require that work is conducted in accordance with standards as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government. Following a recommendation from the Wales Audit Office a request was made to our Internal Auditors for them to provide an audit opinion on our governance arrangements. A discussion on this issue was undertaken and the Authority decided to appoint the Head of PCC Internal Audit as the Authority's Chief Audit Executive from 1 April 2014 and to adopt an Internal Audit Charter.

External Audit

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

Section 151 Officer

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

The Executive

An Executive structure for decision making for officers is based on a Senior Management Team of three members, a Leadership Team of twelve officers and a Core Management Team of five officers supplemented on a rotating basis by other members of the Leadership Team. The Core Management Team meets weekly while the Leadership Team meets once a month.

Principles of Governance

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

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

IV. Actions Taken During The Year

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

| Governance Issues Identified | Actions proposed | Evaluation |
|---|--|--|
| The ICT User Policy should be updated as soon as possible to ensure it remains current and up to date. | IT User policy will be reviewed and updated | Policy has been reviewed |
| The process of removing access for all leavers should be improved so reliance is not placed on managers informing IT. | New procedure introduced when leaver process by payroll | Actioned |
| Procedures should be established to ensure that personal and confidential data sent electronically is adequately protected | Investigation into appropriate protection will be undertaken. | Actioned |
| The ICT Disaster Recovery Plan should be reviewed and updated | The ICT Disaster Recovery Plan will be reviewed and updated | In progress |
| Appointment of new Internal Auditors and Chief Audit Executive following PCC indicating that they were unwilling to undertake this crucial role in 2014/15. | Tender exercise will be undertaken for the full provision of Internal Audit Services | Actioned. Gateway Assure were appointed on a 3 year contract commencing 1 st April 2015 |
| No plans to make Authority meetings available as a webcast | Layout and structure of committee meeting room makes webcast impractical. | Monitoring |
| The significant reduction in the National Park Grant. | In light of the significant reduction in the National Park Grant, and ensuing fall in levy on Pembrokeshire County Council, officers and members are to continue to work together to prioritise and manage the Authority's budget. | 2015/16 Budget approved and deficit actions agreed by members |
| Committee Meetings | The Authority would review the webcasting of meetings. | The fabric of the current meeting room and the associated costs of installing necessary equipment are considered prohibitive. However holding meetings at a suitable alternative venue will be considered. |

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 of effectiveness of governance can be divided into the following.

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

Principle 1.

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

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

Review of Designated Landscapes

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

The second stage of the Review was announced in March 2015 and focused on outlining the medium to long term vision for Designated Areas along with highlighting changes in governance required to deliver this vision. The Authority will work with the other two Welsh NPAs to respond to this stage of the Review.

Demonstrating Strategic Leadership

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

Annual Improvement Plan

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

Quality of Service

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

Ffynnon System

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

Budget Pressures / Joint working

Work has continued to reduce costs and to identify options for joint working. Discussions are ongoing with a number of other Authorities to identify efficient ways of delivering our services. In June 2014 the Authority was notified by Welsh Government of an in year cut to the National Park Grant for 2014/15. An early indication was this would be the region of £100k and budgets were managed accordingly. In early March 2015 the reduction was confirmed at circa £50k which together with an unexpected capital grant has less severe impact on the Authority finances.

Membership of Local Service Board

Local Service Boards (LSB) seek to deliver benefits for citizens through strengthening joint working across all public services in Wales. Despite having responsibility for delivering outcomes included in the Pembrokeshire Single Integrated Plan the Authority has not been represented on the Pembrokeshire LSB. During March 2015 the Authority received an invitation to become Members of the Pembrokeshire LSB. This will enhance the ability of the Authority to influence the delivery of public services in Pembrokeshire.

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

There had been considerable uncertainty and delay in notification of the Authority's National Park Grant (NPG) and Capital Grants for 2015/16. The indicative 4.32% cut announced last year represented a reduction of £186k; however the Authority received a total reduction in funding to the Authority of £209k, which included the loss of the entire capital grant of £117k. The notification of the grant was not received until February 2015 and was accompanied with a proviso that the grant may be further decreased.

The series Budget workshops held with members which started in 2013 continued throughout the financial year 2014/15 proved very helpful in balancing the Authority budget for 2015/16.

