

**Joint Report of the Chief Financial Officer  
& Audit Wales**

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**Subject: ISA260 Report to Those Charged With Governance**

A presentation will be made on the Audit Wales ISA260 Report: Communication Concerning Financial Statements to those Charged with Governance.

The Authority's Statement of Accounts 2020/21 will also be presented for confirmation and signature.

**RECOMMENDATIONS:**

- a) **Members are invited to consider and accept the ISA260 Report from Audit Wales.**
- b) **The Authority approve the Statement of Accounts 2020/21**

**Background documents:**

- o ISA260 Report – 2020/21 Audit
- o Statement of Accounts 2020/21

*For further information on this report, please contact Mr Richard Griffiths (Chief Financial Officer) or Mr Adrian Crompton (Auditor General, Audit Wales).*

# Audit of Accounts Report – Pembrokeshire Coast National Park Authority

Audit year: 2020-21

Date issued: July 2021

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This document has been prepared as part of work performed in accordance with statutory functions.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

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We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

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# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2020-21 accounts in this report.
- 2 We have already discussed these issues with the Authority's Finance Manager.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £157,820 for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
  - £1,000 for senior officers' remuneration, pension and exit packages; and
  - £5,000 for related party transactions and balances, being pecuniary interests and/or positions of influence held by senior officers and members, or, by their close family.
- 6 We have now substantially completed this year's audit.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

## Impact of COVID-19 on this year's audit

- 8 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 9 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

## Exhibit 1 – impact of COVID-19 on this year’s audit

<p><b>Timetable</b></p>	<ul style="list-style-type: none"> <li>• The statutory deadline remained 31 May 2021 for your draft 2020-21 accounts to be signed by the responsible finance officer; and thereafter 31 July 2021 for their audit certification by the Auditor General.</li> <li>• However, the Welsh Government Finance Department had advised that, due to the impact of COVID-19, bodies could submit signed draft accounts by 31 August 2021 and have them certified by 30 November 2021.</li> <li>• We received the draft accounts on 15 June 2021. Notwithstanding that this was after the date set in the Regulations, we expect to issue our audit opinion on 29 July 2021.</li> </ul>
<p><b>Electronic signatures</b></p>	<p>The Finance Manager provided an electronic signature along with a supporting e-mail to confirm that he had certified the statement of accounts. We will continue to accept the use of electronic signatures and electronic transfer of files during the approval and signing process.</p>
<p><b>Audit evidence</b></p>	<p>As in previous years, we received the majority of audit evidence in electronic format. We have used various techniques to ensure its validity. Where we have been unable to obtain access to paper documents because of COVID-19 restrictions, we have devised alternative audit methodologies to obtain sufficient audit evidence. Specifically:</p> <ul style="list-style-type: none"> <li>• officers provided electronic working papers through a secure sharing platform that auditors were able to access remotely;</li> <li>• officers provided audit evidence to the audit team via e-mail; and</li> <li>• officers were available by video conferencing for discussions.</li> </ul>

- 10 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

## Proposed audit opinion

- 11 We intend to issue an unqualified audit opinion on this year’s accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 12 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.

- 13 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 14 Our proposed audit report is set out in **Appendix 2**

## Significant issues arising from the audit

### Uncorrected misstatements

- 15 We set out below the misstatements we identified in the accounts, which have been discussed with management but remain uncorrected. We request that these are corrected. If you decide not to correct these misstatements, we ask that you provide us with the reasons in writing for not correcting them.
- **Under accrual of Coronavirus Job Retention Scheme (CJRS) grant - £14,000**  
Other receivables are understated due to an under accrual of monies claimable from the CJRS. As this grant can be aligned to services, service expenditure in the CIES is also understated.
  - **Misclassification of £8,000 allowance for non-recovery of debts is included under provisions**  
The allowance should be offset against the debtor balances themselves. The effect of the misclassification is to overstate both debtors and provisions. There is no impact on net cost of services.
  - **Misclassification of invoice received for £20,000**  
An invoice was received on 31 March 2021 relating to subscription costs due for 2021-22. This has been accrued in payables and also recorded as a prepayment in debtors. Recognising the creditor and the prepayment eliminates any impact on the net cost of services. As the invoice relates to the supply of services during 2021-22, it should not have been recorded as a creditor as at 31 March 2021. Consequently, no prepayment should have been recognised. The effect of the error is to overstate both prepayments and creditors.
  - **Under accrual of payroll costs - £18,000**  
Under accrual of payroll costs for 2020-21 resulting in understatement of Other Payables in the Balance sheet and understatement of service expenditure in the CIES.

### Corrected misstatements

- 16 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out below.

- Reclassification of the Freshwater East Burrows as a heritage asset. The Burrows had been erroneously classified as operational land following its last valuation. The amendment reduces the disclosed value of operational land and buildings by £475,000 and increases the disclosed value of heritage assets by the same amount.
- A number of minor presentational issues were amended to ensure consistency and clarity.

### Other significant Issues arising from the audit

17 There were no other significant issues arising during this year's audit

### Recommendations

18 We have identified some areas where there is scope for further development, and we will report these separately to Management and we will follow up progress against them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.



# Appendix 1

## Final Letter of Representation

Auditor General for Wales  
Audit Wales  
24 Cathedral Road  
Cardiff  
CF11 9LJ

July 2021

### Representations regarding the 2020-21 financial statements

This letter is provided in connection with your audit of the financial statements of Pembrokeshire Coast National Park Authority (the Authority) for the year ended 31 March 2021 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

### Management representations

#### Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and [insert relevant code]; in particular, the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

### Information provided

We have provided you with:

- full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence;

- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- our knowledge of fraud or suspected fraud that we are aware of and that affects the Authority and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

## Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements including those relating to the Coronavirus Job Retention Scheme.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. There are no uncorrected misstatements in the financial statements.

## Representations by the Authority

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the National Park Authority on 28 July 2021.

We confirm that we have taken all the steps that we ought to have taken, in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

**Section 151 Officer**

**Chair of the National Park Authority**

**Date: 28 July 2021**

**Date: 28 July 2021**

# Appendix 2

## Proposed audit report

### The independent auditor's report of the Auditor General for Wales to the members of Pembrokeshire Coast National Park Authority

#### Opinion on financial statements

I have audited the financial statements of the Pembrokeshire Coast National Park Authority for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

Pembrokeshire Coast National Park Authority's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of Pembrokeshire Coast National Park Authority as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

#### Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of Pembrokeshire Coast National Park Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Authority's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

## Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Report on other requirements

### Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

## **Responsibilities**

### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 58, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Authority's internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Pembrokeshire Coast National Park Authority's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals.
- Obtaining an understanding of Pembrokeshire Coast National Park Authority's framework of authority, as well as other legal and regulatory frameworks that Pembrokeshire Coast National Park Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Pembrokeshire Coast National Park Authority.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Corporate Services Review Committee about actual and potential litigation and claims;
- reading minutes of meetings of the Authority as those charged with governance, and its committees;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Pembrokeshire Coast National Park Authority's controls, and the nature, timing and extent of the audit procedures performed.

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

## **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 Auditor General for Wales' Code of Audit Practice.

Adrian Crompton  
Auditor General for Wales  
29 July 2021

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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

**Pembrokeshire Coast  
National Park Authority**



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

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**STATEMENT OF ACCOUNTS  
2020/21**

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## **STATEMENT OF ACCOUNTS**

*the statutory information*

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# STATEMENT OF ACCOUNTS

## 2020/21

### NARRATIVE REPORT & SUMMARISED ACCOUNTS

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#### INTRODUCTION

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

#### EXPENDITURE & FUNDING

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

6. In 2020/21 the Authority's funding for revenue expenditure, (that is, day to day operational activities) was £8,169k, and a capital program spend of £1,520k. We set out in the following paragraphs information about the sources of funding and what it has been spent on.

(a) Where the money came from:-

<b>REVENUE BUDGET</b>	<b>2020/21 £ 000</b>	<b>2020/21 %</b>	<b>2019/20 £ 000</b>	<b>2019/20 %</b>
National Park Grant, from the Welsh Government:	3,419	43%	2,954	44%
National Park Levy, against Pembrokeshire County Council:	985	12%	985	14%
Authority Generated Income (through fees and charges):	1,094	13%	1,673	25%
Service/Project Specific Revenue Grants:	1,429	17%	400	6%
Earmarked/General Reserves:	1,243	15%	767	11%
<b>TOTAL REVENUE FUNDING</b>	<b>8,170</b>	<b>100%</b>	<b>6,779</b>	<b>100%</b>

<b>CAPITAL BUDGET</b>	<b>2020/21 £ 000</b>		<b>2019/20 £ 000</b>
Project Specific Capital Grants:	909		215
Use of capital receipts	-		285
<b>CAPITAL FUNDING</b>	<b>909</b>		<b>500</b>
Plus, funding from the revenue budget (included above)	611		193
<b>TOTAL CAPITAL BUDGET</b>	<b>1,520</b>		<b>693</b>

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

The Authority's overall revenue funding increased by 20.1% in 2020/21 and for every £1 provided by the National Park Grant and Levy in the year, the Authority generated a further 85p from other sources (2019/20=72p).

Authority Generated Income consisted of:

<b>AUTHORITY GENERATED INCOME</b>	<b>2020/21 £000's</b>	<b>2019/20 £000's</b>	<b>% Change</b>
Merchandise Sales and Income from Information Centres	75	300	-75%
Car park charges and concessions income	350	468	-25%
Admissions fees and Activities & Events	71	280	-74%
Advertising income	38	74	-49%
Planning fees	347	184	89%
Timber sales	15	22	-33%
Other : property income & contributions	128	235	-46%
Income from investment properties	57	54	5%
Investment income (spare cash invested)	13	56	-77%
<b>TOTAL LOCAL INCOME</b>	<b>1,094</b>	<b>1,673</b>	<b>-35%</b>

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

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

<b>REVENUE BUDGET</b>	<b>2020/21 £000</b>	<b>2020/21 %</b>	<b>2019/20 £000</b>	<b>2019/20 %</b>
Employees	4,140	51%	3,968	58%
Premises related	717	9%	729	11%
Transport & Travel	196	2%	198	3%
Supplies, Services and Grants	1,625	20%	1,526	23%
Transfers to Earmarked Reserves	880	11%	164	2%
Contribution to capital projects	611	7%	193	3%
Financing charges	1	0%	1	0%
Increase/ (decrease) in General Reserves	0	0%	0	0%
<b>TOTAL REVENUE COST</b>	<b>8,170</b>	<b>100%</b>	<b>6,779</b>	<b>100%</b>

## 7. Revenue Budget

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

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

Similarly, adjustments are made for pension costs in accordance with accounting requirements known as IAS 19 Employee benefits *Retirement Benefits*. Service budgets are charged with a “current service cost” (being the cost of what employees have earned in pension rights during the year) in lieu of the cost of employer contributions (being the actual amount charged to the accounts for contributions in the year to the Pension Fund). These adjustments are also reversed out of the accounts below the Net Cost of Services, via the *Movement on Pensions Reserve*, to revert the cost in the accounts back to the value of employer contributions. These technical adjustments are intended to bring IAS19 in line with statute.

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

<b>2020/21 Revenue Account</b>	<b>Net Budget £000</b>	<b>Net out-turn £000</b>	<b>Variance £000</b>	<b>2019/20 Net Out-turn £000</b>
Conservation of the Natural Environment	509	469	40	472
Conservation of the Cultural Heritage	126	106	20	100
Development Control	345	166	179	355
Forward Planning & Communities	315	296	19	368
Promoting and Understanding	874	993	-119	1,090
Recreation Management & Transport	-166	-1	-165	61
Rangers, Estates & Volunteers	1,293	1,204	89	1,220
Democratic Representation & Management	750	711	39	514
Service Management & Support Services	1,382	1,278	104	1,267
<b>Net cost of services</b>	<b>5,428</b>	<b>5,222</b>	<b>206</b>	<b>5,447</b>
Interest and investment income earned during the year	-19	-13	-6	-56
Other Items debited or credited to the Authority Reserves for the year:	-1588	-1388	-200	-1,518
National Park Grant - Welsh Government	-3,419	-3,419		-2,954
National Park Levy – Pembrokeshire County Council	-985	-985		-985
<b>Net Operating Surplus / Deficit (-)</b>	<b>-583</b>	<b>-583</b>		<b>66</b>
Less Net Transfer to (-) / from Earmarked Reserves	583	583		-66
<b>END OF YEAR SURPLUS</b>	<b>0</b>	<b>0</b>		<b>0</b>

### **Summary Comment**

The outturn Net Cost of Service (N.C.S.) expenditure for the year was £5,223k against a budget N.C.S. of £5,428k and an actual of £5,447k for 2019/20. The N.C.S. was below the revised budget by £206k, and an explanation for the major variances within each service is as follows:

- **Conservation of the Natural Environment (£40k over budget).** While the Cilrhedyn Woodland Centre remained closed for the first quarter internal orders for countryside furniture were in excess of that budgeted and completed during the year. The Authority's Conservation Farm Conservation Officer post remained vacant for much of the year and this with savings on management agreement grants explains the under spend in this area.
- **Conservation of Cultural Heritage (£20k under budget).** The underspend was because a number of Archaeology community engagement events which normally happens were unable to take place during the year



- **Development Management (£179k under budget).** Within Development Management planning fees, land searches and pre application fees income of £347k were up £156k versus budget and £173k against the same period for 2019/20. This coupled with savings in travel, and advertising costs and job retention scheme grant income resulted in the under spend.
- **Forward Planning & Communities (£19k under budget).** Under the Sustainable Landscape Sustainable Place grant scheme an additional £155k was awarded to the SDF programme to support community based projects that will help offset carbon and resulted in a saving against the budget.

- **Promoting & Understanding (£119k over budget).**

The table that follows shows the current year budget, actual and prior years' figures for merchandise sales, admissions income and car park income for the 12 months ended 31<sup>st</sup> March 2021. Restrictions arising from Welsh Government Covid 19 regulations had a significant impact on all of the Authority's revenue streams. Total Merchandise income of £74k was £174k below budget and £168k versus 2019/20. Total Admission income of £69k was below budget by £144k and £136k against the comparable period for 2019/20. Carew Castle, Castell Henllys and Oriel Y Parc remained closed until the end of the first quarter. The sites obtained the official UK tourism and hospitality mark, "We're Good To Go", clearance and then had a phased reopening during the summer of 2020. However in line with COVID secure guidelines visitor numbers were restricted throughout the remainder of the period with visitor bookings being made via a new online booking system. Centres were again closed during autumn "firebreak". Most staff across the Visitor Services Team were furloughed at some time during the 12 months.

Financial support for the 1<sup>st</sup> quarter loss of income from the centres was awarded by the Welsh Government and this amounted to £100k. The claim was based on the shortfall of 1<sup>st</sup> quarter shortfall compared to the similar period in 2019/20.

Due to the uncertainties surrounding the ongoing pandemic Coast to Coast advertising revenues for the year were £38k and considerably down against a budget of £84k and £74k in 2019/20. This lost income was offset by a reduced production run and circulation costs of £21k. Income received in 2019/20 was refunded to advertisers during this year and this was paid for from a Welsh Government grant.

**Recreation & Park Management (£165k over budget).** The table that follows shows Car park income for the year was down £172k versus the budget. Similar to the centre income shortfall, a grant from the Welsh Government compensated for the loss in the first quarter. Car Parks reopened in June and in the subsequent period income partially recovered. The Authority budgeted to commence charging at four additional car parks in 2020/21 but this was deferred until 2021/22.

**Rangers, Estates & Volunteers (£89k under budget).** The Ranger and Warden teams stood down during April and May 2020 and again in December 2020 due to the second wave of the pandemic. Consequently this resulted in the under spends across the teams. The Authority's concessions and property rental income was down as the Authority agreed to offer support in the form of reduced fees with tenants and concessionaries. All staff have had their own vehicles to avoid sharing which is adding to the Authority's vehicle hire costs.

- **Democratic Representation & Management (£39k under budget).** The under spend in Democratic Representation is due to savings on members allowances and expenses and translations and conferences costs.
- **Service Management & Support Services (£104k under budget).** Several budget areas under Service Management & Support Services were under spent against budget, notably General Building Maintenance, Llanion Building, I.T. and training.

The Authority mitigated the various reduced income streams and additional costs arising from the pandemic by obtaining various support grants. These were made up of: the rate support grant scheme of £45k, the Welsh Government 1<sup>st</sup> quarter revenue support grant of £292k. Under the UK Government Job Retention Scheme, or Furlough Scheme, the Authority received a further grant of circa £209k from H.M.R.C.,. The Welsh Government announced a supplemental National Park grant of £248k and a further bid was submitted to Welsh Government for projects to the value of circa £217k of which £70k were used to offset planned expenditure. Additional funding under the Sustainable Landscapes Sustainable Places fund of approximately £1.7m has been awarded. Under the terms of this grant 10% can be used to offset delivery costs and it is anticipated £670k will be spent in 2020/21. The Authority also submitted claims under the Local Government Cultural Services Fund.

**2020/21 Income Versus Budget & Prior Years**

<b>Merchandise Sales</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>2019/20</b>	<b>Variance</b>	<b>2018/19</b>	<b>Variance</b>	<b>2017/18</b>	<b>Variance</b>
Carew Income	82,506	17,135	65,371	76,729	-59,594	79,274	-62,139	82,894	-65,759
Oriel Y Parc	125,531	49,034	76,497	118,460	-69,426	120,514	-71,480	117,989	-68,955
Castell Henllys	40,000	8,269	31,731	31,280	-23,011	35,622	-27,353	42,196	-33,927
<b>Total Merchandise Sales</b>	<b>248,037</b>	<b>74,438</b>	<b>173,599</b>	<b>226,469</b>	<b>-152,031</b>	<b>235,410</b>	<b>-160,972</b>	<b>243,079</b>	<b>-168,641</b>
<b>Admission Fees</b>									
Carew Income	142,711	50,797	91,914	151,425	-100,628	140,448	-89,651	148,961	-98,164
Castell Henllys	70,000	18,118	51,882	64,731	-46,613	64,105	-45,987	77,597	-59,479
	<b>212,711</b>	<b>68,915</b>	<b>143,796</b>	<b>216,156</b>	<b>-147,241</b>	<b>204,552</b>	<b>-135,638</b>	<b>226,558</b>	<b>-157,643</b>
<b>Car Park Income</b>									
Car Park Operations	28,000	24,857	3,143	30,287	-5,430	28,113	-3,256	31,649	-6,792
Manorbier Car Park	43,389	38,873	4,516	44,051	-5,178	45,727	-6,854	48,175	-9,302
Little Haven Car Park	32,155	21,428	10,727	29,526	-8,098	31,917	-10,489	37,441	-16,013
St Davids Car Park	73,000	31,649	41,351	65,944	-34,295	70,254	-38,605	33,606	-1,957
Poppit Car Park	40,524	48,175	-7,651	60,253	-12,078	57,462	-9,287	29,583	18,592
Saundersfoot Car Park	70,920	37,441	33,479	53,827	-16,386	66,461	-29,020	16,325	21,116
Freshwater East Car Park	24,204	33,606	-9,402	24,277	9,329	24,738	8,868	17,248	16,358
Broad Haven Car Park	22,138	29,583	-7,445	23,020	6,563	22,132	7,451	33,408	-3,825
Newport Car Park	21,757	16,325	5,432	20,562	-4,237	21,126	-4,801	499	15,826
Newgale Car Park	21,000	17,248	3,752	19,797	-2,549	20,974	-3,726	24	17,224
Solva Car Park	57,000	33,408	23,592	53,234	-19,820	56,517	-23,109	15,000	18,408
Amroth Car Park	26,250	499	25,751		499		499		499
West Angle Car Park	21,750	24	21,726		24		24		24
Nolton Car Park	15,000	223	14,777		223		223		223
Penally Car Park	8,250	318	7,932						318
<b>Total</b>	<b>505,337</b>	<b>333,657</b>	<b>171,680</b>	<b>424,778</b>	<b>-91,433</b>	<b>445,422</b>	<b>-112,082</b>	<b>262,958</b>	<b>70,699</b>

## 8. Capital Programme

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

	<b>Total Cost 2020/21 £000</b>	<b>Total Cost 2019/20 £000</b>
<b>Promoting Understanding &amp; Enjoyment</b>	<b>33</b>	<b>341</b>
Castell Henllys	33	56
Carew Castle	-	285
<b>Recreation &amp; Park Management</b>	<b>949</b>	<b>235</b>
E.V. Charging Points	523	
Car Parks	426	235
<b>Conservation of Natural Environment</b>	<b>203</b>	
<b>Corporate &amp; Support Services</b>	<b>335</b>	<b>117</b>
Vehicles & Equipment	179	
Information & Communications Technology	156	117
<b>TOTAL CAPITAL SPEND</b>	<b>1,520</b>	<b>693</b>
<b>Financed by:</b>		
Financing from the Revenue budget	-611	-193
Additional Grants		-215
Capital Receipts	-909	-285
<b>Total</b>	<b>-1,520</b>	<b>-693</b>

Details of the capital programme are:

- **Castell Henllys.** During 2020/21 work was undertaken to refurbish the ramparts and driveway to the centre. The Authority was awarded significant additional (£730k) grant funding from Welsh Government and this included a capital grant allocation of £150k for the further development of Castell Henllys.
- **Electric Vehicle Charges Points.** The Authority was awarding £1.9m from Welsh Government under the Sustainable Landscapes Sustainable Places and approximate £1.2m of which was allocated to install Electric Vehicle Charges Points. These have been installed not just on the Authority's land but across the county (in partnership with Pembrokeshire County Council).
- **Car Parks.** The major redevelopment of Broad Haven Car Park was completed in the year. The project was partially funded by the Welsh Government Capital Grant and The Tourist Amenity Investment Support Scheme.
- **Conservation of Natural Environment.** The Authority acquired 32 acres of land at Graply End Fields, Trefin, for conservation purposes and improved access to the coast path.

- **Vehicles & Equipment.** During the year the Authority replaced its pool car fleet and also purchased a disabled user purposeful minibus. A number of items of equipment, including remote control brush cutters, were also purchased for the warden teams.
- **Information & Communications Technology.** The Authority received £220k from Welsh Government for IT equipment. During the pandemic the equipment has facilitated officers working from home and wider to develop new ways of working using digital technology.

## 9. Summarised Balance Sheet as at 31 March 2021

	2020/21 £000	2019/20 £000
Fixed Assets	13,825	12,619
Cash in hand/bank	5,770	5,377
Stocks of merchandise and timber	129	117
Debtors – money owed to the Authority	611	374
Creditors – money owed by the Authority	-641	-504
Provisions – for known commitments	-8	-74
<b>Cash Reserves:</b>		
Earmarked Reserves – for specific purposes	-4,601	-4,018
General Revenue Reserves	-1,008	-1,008
Usable Capital Receipts Reserve	-370	-370
<b>Non-cash:</b>		
Accrued Absences Reserve	92	79
Capital Adjustment Account	-10,814	-9,572
Revaluation Reserve	-2,985	-3,020
Pension Liability	-8,478	-8,573
Pensions Reserve (to balance with liability)	8,478	8,573
<b>BALANCED TO:</b>	Nil	Nil

The net value of the Authority's fixed assets employed at the year-end was £13,826k, up from £12,619k as at 31 March 2020. Due to the Covid pandemic, and following Welsh Government regulations, it was not possible to undertake the valuations exercise which is part of the usual five-year rolling programme of revaluations. Consequently it is only capital additions and improvements impacted that the movement in the balance and these include enhancing Broad Haven car park, purchase of additional I.T. equipment, investment in electric vehicle charging points and redevelopment at Castell Henllys.

Stock, Debtors, Creditors, Provisions and Long Term borrowing balances arise from the normal revenue and capital expenditure activities of the Authority. The larger movement in Debtors is due to VAT recoverable from the capital expenditure in March 2021, which also explains the increase

in creditors' balances for payments due to suppliers. The Authority's cash balance has increased by £393k due to grants received in advance of expenditure

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 remains at £370k. During the year the Earmarked Reserves increased from £4,018k to £4,601k. The Earmarked reserve increase was due to the Authority receiving additional grant funding from Welsh Government less the reserves utilised to fund revenue and capital expenditure during the year.