Scrutiny Committee

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

Member and Officer Joint Training & Development

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

- Finance for non-finance staff
- 100th Anniversary of John Muir
- Tourism in the National Park
- Data Protection
- The work of the Planning Inspectorate

Consultations

Members have contributed their comments to responses to Welsh Government consultation papers including Williams Commission, Designated Landscapes Review, Future Generations White Paper, National Transport plan, CAP Reform, Heritage Bill, Water Strategy for Wales, Nature Recovery Plan, Welsh Language Standards Regulations and several associated with the Planning Bill

Principle 3

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

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

The Standards Committee

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

Monitoring Officer

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

Public Sector Ombudsman for Wales

The Public Service Ombudsman for Wales has jurisdiction over the Authority's functions by virtue of the Public Service Ombudsman (Wales) Act 2005. He has not made any investigation into the Authority either in relation to any alleged breaches of the Members' Code of Conduct adopted by the Authority on 25 June 2008, or any alleged maladministration causing a member of the public hardship or injustice through maladministration or service failure on the part of Authority, under either Sections 16 or 21 of that Act.

Staff Members

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

Whistle Blowing Policy

In the Public Interest Disclosure Act 1998 the Government has given statutory protection to employees who 'blow the whistle' by speaking out against corruption and malpractice at work. It protects them against victimisation and dismissal. The Authority has approved and adopted such a policy in 2002 which was updated in 2009. In its commitment to the highest standards of openness, probity and accountability, it says "The authority encourages employees and others with serious concerns about the Authority's work to come forward and raise their concerns with the Authority".

This was reviewed in November 2013 by the Monitoring Officer who was of the view no amendments were required; the document is in the public domain.

Safeguarding Policy

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

Principle 4

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

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

Scrutiny Project

It had been agreed that the next scrutiny exercise would focus on our work to support the local economy and would be run in partnership with Snowdonia National Park Authority. This review commenced in 2014/15 and work is ongoing.

Risk Management

The Risk Register is presented to each Audit & Corporate Service Review Committee and annually to the full NPA. Following a number of changes in Members, the allocation of risks to Members is being revised.

Performance Management

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

Upgrading systems infrastructure

During 2014/15 the Authority made further investments in its HR systems, planning system and upgraded the wide area network which is now installed and operational with evaluation of document management systems underway. Procurement of the finance software was successfully evaluated by the Authority's internal auditors

Internal Audit 2014/15

As part of the Authority's corporate governance programme, a risk assessment was made on all its services by the Authority's internal auditors, Pembrokeshire County Council, which formed the Audit Universe report. This report formed the basis of the work carried out during 2014/15 which focused on the following areas:

- Review of Previous Year Agreed Action Plan
- Main Accounting System
- Payroll & Expenses
- Debtors
- Grant Funding Arrangements
- Information Governance

- Car Parks
- Cilrhedyn Woodland Centre
- Newport Information Centre
- Carew Castle

The Chief Audit Executive's opinion, which was reported to members in March 2015, stated "it is my opinion that overall, subject to variation between individual services/systems and the need for further improvement and development in some areas, generally substantial assurance can be given on the effectiveness of governance, internal control, risk management and financial management arrangements in place"

During 2014/15 the Authority's internal audit provision went out to competitive tendering with the result that Gateway Assure will become the Authority's Internal Auditor from 1st April 2015

Committees

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

Wales Audit Office Reports

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

Principle 5

Developing the capacity and capability of Members and officers to be effective.

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

Wales Charter for Member Support and Development

In September 2014 the Authority was notified that it had been awarded Charter status.

Performance Management

The Performance Management process has been reviewed and changes made to link the Staff Performance Appraisal process to the Corporate Strategy. We are now undertaking work to further develop the "Golden Thread" that ensures a clear line of accountability from the Targets and Outcomes identified in the Improvement Plan to the Departmental Plans and Individual targets.

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. Significant refresher training for practical skills/machinery use has been undertaken and property managers attended a refresher in legionella awareness. All new staff are 'inducted' on an individual basis when they start, with an annual corporate induction with the CE and Directors, and the opportunity to attend an all-UK National Park event.