The General Reserve balance remained constant at £1,008k as at the end of the financial year. The Authority's financial position at the end of 2020/21 remains strong with sizeable cash reserves in place. However, given the impact of the COVID 19 pandemic on the Authority's future revenue and capital funding streams, it is expected that the balances on the General, Capital Receipts & Earmarked Reserves will reduce significantly over the next few years.

The Accumulated Absences Reserve relates to staff accrued absences earned but not taken in the year. Due to the way the Authority accounts for capital expenditure the balances on the Capital Adjustment Account and Revaluation Reserve mirror the value of fixed assets employed.

The Pension Fund Liability at the year-end increased to £8,478k compared with the liability at the close of 2019/20 of £8,573k. While there has been little movement in the size of the deficit there has been considerable movement in the pension fund assets and liabilities. There has been substantial volatility in equity markets around the world in relation to the COVID-19 pandemic. This has had consequences for asset values and while 31 March 2020 was generally a low point for equity markets, there was a recovery over the year and is reflected in the asset values at 31 March 2021. During the year market volatility extended to the yields on AA-rated corporate bonds as at 31 March 2021 which settled at around 2.2% p.a, which is slightly lower than the start of the year. As the discount rate for accounting purposes is based on corporate bond yields, this means this volatility has had an impact on the pension fund liabilities.

## **10. Looking Forward**

The Covid-19 pandemic has required many organisations to examine their ability to generate income and control costs and the Authority is not exempt from this. The Authority continues to monitor the position closely and follow Welsh Government guidance regarding the opening of its centres and other facilities. After many years of financial constraint the Authority continues to face the financial challenge, however the healthy reserve position affords the Authority a cushion to address any acute funding and income issues.

## 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 Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants etc.) by the Authority in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
  - The Comprehensive Income & Expenditure Statement summarises the resources that have been generated and consumed in providing services and managing the Authority during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of the retirement benefits earned by employees in the year.
  - The Authority Movement in Reserves Statement. This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Authority.
  - The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay

debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

- The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.
  - Notes to the Financial Statements
- 13** The Statement of Responsibilities for the Statement of Accounts (page 58) explains the Authority's responsibilities and the Chief Financial Officer's responsibilities in administering the Authority's financial affairs and preparing the Statement of Accounts.
- 14** The Annual Governance Statement (page 59) sets out the framework within which financial control is managed and reviewed in the Authority.
- 15** The Auditors' Report (page 78)

#### *FURTHER INFORMATION*

Further information about this Statement of Accounts is available from:

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# STATEMENT OF ACCOUNTING POLICIES

## **1. General Principles**

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

The accounts have been prepared in accordance with:

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

## **2. Accounting Concepts**

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

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

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

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

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

## **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. 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.

#### **7. Group Accounts**

Group Accounts are not applicable to the Authority's 2020/21 accounts, as no relationships exist with any subsidiaries, associates or joint ventures as defined for reporting purposes.

#### **8. 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.

#### **9. 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.

## **10. Employee Benefits**

Short term employee benefits include wages and salaries, paid annual leave, paid sick, paternity and maternity 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 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.

## **11. 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.

## **12. 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.

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

Stocks of merchandise, timber, and stamps 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.

## **14. Non Current Assets**

Fixed assets comprise capital expenditure on:

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

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

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

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

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

In line with changes in accounting regulations as from April 2007 assets subject to positive revaluation have been reflected in the Revaluation Reserve and assets with negative revaluation, without a prior

revaluations reserve balance, have been charged to the Comprehensive Income & Expenditure statement. Asset values are not altered when the Authority is not aware of any material change in an asset's value.

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

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

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

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

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating

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

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

The cost of services in the Comprehensive Income & Expenditure Account includes a capital charge for all fixed assets used by each service, as recorded in the balance sheet at 31<sup>st</sup> March 2020. 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.

#### **16. 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.

#### **17. Value Added Tax**

The accounts have been prepared on a VAT exclusive basis as the Authority is able to recover VAT on its activities.

#### **18. Investment Properties.**

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

#### **19. 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. The review of the impairment, acquisition and disposal of heritage assets is included within the of the Authority's Asset Management Group. Heritage Assets are subject to the Authority's normal revolving five yearly assets revaluations program and are valued on an historical cost basis. Depreciation of Heritage Assets, where appropriate, is in line with the general policy on depreciation.

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

**1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021**

**£000's**

	31 March 2021			31 March 2020		
	Expenditure	Income	Net	Expenditure	Income	Net
Conservation of the Natural Environment	665	-197	468	591	-119	472
Conservation of the Cultural Heritage	107	0	107	104	-4	100
Development Control	537	-371	166	534	-179	355
Forward Planning & Communities	453	-157	296	368		368
Promoting Understanding	1,652	-659	993	1,935	-845	1,090
Recreation & Transport	773	-774	-1	708	-647	61
Rangers, Estates & Volunteers	1,344	-140	1,204	1,338	-118	1,220
Democratic Representation & Management	818	-107	711	520	-6	514
Support Service Costs	1,325	-47	1,278	1,305	-38	1,267
<b>Cost of Services</b>	<b>7,674</b>	<b>-2,452</b>	<b>5,222</b>	<b>7,403</b>	<b>-1,956</b>	<b>5,447</b>
Financing & Investment Income & Expenditure (Note 8)			133			-6
Other Operating Expenditure (Note 9)			14			106
<b>Taxation &amp; Non -specific Grant Income</b> (Note 10)			-6,246			-4,900
<b>(Surplus) or Deficit on Provision of Services</b>			<b>-877</b>			<b>647</b>
Surplus or deficit on revaluation of fixed assets (Note 11)			-			65
Actuarial gains / losses on pension assets / liabilities (Note 33)			-996			2,128
<b>Other Comprehensive Income and Expenditure</b>			<b>-996</b>			<b>2,193</b>
<b>Total Comprehensive Income and Expenditure</b> (Note 6)			<b>-1,873</b>			<b>2,840</b>

**Pembrokeshire Coast National Park Authority**

**BALANCE SHEET**

*As at 31<sup>st</sup> March 2021*

**£000's**

<b>As at:</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Property, Plant & Equipment (Note 11)	12,151	10,915
Heritage Assets (Note 11)	646	646
Intangible Assets (Note 14)	79	109
Investment Property (Note 12)	949	949
Long term Debtor (Note 17)		1
<b>Long Term Assets</b>	<b>13,825</b>	<b>12,620</b>
Inventories (Note 16)	129	117
Short Term Debtors (Note 17)	611	373
Cash and Cash Equivalents (Note 18)	5,770	5,377
<b>Current Assets</b>	<b>6,510</b>	<b>5,867</b>
Short Term Creditors (Note 20)	-641	-504
Provisions (Note 20)	-8	-74
<b>Current Liabilities</b>	<b>-649</b>	<b>-578</b>
Pension Liability (Note 33)	-8,478	-8,573
<b>Long Term Liabilities</b>	<b>-8,478</b>	<b>-8,573</b>
<b>Net Assets</b>	<b>11,208</b>	<b>9,336</b>
Usable Reserves (Note 21)	5,979	5,396
Unusable Reserves (Note 22)	5,229	3,940
<b>Total Reserves</b>	<b>11,208</b>	<b>9,336</b>



## Movement in Reserves Statement

*1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021*

**£000's**

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Accumulated Absences Account	Unusable Reserves	Total Authority Reserves
<b>Balance as at 31 March 2020</b>	<b>1,008</b>	<b>4,018</b>	<b>370</b>	<b>5,396</b>	<b>3,020</b>	<b>9,572</b>	<b>-8,573</b>	<b>-79</b>	<b>3,940</b>	<b>9,336</b>
Surplus or (deficit) on provision of services	877			877						877
Other Comprehensive Expenditure and Income							996		996	996
<b>Total Comprehensive Expenditure and Income</b>	<b>877</b>			<b>877</b>			<b>996</b>		<b>996</b>	<b>1,873</b>
Adjustment between accounting basis and funding basis under regulations (Note 6)	-293			-293	-35	1,242	-901	-13	293	
Net Increase/Decrease before Transfers to Earmarked Reserves (Note 6)	584			584	-35	1,242	95	-13	1,289	1,873
Transfers to/from Earmarked Reserves	-583	583								
Increase/Decrease in Year	1	583		584	-35	1,242	95	-13	1,289	1,873
Roundings	-1			-1						-1
<b>Balance at 31 March 2021 carried forward</b>	<b>1,008</b>	<b>4,601</b>	<b>370</b>	<b>5,979</b>	<b>2,985</b>	<b>10,814</b>	<b>-8,478</b>	<b>-92</b>	<b>5,229</b>	<b>11,208</b>

## Movement in Reserves Statement

*1<sup>st</sup> April 2019 – 31<sup>st</sup> March 2020*

**£000's**

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Accumulated Absences Account	Unusable Reserves	Total Authority Reserves
<b>Balance as at 31 March 2019</b>	<b>1,008</b>	<b>3,952</b>	<b>654</b>	<b>5,614</b>	<b>3,120</b>	<b>9,101</b>	<b>-5,605</b>	<b>-55</b>	<b>6,561</b>	<b>12,175</b>
Surplus or (deficit) on provision of services	-649			-649						-649
Other Comprehensive Expenditure and Income					-65		-2,128		-2,193	-2,193
<b>Total Comprehensive Expenditure and Income</b>	<b>-649</b>			<b>-649</b>	<b>-65</b>		<b>-2,128</b>		<b>-2,193</b>	<b>-2,842</b>
<b>Adjustment between accounting basis and funding basis under regulations (Note 6)</b>	<b>715</b>		<b>-285</b>	<b>430</b>	<b>-35</b>	<b>470</b>	<b>-841</b>	<b>-24</b>	<b>-430</b>	
Net Increase/Decrease before Transfers to Earmarked Reserves (Note 7)	66		-285	-219	-100	470	-2,969	-24	-2,623	-2,842
Transfers to/from Earmarked Reserves	-66	66								
Increase/Decrease in Year		66	-285	-219	-100	470	-2,969	-24	-2,623	-2,842
Roundings			1	1		1	1		2	3
<b>Balance at 31 March 2020 carried forward</b>	<b>1,008</b>	<b>4,018</b>	<b>370</b>	<b>5,396</b>	<b>3,020</b>	<b>9,572</b>	<b>-8,573</b>	<b>-79</b>	<b>3,940</b>	<b>9,336</b>

**Cash Flow Statement**  
***1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021***  
**£000s**

	<b>31 March 2020</b>		<b>31 March 2020</b>
Net (- surplus) or deficit on the provision of services	-877		<b>647</b>
Adjust net surplus or deficit on the provision of services for noncash Movements (Note 24)	-1,086		-1,093
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	1,898		1007
<b>Net cash flows from Operating Activities</b>	<b>-65</b>		<b>561</b>
Investing Activities (Note 25)	-327		-359
Financing Activities (Note 25)	-1		-3
<b>Net increase(-) or decrease in cash and cash equivalents</b>	<b>-393</b>		<b>199</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>5,377</b>		<b>5,576</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>5,770</b>		<b>5,377</b>

## **Notes to the Financial Statements**

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. At the balance sheet date, the following new standard and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

IFRS 16 Leases will requires that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2022 and the impact of this is unknown as this stage.

### **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. However with the uncertainty regarding the future level of funding for the National Park Authority beyond 2020/21 there is the assumption the authority will be able to able to conduct its primary functions post 2020/21 and be a going concern.

### **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 2021 there is a risk of material adjustment in the forthcoming financial year in the size of the pension liability. Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

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

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

**Covid-19**

The ongoing impact of the Covid-19 pandemic has created uncertainty surrounding illiquid asset values. As such, the pension fund and assets as at 31 March 2020 are difficult to value according to preferred accounting policy.

**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**

There were no post balance sheet events to report.

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

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

£000's

	2020/21			2019/20		
	Net Expenditure chargeable to the General Reserve	Total Adjust between funding and Accounting basis	NET Comprehensive Income Expenditure Statement Expenditure	Net Expenditure chargeable to the General Reserve	Total Adjust between funding and Accounting basis	NET Comprehensive Income Expenditure Statement Expenditure
Conservation of the Natural Environment	374	94	468	375	93	472
Conservation of the Cultural Heritage	89	18	107	88	19	100
Development Control	90	76	166	90	74	355
Forward Planning & Communities	265	31	296	266	35	368
Promoting Understanding	721	272	993	723	299	1,089
Recreation & Transport	-69	68	-1	-69	63	61
Rangers, Estates & Volunteers	975	229	1,204	975	201	1,220
Democratic Representation & Management	672	39	711	668	37	514
Support Service Costs	1,095	183	1,278	1,095	180	1,267
Past Service Gain / Pension Curtailment			0	0		0
<b>Net Cost of Services</b>	<b>4,212</b>	<b>1,010</b>	<b>5,222</b>	<b>4,210</b>	<b>1,001</b>	<b>5,446</b>
Other Income & Expenditure	-4,212	-2,883	-7,095	-4,210	1,839	-2,606
<b>Surplus(-) / Deficit</b>	<b>0</b>	<b>-1,873</b>	<b>-1,873</b>		<b>2,840</b>	<b>2,840</b>
Opening balance of General Reserve	<b>1008</b>			<b>1008</b>		
Movement	0					
Roundings						
Closing Balance	<b>1,008</b>			<b>1,008</b>		

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

2020/21	£000's			
	Capital	Other	Pension	Total
Conservation of the Natural Environment	10	46	38	94
Conservation of the Cultural Heritage		0	18	18
Development Control	3	4	69	76
Forward Planning & Communities		1	30	31
Promoting Understanding	106		166	272
Recreation & Transport	55	-13	26	68
Rangers, Estates & Volunteers	83	-22	168	229
Democratic Representation & Management		3	36	39
Support Services	57	-5	131	183
<b>Net cost of services</b>	<b>314</b>	<b>14</b>	<b>682</b>	<b>1,010</b>
Other I&E	-909	-1,194	-780	-2,883
<b>Total</b>	<b>-595</b>	<b>-1,180</b>	<b>-98</b>	<b>-1,873</b>

2019/20	£000's			
	Capital	Other	Pension	Total
Conservation of the Natural Environment	6	50	37	93
Conservation of the Cultural Heritage			19	19
Development Control	3	3	68	74
Forward Planning & Communities			35	35
Promoting Understanding	123	4	172	299
Recreation & Transport	55	-14	22	63
Rangers, Estates & Volunteers	33	-17	185	201
Democratic Representation & Management		1	36	37
Support Services	55	-2	127	180
<b>Net cost of services</b>	<b>275</b>	<b>25</b>	<b>701</b>	<b>1,001</b>
Other I&E	-56	370	1,525	1,839
<b>Total</b>	<b>219</b>	<b>395</b>	<b>2,226</b>	<b>2,840</b>

## EXPENDITURE & INCOME ANALYSED BY NATURE

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

	<b>2020/21</b>		<b>2019/20</b>
	£000's		£000's
<b>Expenditure</b>			
Employee benefits	5,041		4,809
Other services	2,538		2,547
Depreciation, amortisation, revaluations	312		275
<b>Total expenditure</b>	<b>7,891</b>		<b>7,631</b>
<b>Income</b>			
Fees, charges & services income	2,452		1,955
Interest & investment income	70		128
Government grants and contributions	6,246		4,900
<b>Total Income</b>	<b>8,768</b>		<b>6,983</b>
<b>Surplus / deficit (-) on provision of services</b>	<b>877</b>		<b>-648</b>



## ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

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

### 2020/21 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION £000's

<b>Adjustment to revenue resources</b>				
Charges for depreciation and impairment of non current assets	312			-312
Revaluation losses on Property Plant and Equipment				
Movement in fair value of investment properties				
Accumulative Absences	13			-13
Employer's pensions contributions and direct payments to pensioners payable in the year	901			-901
<b>Total Adjustment to revenue resources</b>	<b>1,226</b>			<b>-1,226</b>
<b>Adj between Revenue &amp; Capital</b>				
Capital exp charged against General reserve	-611			611
Revenue expenditure funded from capital under statute	-102			102
Revenue expenditure funded from capital grants	102			-102
Capital grants and contributions applied	-909			909
<b>Tot Adj between Revenue &amp; Capital</b>	<b>-1,520</b>			<b>1,520</b>
Roundings	1			-1
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>-293</b>			<b>293</b>

**2019/20**  
**ADJUSTMENTS BETWEEN ACCOUNTING BASIS**  
**AND FUNDING BASIS UNDER REGULATION**  
**£000's**

	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Movement in Unusable Reserves</b>
<b>Movement in reserves during 2019/20</b>				
<b>Adjustment to Revenue Resources</b>				
<b>Charges for depreciation and impairment of non-current assets</b>	257			-257
<b>Revaluation of Investment Properties</b>	18			-18
<b>Revaluation losses on Property, Plant &amp; Equipment</b>	-18			18
<b>Adjustment involving the Accumulated Absences Account</b>	24			-24
<b>Revenue expenditure funded from capital grants</b>	-215			215
<b>Pension Costs</b>	841			-841
<b>Total adjustment to Revenue Resources</b>	907			-907
<b>Adjustments between Revenue and Capital Resources</b>				
<b>Capital expenditure charged against the General Fund</b>	-192			192
<b>Transfer of non current sales proceeds from revenue to Capital receipts reserve</b>		-285		285
<b>Total Adjustments between to Revenue and Capital Resources</b>	-192	-285		477
<b>Total Adjustments between accounting basis and funding basis under regulations</b>	715	-285		-430

## 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 2020/21.

£000's				
	Closing Balance 31 March 20	Transfers to Revenue	Transfers from Revenue	Closing Balance 31 March 21
<b>Receipts In Advance</b>	-2,758	1,045	-1,535	-3,248
Asset Management	-37			-37
Planning (Formerly Local Plan)	-33			-33
Self-Insurance	-30			-30
Staff Restructuring	-189			-189
National Park Wales	-14	1		-13
Planning System	-89			-89
Car Par Integration (Broad Haven)	-77	77		
Sponsor A Gate	-13		-5	-18
Rangers Services - Landscape Fund	-4			-4
SDF Increase In Funds	-29			-29
NPG Reduction	-287			-287
Car Park Resurfacing (Broad Haven)	-98	98		
Biodiversity	-11			-11
Planning Enforcement	-100	2		-98
Invasive Species	-36	7		-29
The Pathways Project	-35			-35
Carew Causeway	-153			-153
Pollinator Project	-15			-15
Roots Project	-10	8	-8	-10
Carryovers from Underspend 20/21			-185	-185
Digital Transformation			-88	-88
<b>Total</b>	<b>-4,018</b>	<b>1,238</b>	<b>-1,821</b>	<b>-4,601</b>
*Contains grants for specific projects funded in advance of expenditure				

## 8. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

**£000's**

Items	2020/21	2019/20
Movement in fair value of investment properties( - Gain)	-	-18
Income from Investment properties	-57	-54
Pensions Net Interest Cost	203	123
Interest receivable and similar income	-13	-57
<b>TOTAL</b>	<b>133</b>	<b>-6</b>

**9. OTHER OPERATING EXPENDITURE / INCOME****£000's**

Items	2020/21	2019/20
Movement on Bad Debt Provision	-	20
Movement on General Provision	1	74
Pension Administration Expenses	13	12
<b>TOTAL</b>	<b>14</b>	<b>106</b>

**10. TAXATION AND NON SPECIFIC GRANT INCOME****£000's**

Items	2020/21	2019/20
National Park Grant from Welsh Government	-3,419	-2,954
Levy on Pembrokeshire County Council	-985	-985
Capital grants and contributions	-1,842	-953
Legacy Income	-	-8
<b>TOTAL</b>	<b>-6,246</b>	<b>-4,900</b>

**11. PROPERTY, PLANT AND EQUIPMENT**

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

## 2020/21 Non Current Assets

£000's

	Operational Land & Buildings	Plant & Equipment	Surplus Assets	Assets held for sale	Assets under construction	<i><b>Total PP&amp;E</b></i>
<b>COST OR VALUATION</b>						
<b>As at 31 March 2020</b>	11,081	1,577			52	12,710
Reclassifications						
Assets made operational in year	494				-494	
Additions	203	858			458	1,519
Disposals						
Impairment						
Revaluations						
<b>As at 31 March 2021</b>	11,778	2,435			16	14,229
<b>DEPRECIATION</b>						
<b>As at 31 March 2020</b>	-626	-1,169				-1,795
Charge for year	-186	-97				-283
Disposals						
Reclassification						
Impairment						
Revaluation						
Roundings						
<b>As at 31 March 2021</b>	-812	-1,266				-2,078
<b>NET VALUE 31/3/20</b>	10,455	408			52	10,915
<b>NET VALUE 31/3/21</b>	10,966	1,169			16	12,151

## 2019/20 Non Current Assets

£000's

	Operational Land & Buildings	Plant & Equipment	Surplus Assets	Assets held for sale	Assets under construction	<i><b>Total PP&amp;E</b></i>
<b>COST OR VALUATION</b>						
<b>As at 31 March 2019*</b>	10,812	1,366			85	12,273
Reclassifications						
Assets made operational in year	404				-404	
Additions	2	222			370	594
Disposals		-11				-11
Impairment						
Revaluations	-147				1	-146
<b>As at 31 March 2020</b>	11,081	1,577			52	12,710
<b>DEPRECIATION</b>						
<b>As at 31 March 2019</b>	-504	-1,113				-1,617
Charge for year	-186	-66				-252
Disposals		11				11
Reclassification						
Impairment						
Revaluation	64					64
Roundings		-1				-1
<b>As at 31 March 2020</b>	-626	-1,169				-1,795
<b>NET VALUE 31/3/19</b>	<b>10,313</b>	<b>253</b>			<b>85</b>	<b>10,656</b>
<b>NET VALUE 31/3/20</b>	<b>10,455</b>	<b>408</b>			<b>52</b>	<b>10,915</b>

### **\*RECLASSIFICATIONS and prior period adjustment**

There were no asset reclassifications which took place during the year other than those assets transferred from Non Operational Assets to Operational Land & Buildings as detailed above.

The Freshwater East Burrows has been reclassified as a heritage asset to correct a misclassification. The cost or valuation as at 31 March 2019 has been amended to reflect this reclassification.

## ASSETS MADE OPERATIONAL DURING THE YEAR

The following assets were made operational in the year:

	£000's	
	2020/21	2019/20
Carew Castle Walled Garden	-	220
Earthwatch Round House	-	71
Carew Castle Drainage System	-	113
Broad Haven Car Park	457	
Castell Henllys Improvement	37	
<b>Total</b>	<b>494</b>	<b>404</b>

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

	£000's
	£
Green Bridge	16
<b>Total</b>	<b>16</b>

## 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 during the year.

## REVALUATIONS & IMPAIRMENT

As a result of the Welsh Government guidelines prohibiting non-essential travel and the instructions to work from home wherever possible, the 2020/21 Assets valuation exercise was undertaken as a desk top exercise. There were no revaluation adjustments required for 2020-21

£000's

	2020/21	2019/20
Revaluation of Fixed Assets included in Surplus/Deficit (-) on the Provision of Services	-	-18
Downward/ Upward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Service	-	-65
<b>Sub total</b>	-	<b>-83</b>
Revaluation and Impairment of Investment Properties	-	18
<b>Total</b>	-	<b>65</b>

All assets are normally revalued within a five-year rolling programme in accordance with the statement of accounting policies. 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	Surplus Assets	NET TOTAL
£000's			
2019/20	-147		-147
2018/19	607	150	757
2017/18	-23		-23
2016/17	-30		-30
2015/16	177		177
2014/15	596		596

#### **FINANCING OF FIXED ASSETS and INTANGIBLES**

The net cash additions to fixed assets and intangibles of £1,520k (Additions less transfers from Non Operational Assets) were financed as follows:

£611k Funding from revenue grant  
£909k Grant funding and other sources

#### **CAPITAL COMMITMENTS**

As at 31<sup>st</sup> March 2021 there were capital commitments totalling £248k on the Authority, (£147k as at 31st March 2020).