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

3 managers attended the Academi Summer School. In October a 3-year SLA with PCC was agreed, for 1 day per month learning and development advice along with some direct delivery of training and access to the council's events. 5 managers attended a leadership event and a personal resilience day

was arranged (largely for the H and S group members as a trial). Certificates for 19 staff who attended the Mental Health First Aid training in spring 2014 were awarded. Several managers were awarded the CIEH level 3 award in risk assessment. 10 managers have attended and ‘passed’ a safer recruitment course (in support of revised safeguarding policy). A training programme with the West Wales Action on Mental Health team started in March 2015.

Health and Safety

During 2014/15 the Authority undertook a review of its Health and Safety functions. This review led to the development of a new Health and Safety policy, which was approved by the Authority.

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 undertake extensive 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.

Community Engagement

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

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
- Pembrokeshire County Council; Internal Audit
- South Wales Local Authority Purchasing Group; Legal Services Provision
- Brecon Beacons & Snowdonia National Parks Authorities, brokerage Insurance / joint finance systems procurement 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.

VI. Significant Governance Issues

| Governance Issues Identified | Action to be taken |
|--|--|
| Delays In Document Management System | Review of potentially suitable systems in terms of functionality, cost and implementation. |
| Review of Designated Landscapes | Publication of the Review is expected in 2015 and the NPA will respond accordingly. |
| Reduction In National Park Authority Funding | Officers will continue to liaise with Welsh Government on the National Park Authority funding position. |
| Wellbeing of Future Generations Act | The NPA, in partnership with BBNPA & SNPA is working with WLGA as an Early Adopter. |
| Grant Funding | This risk of the loss of other sources of grant funding will be closely monitored. |
| Information Governance | This was identified during the Internal Audit of 2014. A review of information management will take place to identify any changes required to current policies, procedures and responsibilities. |
| Car Parks | After many years delay, the Off-Street Parking Order has been prepared by Pembrokeshire County Council and is expected to be confirmed by July. Discussions will be held with PCC to investigate whether PCC might assist in parking enforcement and other routine car park management activities. |
| Cilrhedyn Woodland Centre. | Officers will consider all options regarding the future operations at the Cilrhedyn Centre. |

VII. OPINION

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

SIGNED _____
Chairman

DATED _____

SIGNED _____
Chief Executive

DATE _____

SIGNED _____
Section 151 Officer

DATE _____

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

I have audited the accounting statements and related notes of Pembrokeshire Coast National Park Authority for the year ended 31 March 2015 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 2013/14 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 60], 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 Explanatory Foreword 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 2014 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 2013/14.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword 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
24 Cathedral Road
Cardiff
CF11 9LJ
Date:

Appendix I

Schedule of Members Allowances & Expenses Paid in the Financial Year 2014/15

| <u>NAME</u> | Basic Salary | Senior salary | Travel & subsistence | % of attendance |
|---|---------------|---------------|----------------------|--------------------|
| Cllr ST Hudson | 3,590 | | 115 | 59% |
| Mr D Ellis | 3,590 | | 92 | 91% |
| Cllr M Williams | 3,590 | | 32 | 91% |
| Cllr PJ Morgan | 3,590 | | 190 | 86% |
| Cllr DGM James | | 9,762 | 2,072 | 96% |
| Mrs GM Hayward | | 4,113 | 845 | 100% |
| Mr AE Sangster | | 5,984 | 745 | 91% |
| Cllr LM Jenkins | 3,590 | | 543 | 86% |
| Ms CM Gwyther | 3,590 | | | 73% |
| Mr AG Archer | 3,590 | | 1,166 | 91% |
| Mrs MJ Thomas | 3,590 | | 2,003 | 91% |
| Cllr A Lee* | 372 | | | 100% |
| Cllr NP Harries | 3,590 | | 671 | 91% |
| Cllr RS Owens | 3,590 | | 312 | 77% |
| Cllr DWM Rees | 3,590 | | 649 | 87% |
| Cllr RP Kilmister | 3,590 | | 830 | 100% |
| Cllr O James | 3,590 | | 612 | 100% |
| Cllr AW Wilcox* | 3,218 | | | 89% |
| Cllr RM Lewis | Nil | | | 78% |
| | 50,260 | 19,859 | 10,877 | <i>Average 88%</i> |
| * Part year attendance due to changes in Pembrokeshire County Council representation. | | | | |