## CAPITAL PROGRAMME

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

	<b>Total Cost 2020/21 £000</b>	<b>Total Cost 2019/20 £000</b>
<b>Promoting Understanding &amp; Enjoyment</b>	<b>33</b>	<b>341</b>
Castell Henllys	33	56
Carew Castle	-	285
<b>Recreation &amp; Park Management</b>	<b>949</b>	<b>235</b>
E.V. Charging Points	523	
Car Parks	426	235
<b>Conservation of natural Environment</b>	<b>203</b>	
<b>Corporate &amp; Support Services</b>	<b>335</b>	<b>117</b>
Vehicles & Equipment	179	
Information & Communications Technology	156	117
<b>TOTAL CAPITAL SPEND</b>	<b>1,520</b>	<b>693</b>
<b>Financed by:</b>		
Financing from the Revenue budget	-611	-193
Additional Grants	-909	-215
Capital Receipts	-	-285
<b>Total</b>	<b>-1,520</b>	<b>-693</b>

<b>* The additional grants were received from the following partners:</b>	<b>2020/21 £000's</b>	<b>2019/20 £000's</b>
Welsh Government	856	111
European Rural Community Development Fund	53	104
<b>TOTAL ADDITIONAL GRANTS</b>	<b>909</b>	<b>215</b>

## HERITAGE ASSETS.

The Authority's classification of heritage assets relates to specific buildings, monuments, cliffs, sand dunes, woodlands and other types of property. The total valuation as at the balance sheet date was £646k (£646k as at 31st March 2020).

## 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:

	<b>2020/21 £000</b>	<b>2019/20 £000</b>
Rental income from investment property	57	54
Net gain/(loss)	<b>57</b>	<b>54</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or

repairs, maintenance or enhancement. The following table summarises the movement in the fair value of investment properties over the year:

	2020/21 £000	2019/20 £000
<b>Balance at start of the year</b>	<b>949</b>	<b>931</b>
Net gains/losses from fair value adjustments	-	18
<b>Balance at end of the year</b>	<b>949</b>	<b>949</b>

The reclassification relates to the transfer of Newport TIC from Operational Land and Buildings.

### 13. LEASES

#### Finance Leases

The Authority had no finance leases as at 31<sup>st</sup> March 2021 (or as at 31<sup>st</sup> March 2020).

#### 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 £47,908 for 2020/21 (£49,157 for 2019/20). The Authority rents 13 properties to support its purposes, which includes for example, Carew Castle & Tidal Mill. The rental costs of these properties for 2020/21 were £27,628 (£41,406, 2019/20). The lease on Tenby T.I.C. concluded in December 2019.

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

£000's

	As at March 2021			As at March 2020		
	Land & Buildings	Vehicles & Equipment	Total	Land & Buildings	Vehicles & Equipment	Total
	£	£	£	£	£	£
Not Later than one year	24	39	63	45	40	85
Later than one year and not later than five years	88	64	152	88	52	140
Later than 5 years	217	-	217	237	-	237
	<b>329</b>	<b>103</b>	<b>432</b>	<b>370</b>	<b>92</b>	<b>462</b>

The Authority acts as Lessor on 24 properties, generating an income of £84,335 during 2020/21 (£96,350 2019/20). 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 £970,251 with nil cumulative depreciation.

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

£000's

	As at March 2021	As at March 2020
	£	£
Not Later than one year	105	110
Later than one year and not later than five years	371	373
Later than 5 years	2,403	2,188
	<b>2,879</b>	<b>2,671</b>

#### 14. INTANGIBLE ASSETS

Intangible assets are assets such as software licences that do not have a physical substance but provide future economic benefits to the Authority.

	2020/21 £000's	2019/20 £000's
<b>Balance at start of year</b>	<b>109</b>	<b>14</b>
Additions	-	99
Amortisation	-30	-4
<b>Balance at end of year</b>	<b>79</b>	<b>109</b>

#### 15. ASSETS HELD FOR SALE

As at 31 March 2020 the authority held no assets held for sale

#### 16. INVENTORIES

£000's

	Information Centres	Cilrhedyn Woodland Centre	Franking Machine	Total
<b>Balance outstanding as at 31/3/20</b>	<b>105</b>	<b>9</b>	<b>2</b>	<b>116</b>
Purchases	42	50	3	95
Recognised as an expense in the year	-47	-29	-3	-79
Written out	-3			-3
<b>Balance outstanding as at 31/3/21</b>	<b>97</b>	<b>30</b>	<b>2</b>	<b>129</b>

#### 17. LONG & SHORT TERM DEBTORS

£000's

	2020/21	2019/20
<b>Long Term:</b>		
Other Receivables	0	1
<b>TOTAL</b>	<b>0</b>	<b>1</b>
<b>Short Term:</b>		
Trade Receivables	64	41

Prepayments	96	150
Other Receivable Amounts	451	182
<b>TOTAL</b>	<b>611</b>	<b>373</b>

## 18. CASH AND CASH EQUIVALENTS

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

	£000's	
	2020/21	2019/20
Bank accounts & deposits	5,767	5,374
Cash held by the Authority	3	3
<b>TOTAL</b>	<b>5,770</b>	<b>5,377</b>

## 19. FINANCIAL INSTRUMENTS

Other than cash, trade receivables and trade payable there are no financial instruments carried on the Balance Sheet.

## 20. LONG & SHORT TERM CREDITORS & PROVISIONS

	£000's	
	2020/21	2019/20
<b>Short term</b>		
Trade Payables	-420	-313
Other Payables	-221	-191
<b>TOTAL</b>	<b>-641</b>	<b>-504</b>
<b>Provisions</b>		
General Provisions	-8	-74
<b>Total</b>	<b>-8</b>	<b>-74</b>

## 21. USABLE RESERVES

	£000's	
	2020/21	2019/20
<b>General Fund</b> : Resources available to meet future running costs of services	1,008	1,008
<b>Earmarked Reserves:</b> Reserves set aside for specific items	4,601	4,018
<b>Capital Receipts:</b> Proceeds on fixed asset sales available to meet future capital investment	370	370
<b>TOTAL</b>	<b>5,979</b>	<b>5,396</b>

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

## 22. UNUSABLE RESERVES

£000's

	2020/21	2019/20
Revaluation Reserve	2,985	3,020
Capital Adjustment Account	10,814	9,572
Pensions Reserve	-8,478	-8,573
Accumulated Absences Account	-92	-79
<b>TOTAL</b>	<b>5,229</b>	<b>3,940</b>

### REVALUATION RESERVE

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

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

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

£000's

	2020/21	2019/20
Balance at 1 April	<b>3,020</b>	<b>3,120</b>
Upward revaluation of assets	-	55
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	-120
Difference between fair value depreciation and historical cost depreciation	-35	-35
	<b>2,985</b>	<b>3,020</b>

### CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. **Note 6** provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

**£000's**

	<b>2020/21</b>	<b>2019/20</b>
<b>Balance at 1 April</b>	<b>9,572</b>	<b>9,101</b>
Charges for depreciation and impairment of non current assets	-312	-257
Revenue expenditure funded from capital under statute	-102	-18
Revenue grant funded from capital under statute grant	102	18
Depreciation adjusting amounts written out of the Revaluation Reserve	34	35
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	909	215
Capital expenditure charged against the General Fund balances	611	193
Application of grants to capital financing from the Capital Grants Unapplied Account	-	<b>285</b>
	<b>10,814</b>	<b>9,572</b>

### **PENSIONS RESERVE**

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

<b>£000's</b>	<b>2020/21</b>	<b>2019/20</b>
<b>Balance at 1 April</b>	<b>-8,573</b>	<b>-5,605</b>
Actuarial gains or losses on pensions assets and liabilities	996	-2,057
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	-1,310	-1,292
Employer's pensions contributions and direct payments to pensioners payable in the year	422	392
Administration Expenses	-13	-12
Roundings	-1	1
<b>Balance at 31 March</b>	<b>-8,479</b>	<b>-8,573</b>

### **23. ACCUMULATED ABSENCES ACCOUNT**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual

leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

£000's	2020/21	2019/20
Balance at 1 April	-79	-55
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	-13	-24
Amounts accrued at the end of the current year	-92	-79

#### 24. CASH FLOW STATEMENT –

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

£000's	2020/21	2019/20
Depreciation and Amortisation	-312	-257
Revaluations and Impairments	-	-1
Movement in creditor/stock/debtors	141	114
Provision of Services costs for post employment benefits	-901	-829
Other non-cash items charged to the CIES	-14	-120
<b>Total</b>	<b>-1086</b>	<b>-1093</b>

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

The cash flows for operating activities include the following items:

£000's	2020/21	2019/20
Interest received	43	42
Interest paid	Nil	Nil

Cash Flows from Investing Activities are:

£000's	2020/21	2019/20
Purchase of property, plant and equipment, investment property and intangible assets	1,518	661
Other receipts from investing activities	-1,845	-1,020
<b>Net cash flows from investing activities</b>	<b>-327</b>	<b>-359</b>

Cash Flows from Financing Activities are:

£000's	2020/21	2019/20
Travel Loans: Advances Less Receipts	0	
Repayment of Long Term Loan	-1	-3
<b>Net cash flows from investing activities</b>	<b>-1</b>	<b>-3</b>

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

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

between the Comprehensive Income and Expenditure Statement and amounts reported for resource allocation decisions

## 27. MEMBERS ALLOWANCES & EXPENSES PAID IN THE FINANCIAL YEAR 2020/21

Total members' allowances paid during the year amounted to £84,270 (£76,872 in 2019/20) plus reimbursement of travelling, subsistence and other expense payments amounting to £412 (£10,201 in 2019/20).

## 28. OFFICERS REMUNERATION

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

	Chief Executive Officer		Director of Planning and Park Direction*		Director of Countryside, Community and Visitor Services	
	£000's					
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Gross Pay	84	82	62		65	61
P11D values	1	1	1		1	1
Employer Pension Contributions	11	11	8		8	8
<b>Total</b>	<b>96</b>	<b>94</b>	<b>71</b>		<b>74</b>	<b>70</b>

\*Director of Planning and Park Direction remuneration for 2019/20 was below the reportable threshold.

The median remuneration of the Authority was £21,748 (£21,166 in 2019/20) with the ratio of the Chief Executive Officer to the median remuneration of 3.84:1 (3.84:1 in 2019/20).

There was no compulsory redundancy in 2020/21 and none in 2019/20.

## 29. 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:

	2020/21 £000	2019/20 £000
Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor.	24	25
Fees payable to the Auditor General for Wales in respect of statutory inspections and the LG Measure 2011.	17	17
<b>Total</b>	<b>41</b>	<b>42</b>



### 30. GRANT INCOME

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

	2020/21	2019/20
	£000	£000
<b>Credited to Taxation and Non Specific Grant Income:</b>		
NPA Grant (Welsh Government funded)	3,419	2,954
Levy on Pembrokeshire County Council	985	954
Other Grant Income (Welsh Government funded)	1,842	983
Donations	-	8
	<b>6,246</b>	<b>4,900</b>
<b>Credited to Services</b>		
The Welsh Government: major funding towards the loss of 1 <sup>st</sup> quarter 20/21 income across the Authority, Invasive Species, Designated landscapes, additional SDF funding, E.V. charge points and Fritilar and Damsel projects	810	74
Natural Resources Wales: contributed funding towards the National Trail/Coast Path management & maintenance; various woodland schemes, National Parks Wales and the Castlemartin Ranger post.	191	185
Pembrokeshire Coast National Park Trust: funding towards Invasive Species, Pembrokeshire Outdoor Schools, Storm Damage and Roots projects.	31	38
Pembrokeshire County Council: business support rate relief	45	
H.M.R.C: Job Retention Scheme	209	
Ministry of Defence: Castlemartin Ranger.	30	19
Sport Wales: West Wales Walking for Wellbeing project	75	101
National Parks Partnership	8	
TATE Gallery: Criw Celf project	2	4
Other grants.	28	18
<b>TOTAL GRANTS</b>	<b>1,429</b>	<b>439</b>

### 31. 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 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 30 show the amount and sources of significant revenue and capital funding which the Authority received during the year. In addition to the receipt of a Levy from Pembrokeshire County Council the Authority also contracts with them for the supplies of goods and services including the provisions of refuse management, vehicle maintenance, internal audit and specialist planning advice. The Welsh Government has significant influence over the general operations of the Authority; it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in **the** form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). The aggregate level of income and expenditure and end of year balances on the following third parties are:

<b>Organisation</b>	<b>Income £000's</b>	<b>Expenditure £000's</b>	<b>31/3/21 Creditor £000's</b>	<b>31/3/21 Debtor £000's</b>
Welsh Government	6,068	0	4	126
Pembrokeshire County Council	1,030	228	21	19

During the year the Authority contributed circa £7k to support the running of Pembrokeshire Coast National Park Trust. The trust is registered with the charity commission with the status of a charitable incorporated organisation and the only voting members are the charity trustees. The Authority did provide other non cash services to the Trust, e.g. officer time and advice and office space. The Trust has six current trustees, two of whom are members of the National Park Authority.

During the year an employee of the Authority became a trustee of YHA. The Authority has a landlord tenant relationship with the YHA for its property at Broad Haven. The Authority is also paid subscription of £10k to the National Park Partnership, a limited liability partnership between the 15 U.K. National Park Authorities.

The Authority administers a Sustainable Development Fund (SDF). In awarding grants to organisations, the SDF Committee of the Authority imposes special grant conditions, which include linking financial performance with achieving agreed milestones. One of the payments made during the year was made to a relative of a member of the Authority's staff who is unconnected with the SDF program. Actual SDF awards made during the 2020-21 financial year that exceeded £5,000 were to the following projects:-

<b>Project Name</b>	<b>Awarded to</b>	<b>Project Description</b>	<b>Amount</b>
Family Explorers	Pembrokeshire County Council - Springboard	Run a programme of activities to enable economically disadvantaged families to learn and develop new skills to achieve the John Muir discovery award.	19,100
St Davids Old Farmhouse Brewery	St Davids farmhouse	Set up a craft microbrewery, utilising the farms natural resources, water and solar power, and the farms produce. The grant also helped establishment of a wildflower meadow and bee hives.	21,368
Coppicewood College new Workshop	Coppicewood College in collaboration with the	Design and build a new workshop for the college.	15,852

	Welsh Wildlife Trust		
A Sustainable Future for Theatr Gwaun	Theatre Gwuan	Installation of solar PV panels on the south-facing theatre roof.	15,183
Enhancing Our Solar Panel System	Marloes & St.Brides Village Hall	Purchase and install a Battery System to supplement the existing solar PV panels.	12,738
Sustainable Pembrokeshire Islands	Wildlife Trust South & West Wales	Water system improvements (Skokholm), UV sterilisation system and solar panels and system upgrade (Skomer).	17596
Decarbonisation through biodiversity	Newport Action environment Group	18 months project paying for a Biodiversity officer (BDO) to facilitate 3 inter-related elements: <ol style="list-style-type: none"> <li>1. Community awareness and action – engage local groups, the school, homeowners and landowners through community activities &amp; workshops to change behaviours.</li> <li>2. Carbon sequestration – through tree planting.</li> <li>3. Biodiversity and climate change resilience – a biodiverse area is intrinsically more resilient to the effects of climate change.</li> </ol>	20,471
Energy Saving Project for Community Hub	Herbrandston Sports & Recreation Association	Installation of roof mounted solar photovoltaic system with battery storage on the new community building.	30,046
Giraldus Hall ‘A Place for All’	South Ridgeway Community Association	Installation of roof mounted solar photovoltaic system with battery storage and 3 Electric Vehicle charging points on new community building.	37,568
Pembrokeshire Energy Efficiency Programme (PEEP)	Cwm Arian renewable Energy	Revenue funding to pay for 6 month research project collecting data from energy efficiency projects and behaviour change programmes, to find out what works and what doesn't in terms of mobilising residents to take up energy efficiency measures The overall aim is to reduce energy use and tackle fuel poverty by increasing and normalising the uptake of low carbon life choices.	8,915
Improve Energy Efficiency & Environment	Clwb Rugby Crymych	Funding to install solar PV system with load diverter for immersion heater to the main club house roof.	8,561

### 32. TERMINATION BENEFITS

During the year 2020/21 the Authority paid no termination benefits, (Nil in 2019/20).

### 33. DEFINED BENEFIT PENSION SCHEMES

The Authority offers defined retirement benefits to staff, relating to pay and service, under the Dyfed Pension Fund (Local Government Pension Scheme), being a funded scheme administered by Carmarthenshire County Council. Although these benefits will not actually be payable until employees retire, the Authority has a current commitment to make the benefits payments that needs to be disclosed at the time that employees earn their future entitlement. The Authority's contribution rates are determined by the Fund's professionally qualified actuaries based on triennial valuations of the Fund, the most recent of which was at 31<sup>st</sup> March 2019, 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 (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

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

#### Transactions Relating to Post-employment Benefits

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

Total post employment benefit charged to Comprehensive Income and Expenditure Statement	£000's	
	2020-21	2019-20
<b>Service Costs:</b>		
Current service cost	1,107	1,098
Effects of curtailment	0	0
Past Service Cost*	0	71

<b>Financing &amp; Investment   Income &amp; Expenditure:</b>		
Interest cost on Liabilities	851	842
Interest on Plan Assets	-648	-719
<b>Net Interest On Pension</b>	<b>203</b>	<b>123</b>
<b>Other Operating Income &amp; Expenditure</b>		
Administration Costs	13	12
<b>Total Post-Employment Benefits charged to Surplus / Deficit on Provision of Services</b>	<b>1,323</b>	<b>1,304</b>
<b>Other Post Employment Benefits charged to Comprehensive Income &amp; Expenditure:</b>		
Return on plan assets (excluding the amount included in the net interest expense)	-6,563	-3,363
Actuary Experience gain/(loss)	-693	271
Actuary Gain / (Loss) on financial assumptions	6,260	615
Actuary Gain / (Loss) on demographic assumptions	0	962
<b>Total Post-employment Benefits (charged) / credited to the Comprehensive Income and Expenditure Statement</b>	<b>-996</b>	<b>-1,515</b>
<b>Reversal of charges made to surplus/deficit on provision of services in the Movement in Reserves Statement</b>		
Current service cost	-1,107	-1,098
Past service gain / loss	0	-71
Effects of curtailment	0	0
Interest cost on Liabilities	-851	-842
Interest on Plan Assets	648	719
Administration Costs	-13	-12
<b>Actual Amount charged against General Fund</b>	<b>-1,323</b>	<b>-1,304</b>
<b>Employer Contributions</b>	<b>422</b>	<b>392</b>

\* The past service cost arising is in respect of the McCloud judgment regarding age discrimination. This may result in more public sector pension scheme members having increased levels of 'transitional protection' following the change from final salary to career average pensions on 1 April 2015. The benefits under the scheme are based on Career Average Re-valued Earnings (CARE) from 1 April 2014.

## COVID 19

There has been substantial volatility in equity markets around the world this year, in relation to the COVID-19 pandemic. This has had consequences for asset values, however, 31 March 2020 was generally a low point for equity markets, and so any recovery over the year will be reflected in the accounting figures as at 31 March 2021. Over the same period, the market volatility extended to corporate bonds, but ultimately the yields on AA-rated corporate bonds as at 31 March 2021 have settled at around 2.2% p.a, which is slightly lower than the start of the accounting year. As the discount rate for accounting purposes is based on corporate bond yields, this means this volatility will ultimately have an impact on accounting liabilities.

## 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	
	2020/21	2019/20
Benefit Obligations at beginning of Year	35,690	35,708
Current Service Cost	1,107	1,098
Interest On Pension Liabilities	851	842
Member Contributions	201	189
Past Service Cost*	0	71
Actuarial (Gains)/Losses on Liabilities	0	0
Remeasurement of Liabilities:	0	0
Experience (gain)/loss	-693	270
(Gain) / Loss on financial assumptions	6,261	-614
(Gain) / Loss on demographic assumptions	0	-961
Curtailments	0	-
Benefits Paid	-851	-911
Rounding	0	
Benefit Obligations at End of Year	42,566	35,690

\*Amended for McCloud adjustment undertaken in 2019/20

## Reconciliation of Present value Scheme Assets:

	Local Government Pension Scheme £000's	
	2020/21	2019/20
<b>Fair Value at beginning of Year</b>	<b>27,117</b>	<b>30,103</b>
Interest on / Expected Return on Plan Assets	648	719
Remeasurement / Actuarial Gains/(Losses) on Assets	6,563	-3,363
Administration Expenses	-13	-12
Employer Contributions	422	392
Member Contributions	201	189
Benefits/transfers paid	-851	-911
Roundings	0	0
<b>Fair Value at End of Year</b>	<b>34,087</b>	<b>27,117</b>
<b>Actual return on scheme assets</b>	<b>7,210</b>	<b>-2,182</b>

## Statement of Recognised Gains & Losses

	2020/21 £000's	2019/20 £000's
Restatements / Actuarial (Gains)/Losses	-996	2,057
<b>Total pension cost recognised in MiRS</b>	<b>-996</b>	<b>2,057</b>

The *current service costs* reflect the increase in liabilities expected to arise from employee service in the current period. The *past service costs* reflect the increase in liabilities related to employee service in prior periods arising from the improvement of retirement benefits in the current period. The *curtailment/settlement costs* reflect changes in liabilities relating respectively to actions that relieve the employer of primary responsibility for a pension obligation (e.g. a group of employees being transferred to another scheme) or events that reduce the expected years of future service of employees or reduce the accrual of defined benefits over their future service for some employees (e.g. closing a business unit). The *return on assets* reflects the average rate of return expected on the actual assets held in the pension scheme. Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. These assumptions are made by the Fund's actuaries, William M Mercer Ltd, and are based on the actuarial valuation report at 31<sup>st</sup> March 2019. *Interest on pension liabilities* reflects the expected increase during the year in the present value of liabilities because the benefits are one year closer to settlement. The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31<sup>st</sup> March 2021 are as follows:

<b>DYFED PENSION FUND</b> <b>(Pembrokeshire Coast National Park Authority)</b> <b>31 March 2021</b>	
<b>£000</b>	
Present Value of Funded Benefits Obligations	42,513
Present Value of Unfunded benefit obligations	53
Total present value of Benefit Obligations	<b>42,566</b>
Fair Value of Plan Assets	(34,087)
Unrecognised Past Service	-
<b>Deficit</b>	<b>8,479</b>

#### Prior Year Scheme Values

<b>Scheme Year</b>	<b>Present value Scheme Liabilities(£000)</b>	<b>Fair Value of Scheme Assets (£000)</b>
31st March 2020	35,690	27,117
31st March 2019	35,708	30,103
31st March 2018	32,212	28,474
31st March 2017	32,430	27,792
31st March 2016	26,134	22,766

The main assumptions are set out below:

ACTUARIAL ASSUMPTIONS	Start of Year	End of year
<i>Financial Assumptions</i>		
Rate of CPI inflation / CARE benefits revaluation	2.1%	2.7%
Rate of increase in salaries	3.6%	4.2%
Rate of increase in pensions in payment / deferment	2.2%	2.8%
Discount rate	2.4%	2.1%

Detailed assets breakdown are as follows.

Investment Category		Quoted	31 March 2020	31 March 2021
		(Y/N)		
Equities:	UK quoted	Y	6,324	7,256
	Overseas pooled funds (unquoted)	N	6,446	0
	Global Quoted	Y	0	8,863
	US	Y	3,045	3,695
	Canada	Y	122	150
	Japan	Y	908	1,149
	Pacific Rim	N	279	351
	Emerging Markets	N	1,990	2,911
	European ex UK	Y	738	876
Bonds:	UK Government indexed	Y	1,068	886
	UK Corporate	N	2,736	0
	Other Class 1	y		3,068
Property:	Property Funds	N	3,325	3,767
Alternatives	Class 2	y	0	716
Cash:	Cash accounts	Y	136	399
	Net current assets	N		
<b>Total</b>			<b>27,117</b>	<b>34,087</b>

Post Retirement mortality assumptions

	Start of Year	End of Year
Non-retired members	S3PA CMI_2018 (1.75%) Males - 100% Females - 91%	S3PA CMI_2018 (1.75%) Males - 100% Females - 91%
Retired members	S3PA CMI_2018 (1.75%) Males - 94% Females - 92%	S3PA CMI_2018 (1.75%) Males - 94% Females - 92%



## Life Expectancy

	Start of Year	End of Year
Of males (female) future pensioner aged 65 in 20 years' time	24.5 (27.1) years	24.7 (27.2) years
Of males (female) current pensioner aged 65	23 (24.9) years	23.1 (25) 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.

	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4	Sensitivity 5	
		+0.1% p.a. discount rate	+0.1% p.a. inflation	+0.1% p.a. pay growth	1 Year increase in life expectancy	+/- 1% change in 202/21 Investment Returns £000's	
Disclosure Item	£000's					+1%	-1%
<b>Liabilities</b>	42,566	41,833	43,311	42,678	43,850	42,566	42,566
<b>Assets</b>	(34,087)	(34,087)	(34,087)	(34,087)	(34,087)	(34,427)	(33,747)
<b>Deficit ( Surplus)</b>	8,479	7,746	9,224	8,591	9,763	8,139	8,819
<b>Projected Service Costs for next year</b>	1,391	1,356	1,427	1,391	1,435	1,391	1,391
<b>Projected Net Interest Costs for Next year</b>	174	166	190	177	201	167	181

### History of experience gains and losses

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

	2020/21 %	2019/20 %	2018/19 %	2017/18 %	2016/17 %	2015/16 %	2014/15 %
Actuarial (gains) / losses on Assets	19.3	(12.4)	(3.8)	(1.1)	(15.9)	4.2	(9.1)
Actuarial (gains) / losses on liabilities	14.7	(1.7)	5.2	(4.0)	(16.4)	5.8	(14.2)

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

Start of Year	End of year
2,777	2,958

The end of year figures for the market value of the assets and the split between investments categories have been calculated as at 31/12/20. The corresponding split of assets at the start of the year has been calculated as at 31/3/19. The actuarial assumptions used in the calculation of the end of year balance sheet liabilities are based on the 2019 actuarial valuation assumption, other than the financial assumptions which are shown above. A deduction of £13,000 in respect of expenses was made for the year.

The forecasted employer's contribution for 2021/22 is £358,000; implied service cost including net interest cost £174,000 and administration cost of £13,000. The projected deficit as at 31/3/22 is expected to be £9,699,000. Further information on the Dyfed Pension Fund, such as the annual report, is available from the Fund administrators at Carmarthenshire County Council, or on-line at [www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk)

**STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTANTS**

**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 2020/21* presents a true and fair view of the financial position of the Authority at 31<sup>st</sup> March 2021 and its income and expenditure for the year ended 31<sup>st</sup> March 2021.

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

**Date** .....

## **2020/21 ANNUAL GOVERNANCE STATEMENT**

### **I. Introduction**

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

The Authority has an approved Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accounting (CIPFA)/Society of Local Authority Chief Executives and Senior Managers (UK) (SOLACE) Framework ‘Delivering Good Governance in Local Government: Guidance for Welsh Authorities 2016’. This guidance recommends that the review of effectiveness of the system of internal control that local authorities are required to undertake in accordance with the Accounting and Audit Regulations should be reported in an Annual Governance Statement. In Wales the inclusion of the Annual Governance Statement in the Statement of Accounts is voluntary. CIPFA also published an “Application Note to Delivering Good Governance in Local Government: A Framework”. This note has been developed to advise on the application of the “Statement of the Role of the Chief Financial Officer on Local Government” under the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government”. The Authority reviews and adopts any additional guidance as issued and has decided to adopt the CIPFA framework and Annual Governance Statement approach for 2016/17.

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

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

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

### **III. The Governance framework**

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

The Authority

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

- To approve the development of the Authority's strategic corporate planning framework through the National Park Management Plan (every five years), the Local Development Plan (formal review required every 4 years), and the Corporate and Resources Plan (annually).
- To determine all policy matters in support of its strategic planning objectives. The Authority may receive advice from its committees and may also set up task and finish advisory groups to investigate and advise on specific matters.
- To determine all Service Standards and the Authority's Statutory Duties.
- To agree policies relating to the management of the Authority's resources i.e. finance, staffing and assets; and to approve the budget, levy, charges, and the Annual Accounts.
- To ensure that the Authority complies with all legislation affecting its services.
- To determine membership of other committees, task & finish groups, working groups and advisory groups, within the Authority, and their terms of reference, and the Authority's representation on external bodies and organisations.
- To determine the delegation of the Authority's responsibilities to other committees of the Authority and when appropriate to the Chief Executive.

#### Audit and Corporate Services Review Committee

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

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

5. Information Technology
  - To monitor the Authority's performance in relation to its Information Technology Strategy
6. Performance Management
  - To consider quarterly reports on the performance reporting 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 made up of the Authority's 18 Members, and is responsible for carrying out the Authority's statutory planning functions in relation to the determination of applications, appeals and enforcement matters, and allied issues relating to development and the regulation of uses and activities.

The terms of reference of the Development Management Committee are:

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

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

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

#### Operational Review Committee

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

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

#### Member Support And Development Committee

The Committee Composition comprises 9 Members and may, from time to time and without setting a precedent, invite other Members to attend a meeting in relation to a particular area of expertise.

#### Quorum

3 Members, to include at least one County Council and one Welsh Government Member.

#### Remit

1. To oversee the delivery of support to, and development of, Members of the Authority.
2. To oversee the delivery of the Member Development Strategy, including Member induction and the Training Plan.

3. To develop an application for the Wales Charter for Member Support and Development and to recommend it to the Authority prior to submission to the Welsh Local Government Association.
4. To review the support available to Members and to make recommendations to the Authority as necessary.
5. To consider any other matter referred to the Committee by the National Park Authority.

#### Continuous Improvement Group

The Continuous Improvement Group consists of four Members of the Authority plus the Chief Executive. The membership includes the Chairman and Deputy Chairman of the Authority along with the Chairs of the two Review Committees. The Group has authority to invite attendance of other Members or officers if the work programme indicates that their attendance or experience would add value to its work and meets as and when required.

#### 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 via a contract with TIAA. The terms of reference for internal audit require that work is conducted in accordance with standards as set out in the CIPFA Code of Practice for Internal Audit in Local Government. TIAA provide an audit opinion which is reported to the Authority.

#### External Audit

Audit Wales act as the Authority's external audit and make comments following their financial accounts and performance work and in the annual audit letter.

#### Section 151 Officer

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

#### Sustainable Development Fund Committee

The Authority has a Sustainable Development Fund Committee that consists of Authority Members and independent advisors who provide advice on the awarding of SDF grants. It is made up of 6 NPA members plus 1 or 2 advisory members

#### The Executive

Drawing from numerous sources the Executive structure for decision making for officers is based on a Senior Management Team and a Leadership Team.

#### Principles of Governance

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

- Focusing on the Authority's purpose, on outcomes for the community including citizens and service users and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose, with clearly defined functions and roles



- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of Members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability

#### IV. Actions Taken During The Year

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

<b>Governance Issues / Risks Identified</b>	<b>Action to be taken</b>	<b>Evaluation</b>
National Park Grant Funding	Continue to work with Welsh Government to respond to funding position and developing a medium term financial plan	
Business Continuity Plan requires updating.	The I.T. and Business Manager will rewrite the Business Continuity Plan	While many of the continuity arrangements have been tested the pandemic has resulted in a delay in the preparation of the plan. The rewrite will be completed in 2021/22
An internal report identified a number of minor Health & Safety issues to be addressed	The newly appointed H.R. Manager will review all Health & Safety and H.R. systems and polices	The issues identified have been addressed.
Responding to Impact of Brexit	In light on the decision to leave the EU the Authority continues to participate and contribute to opportunities to influence UK and Welsh policy on land management.	The focus has now moved to the medium and long term new legislative changes which will impact upon land management.
Review of how we work focused on current digital systems and identification of gaps to improve efficiency and collaboration across the Authority.	Review carried out. Recommendations provided. Office 2016 implementation across Authority complete.	“Necessity is the mother of invention”: during the pandemic the Authority has adopted various technology solutions in redesigning many of its business processes.
Improve communication of corporate policies and standards to staff.	Review of current standards and policies in place. Communication activities with staff. Review of induction.	Guidance issued to staff on COVID 19 situation and impact on Authority work and work place. Awaiting new share point system to be in place to look at how policies displayed on system to staff.
Replacement of Ffynnon Performance Management System	Scoping of replacement option. Procurement of new system. Training of staff.	Following review of external options in terms of cost and capabilities, an internal replacement performance reporting management system was developed. This system

		was deployed in January 2021.
Commence review of Authority priorities and well-being objectives	Scoping of review. Review initiated. Involvement of Members	Review has commenced.
Formation of Youth Committee/ Forum	Committee in place developed in partnership with Young People	Committee in Place, with Member representation.
Data Protection – Updated Privacy Notice in place for new website	Updated Privacy Notice in place	Overarching privacy notice on website updated on an ongoing notice.
Realignment of Carbon Emission recording with Welsh Government Methodology and environmental monitoring system in place	Calculation realigned. Environmental monitoring system in place.	New National Park Management Plan (NPMP) action plan on responding to climate change emergency approved in June 2020. Welsh Government carbon calculator methodology published in March 2021.
The Covid 19 crisis presents significant challenges for the Authority.	In the pursuit of delivering its objectives the Authority will work with Welsh Government, other regulatory bodies and partners to minimise the impact of the crisis.	This wasn't included in the last AGS and is commented upon elsewhere in the AGS

## 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 Audit Wales.

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

### **Principle 1**

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

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

Valued and Resilient: The Welsh Government's Priorities for Areas of Outstanding Natural Beauty and National Parks

The Authority, in partnership with other designated areas has undertaken work consistent with 'Valued and Resilient' priorities.

### The Wellbeing of Future Generations Act

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

### Demonstrating Strategic Leadership

The Authority approved a new National Park Management Plan (NPMP) 2020/24 in December 2019. Members had been involved with the development of the Plan through workshop sessions.

### Corporate and Resources Plan

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

### Quality of Service

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

### Performance Reporting Management System

The Authority has in place a performance reporting management 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 from information captured on the performance reporting management system. External support for the Authority's Ffynnon performance management system ended in 2020/21. As a result following a review of external options in terms of cost and capabilities, an internal replacement performance reporting management system was developed. This system was deployed in January 2021. Staff update the Performance reporting management system directly with information to update performance reporting on a regular basis.

### Community Engagement

The Authority has endorsed Participation Cymru's 10 National Principles for Public Engagement in Wales. An engagement action plan has been developed to help focus and drive action in this area with three priority areas and three longer term areas. An engagement action plan group is in place to monitor implementation of the action plan and has representation from across Authority departments

The three priority areas within the engagement action plan are:

- Development of mechanisms for young people to influence the work of the Authority
- Engaging Volunteers and Service Users
- Engaging with people through National Park Management Plan implementation

During 2020/21 the group also completed the self assessment on involvement included in a previous Audit Wales report.

The Authority established a Volunteer Forum, providing an opportunity for volunteers to learn more about the Authority and influence its priorities, policies and volunteer offer. The forum draws on volunteer representatives from across the volunteer offer, including representatives from Pathways, Volunteer Wardens, Youth Rangers and Activity Leaders. The Volunteer Forum continued to meet virtually during 2020/21.

#### Membership of Public Services Board

The Authority is an invited member of the Pembrokeshire Public Services Board (PSB). The PSB agreed the Pembrokeshire Well-being Plan, and the Authority's Corporate Plan reflects the Well-being Objectives in the Plan.

#### Welsh Language Strategy

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

#### Socio Economic Duty

In preparation for the commencement of the Socio Economic Duty (under the Equality Act 2010) in March 2021, the Authority has been involved with Welsh Government engagement opportunities relating to the Duty. It has also reviewed its approach to Equality Impact Assessments, in order to take an integrated approach that includes Socio Economic Disadvantage considerations.

### **Principle 2**

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

#### National Park Grant and Levy

The NPG / Levy for 2020/21 remained unchanged from the 2019/20. As a result of the COVID 19 pandemic the Authority was in receipt of a number of Welsh Government grants which were used to offset the losses of Authority generated income and additional Covid related operating costs.

#### Member and officer Joint Training & Development

The Authority actively promotes joint training sessions between Members & officers. During the year there were 3 training events and a further 5 workshops.

#### Consultations

Members have contributed their comments to responses to Welsh Government and other bodies' consultation papers including:

- National Development Framework
- Sustainable Farming
- Independent Remuneration Panel For Wales

#### Virtual Meetings and Web Casting

In response to COVID 19 and changes in legislation, the Authority held its Committee meetings virtually during 2020/21. Meetings were also web cast.

#### Employee Forum

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

### **Principle 3**

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

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

#### The Standards Committee

It is the responsibility of the Authority's Standards Committee to promote high standards of conduct by Members and officers. It does this by advising on and promoting awareness and understanding of the code of conduct for Members and the code of conduct for officers, both of which have been adopted by the Authority. During the year the members of the Committee increased from three to four and no cases were brought to the committee.

#### Monitoring Officer

The statutory Monitoring Officer functions are set out in Section 5 of the Local Government and Housing Act 1989 (as amended) i.e., in short, to report to the Authority if the Monitoring Officer considers that any proposal, decision, or omission by the Authority may give rise to unlawfulness or maladministration.

#### Public Services Ombudsman for Wales

The Public Services Ombudsman for Wales has jurisdiction over the Authority's functions by virtue of the Public Services Ombudsman (Wales) Act 2005. He has not made any investigation into the Authority either in relation to any alleged breaches of the Members' Code of Conduct adopted by the Authority on 25 June 2008, or in relation to a complaint made against the Authority.

#### Staff Members

Issues relating to the conduct of staff are normally considered in accordance with the Authority's Disciplinary procedures. All Authority staff have annual 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. In its commitment to the highest standards of openness, probity and accountability, the policy states "The Authority encourages employees and others with serious concerns about the Authority's work to come forward and raise their concerns with the Authority".

#### Safeguarding Policy

The Authority approved an updated safeguarding policy in December 2019. The policy had been revised to take account of changes to legislation (Social Services and Well-being (Wales) Act 2014)

and in the way these changes have been interpreted and delivered at a local level in West Wales. The new policy includes additional guidance and provides updates regarding processes and procedures. The policy aims to ensure that sound working practices are in place that put safeguarding as a priority and which are effective in managing risk for these vulnerable groups, but which will also protect staff and volunteers against wrongful or malicious allegations.

#### Anti-Fraud and Bribery Policy

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

#### Financial Standards

During the year the Authority revised its Financial Standards and Contract Standing Orders, the purpose of which is to provide a financial and procurement framework within which the Authority can operate. These will assist the Authority in ensuring that:

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

#### Data Protection and GDPR compliance

Following the Authority's external DPO leaving their post, the Authority appointed an interim internal DPO in December 2020, while tendering process for a replacement external DPO was carried out. The external DPO's appointment was approved by Members in March 2021.

#### **Principle 4**

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

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

#### Risk Management

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

#### Upgrading systems infrastructure

During 2020 the Authority undertook work on the following IT systems:

- Authority wide upgrade to Microsoft Office 2016 delivered.
- Voice over IP capability for Headquarters at Llanion.
- An upgrade to the Exchequer platform (Finance system)

- Upgrading all Authority infrastructure hardware platforms and associated server applications in order to ensure currency, security, resiliency and support.
- IT Response to the Covid-19 pandemic - enabled Authority staff to work remotely as effectively as possible whilst ensuring the security of Authority infrastructure and data.

#### Internal Audit 2020/21

As part of the Authority's corporate governance programme a risk assessment was made on all its services and formed the basis of the work carried out during 2020/21 by the Authority's internal auditors Gateway Assure. The focus of the Audit was on the following areas:

- Staff Wellbeing and Absence Management
- Departmental Review- Education
- Governance- Strategic Planning
- Budgetary Control and General ledger
- Planning Applications and Fees
- Review of Cyber Security
- Income Generation

#### Head of Internal Audit's Annual Opinion

*At the Authority's Audit and Corporate Services Review Committee held on the 12<sup>th</sup> May 2021 the following audit opinion was given for 2020/21:*

*"TIAA is satisfied that, for the areas reviewed during the year, Pembrokeshire Coast National Park Authority has reasonable and effective risk management, control and governance processes in place.*

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by the Authority from its various sources of assurance"

#### Committees

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

#### Audit Wales Reports

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

#### Audit Wales National Park Authorities

During 2020/21 the Audit Wales carried out field work which focused on:

"Is the National Park Authority effectively managing its resources to secure its long-term resilience?" They carried out an online survey and focus groups with Members and staff to inform this work. The headline conclusion from the report was "The Authority has proved to be an adaptable and resilient organisation in the face of immediate disruptive threats but further work is needed to ensure this



continues over the longer term”. The recommendations from the report are included in the Section VI – Significant Governance Issues

#### Annual Report on meeting the Well-being objectives

In 2020/21 the Authority published its Annual Report on meeting the Well-being Objectives (which also acted as our Annual Improvement Plan Part 2 under the Local Government (Wales) Measure 2011). This report sets out our performance on delivery in 2019/20 against the Authority’s Well-being Objectives.

#### Benchmarking

The Authority undertakes benchmarking activities across a number of areas. Key performance indicators within the annual Corporate and Resources Plan are benchmarked against other National Park Authorities where comparative data is available.

The Authority submits an Annual Performance Report every November as part of the Welsh Government Planning Performance Framework. The annual report discusses how the Authority has performed against the indicators, identifying what it had done well so that this can be shared with others, and what steps might be taken to address areas of performance in need of improvement. Through the Framework the Authority is able to benchmark its performance against other Planning Authorities in Wales. As a result of the COVID 19 pandemic the Authority was not required by Welsh Government to submit an Annual Performance Report in 2020/21. However the Authority has continued to submit to Welsh Government quarterly performance data to support benchmarking activities.

### **Principle 5**

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

The Authority continuously looks to develop the capacity and capability of Members and during the year has undertaken the following:

#### Member induction

No new Members were appointed to the Authority in the last year, therefore no induction training took place. However, a training workshop on the Members’ Code of Conduct, together with an overview of delegations to officers, was held.

#### Member Support and Development Committee

The Member Support and Development Committee meets on a quarterly basis and, over the last year, has reviewed the Personal Development Review framework for Members, encouraged Members to undertake their PDR, and has developed a training plan as a result of the process.

#### Wales Advanced Charter for Member Support and Development

The Authority currently holds Charter status, and is working towards applying for Advanced Charter status of the Welsh Local Government Association’s Wales Charter for Member Support & Development. A submission to that effect was made March 2020.

#### Staff Development

Learning and Development needs are identified through the annual performance review cycle and this is then rolled up into a wider organisation Development Plan. The Authority will be drafting an annual Learning and Development Plan from 2021.

All new staff are ‘inducted’ on an individual basis when they start, and the Authority is currently reviewing its practices to deliver this on-line and in tandem with the other National Parks. Mandatory and job related training is scheduled and refresher training undertaken periodically.

Professional Development Programmes are utilised through Pembrokeshire County Council and Academy Wales and delivered by e-learning.

#### Employee Opinion Survey

A Staff Survey was undertaken in 2020. Results from the survey will be used to formulate a plan of action which will be incorporated into the HR strategy and Plan. This will be the Authority’s main tool in gauging staff satisfaction and helping to drive capacity and capability of Officers.

#### Health and Safety

Health and Safety is delivered through a dedicated Health and Safety Committee, which includes representatives from across the organisation. The minutes of these meetings are presented to Members and progress is tracked monthly.

Work is being undertaken to schedule a review of all HR and Health & Safety Policies, Procedures and Risk Assessments. Funding has been allocated to deliver some staff training on-line, where this is possible, to ensure evidence and compliance. Progress has also been taken to progress accreditation towards the Welsh Government’s Corporate Health Standard.

#### COVID Pandemic

Due to a need for the Authority to be able to respond effectively to changing circumstances as a result of the COVID 19 pandemic while also responding to longer term outcomes, the Corporate and Resources Plan 2020/21 was realigned and split into two. The first section was based on short and mid-term priorities focused on the Authority’s COVID-19 response and recovery planning. Long term priorities and actions originally planned for 2020/21 that remained relevant were kept in the second section of the plan to support ongoing delivery of the Authority’s Well-being Objectives.

### **Principle 6**

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

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

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

#### Strategic Plans

Following receipt of the Independent Inspectors report Local Development Plan 2 was adopted by Members in September 2020. Following this a work programme of consultation, review and adoption of supplementary planning guidance has commenced.

To support delivery of the National Park Management Plan the Authority has produced a range of action plans, including Responding to the Climate Change Emergency, Restoring Nature and Celebrating Heritage. Stakeholders have been consulted where appropriate as part of the development of these action plans.

### Partnership working arrangements

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

- Carmarthenshire County Council; SLA's Payroll / Pension, Minerals
- South Wales Local Authority Purchasing Group
- Brecon Beacons & Snowdonia National Parks Authorities, brokerage Insurance
- There has been significant engagement with Town and Community Councils on the changes in planning guidance and on Budget priorities for the Authority.
- Public Services Board
- National Park Partnership on corporate social responsibility options and other sponsorship funding
- The UK National Parks and National Parks Wales.
- Pembrokeshire Coast National Park Charitable Trust
- Joint Planning Ecologist with Pembrokeshire County Council

### Engagement with Young People

PCNPA Youth Committee organised a residential weekend held 13th-15th March 2020 at the Pentre Ifan Centre near Newport. Over the weekend the Youth Committee got to know each other, developed its understanding of what the National Park is and the work of the National Park Authority, considered its priorities, how it will work and how it will link with the Members of the National Park Authority. The Youth Committee, continued to meet in 2020/21, with Member representation.

## **VI. Significant Governance Issues**

The following table highlights governance issues identified during the year which the Authority targets to resolve within the next financial year.

<b>Governance Issues Identified</b>	<b>Action to be taken</b>
Take action to ensure that the Authority and the National Park is able to recover from the impact of the COVID pandemic	Review how we can ensure internal organisational efficiency and how we can support recovery in the wider community
Prepare for future financial challenges through reviewing the mid-term financial plan	Revise plan
Undertake a review of Corporate Priorities and develop a new strategy.	Develop a new strategy and undertake work to ensure that the Authority is able to deliver that new strategy
Undertake a review of procurement to take account of changes as a result of Brexit and the need to decarbonise the organisation.	Work with the other 2 Welsh National Park Authorities to review procurement.
Develop an effective Business Continuity arrangements it should:	<ul style="list-style-type: none"> <li>• review the impact of its Business Continuity Plans during the response to COVID-19. This will ensure they are up to date and have the right actions and measures to help counter likely threats in responding to future emergencies;</li> <li>• ensure staff are aware of updated Business Continuity arrangements and understand the procedure for their use; and</li> <li>• ensure that ICT Business Continuity arrangements are sufficient to enable officers and Members to deliver their responsibilities effectively and efficiently.</li> </ul>
Improve workforce resilience the Authority	<ul style="list-style-type: none"> <li>• consider the impact of the COVID-19 response and the switch to full remote working on staff wellbeing and identify how it can best support staff; and</li> <li>• ensure Health and Safety policies and procedures are updated to take account of new working arrangements.</li> </ul>
Review the switch to online meetings and delegated decision making and identify opportunities to learn from its response to the	Undertake Review and develop appropriate policies to support this work

pandemic and strengthen governance arrangements.	
Work in partnership with organisations across Pembrokeshire to support the development of a new Well-being Assessment for Pembrokeshire	Engage with organisation as part of the Pembrokeshire Public Services Board

**VII. OPINION**

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

SIGNED \_\_\_\_\_  
Chairman

DATED \_\_\_\_\_

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

DATE \_\_\_\_\_

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

DATE \_\_\_\_\_

# **The independent auditor's report of the Auditor General for Wales to the members of Pembrokeshire Coast National Park Authority**

## **Opinion on financial statements**

I have audited the financial statements of the Pembrokeshire Coast National Park Authority for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

Pembrokeshire Coast National Park Authority's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021.

In my opinion the financial statements:

- give a true and fair view of the financial position of Pembrokeshire Coast National Park Authority as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

## **Basis of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the [Authority [and its group] in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Authority's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

### **Other Information**

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Report on other requirements**

#### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.



### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

### **Responsibilities**

#### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 58, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Authority's internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Pembrokeshire Coast National Park Authority's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- Obtaining an understanding of Pembrokeshire Coast National Park Authority's framework of authority as well as other legal and regulatory frameworks that Pembrokeshire Coast National Park Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Pembrokeshire Coast National Park Authority

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Corporate Services Review Committee about actual and potential litigation and claims;
- reading minutes of meetings of the Authority as those charged with governance, and its committees;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Pembrokeshire Coast National Park Authority's controls, and the nature, timing and extent of the audit procedures performed.

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

### **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 Auditor General for Wales' Code of Audit Practice.

Adrian Crompton  
Auditor General for Wales  
[Date]

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