

REPORT OF FINANCE MANAGER

**SUBJECT:
DRAFT STATEMENT OF ACCOUNTS 2011/12**

Background:

This report is the Draft Statement of Accounts 2011/12. It is for information purposes only and Members are requested to note the contents. The Draft Statement of Accounts were authorised for release to Audit by the Responsible Financial Officer on 30th June 2012. The Draft Statement of Accounts will be available for public inspection from the 30th July 2012 and will be considered by Members in the Audit and Corporate Services Review Committee meeting on 5th September. The audited set of Statement of Accounts will be presented to Members on the 26th September by the Wales Audit Office and will be signed off by the Chairman and the Chief Executive.

RECOMMENDATION: To note the Draft Statement of Accounts 2011/12.

Background documents

Draft Statement of Accounts

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

**Pembrokeshire Coast
National Park Authority**



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

**STATEMENT OF ACCOUNTS
2011/12**

INDEX

PAGE

| | |
|---|----------|
| Explanatory Forward & Summarised Accounts: <i>All you need to know from the Statement of Accounts</i> | 3 |
|---|----------|

STATEMENT OF ACCOUNTS *the statutory information*

| | |
|---|-----------|
| Statement of Accounting Policies | 15 |
| Comprehensive Income & Expenditure Account | 22 |
| Balance Sheet | 23 |
| Movement in Reserves Statement | 24 |
| Cash Flow Statement | 25 |
| Notes to the Financial Statements | 26 |

| | |
|--|-----------|
| Statement of Responsibilities for the Statement of Accounts | 51 |
| Annual Governance Statement | 52 |
| Auditors Report | 61 |
| Appendix I | 63 |

STATEMENT OF ACCOUNTS

2011/12

EXPLANATORY FOREWORD & SUMMARISED ACCOUNTS

INTRODUCTION

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

EXPENDITURE & FUNDING

4. Each year the National Park Authority is required to submit a bid to the Welsh Government for its funding for the following year. The bid is submitted as a combined Welsh National Parks' Grant Bid document and, following consultation with the Countryside Council for 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 2011/12 the Authority's funding for revenue expenditure, (that is, day to day operational activities) was £6,960 million. Capital expenditure of £239k, (that is, investment in longer term assets such as land and buildings) was funded £141k from revenue funds & £98k from other grant funding sources.

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

| REVENUE BUDGET | 2011/12 £ 000 | 2011/12 % | 2010/11 £ 000 | 2010/11 % |
|---|--------------------------|----------------------|--------------------------|----------------------|
| National Park Grant, from the Welsh Government: | 3,368 | 48% | 3,463 | 48% |
| National Park Levy, against Pembrokeshire County Council: | 1,123 | 16% | 1,154 | 16% |
| Locally Generated Income (through fees and charges): | 1,579 | 23% | 1,339 | 19% |
| Service/Project Specific Revenue Grants: | 741 | 11% | 897 | 13% |
| Earmarked/General Reserves: | 149 | 2% | 291 | 4% |
| TOTAL REVENUE FUNDING | 6,960 | 100 | 7,144 | 100 |

| CAPITAL BUDGET | 2011/12 £ 000 | | 2010/11 £ 000 |
|--|--------------------------|--|--------------------------|
| Project Specific Capital Grants: | 98 | | 169 |
| Use of capital receipts | Nil | | 16 |
| CAPITAL FUNDING | 98 | | 185 |
| Plus, funding from the revenue budget (included above) | 141 | | - |
| TOTAL CAPITAL BUDGET | 239 | | 185 |

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 decreased overall by 2.5 % in 2011/12, with reductions in the National Park Grant, Levy and Service specific grants being compensated by an increases in locally generated income & use of Earmarked Reserves. For 2011/12, for every £1 provided by the National Park Grant and Levy in the year, the Authority generated a further 55p from other sources (2010/11=55p).

Locally Generated Income consisted of:

| LOCALLY GENERATED INCOME | 2011/12 £000's | 2010/11 £000's | % Change |
|---|---------------------------|---------------------------|---------------------|
| Merchandise Sales and income from Information Centres | 297 | 352 | -16% |
| Car park charges and concessions income | 390 | 309 | 26% |
| Admissions fees and Activities & Events | 185 | 172 | 8% |
| Advertising income | 88 | 88 | 0% |
| Planning fees | 145 | 135 | 7% |
| Timber sales | 126 | 91 | 38% |
| Other : rents, advertising | 285 | 153 | 86% |
| Income from investment properties | 45 | 28 | 61% |
| Investment income (spare cash invested) | 19 | 11 | 73% |
| TOTAL LOCAL INCOME | 1,580 | 1,339 | 18% |

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

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

| REVENUE BUDGET | 2011/12 £000 | 2011/12 % | 2010/11 £000 | 2010/11 % |
|--|-------------------------|----------------------|-------------------------|----------------------|
| Employees | 3,867 | 55% | 4,114 | 58% |
| Premises related | 701 | 10% | 907 | 13% |
| Transport & Travel | 260 | 4% | 299 | 4% |
| Supplies, Services and Grants | 1,320 | 19% | 1,489 | 21% |
| Transfers to Earmarked Reserves | 662 | 10% | 309 | 4% |
| Contribution to capital projects | 141 | 2% | | |
| Financing charges | 4 | 0% | 2 | 0% |
| Increase/ (decrease) in General Reserves | 5 | 0% | 24 | 0% |
| TOTAL REVENUE COST | 6,960 | 100% | 7,144 | 100% |

| CAPITAL BUDGET | 2011/12 £ 000 | | 2010/11 £ 000 |
|-----------------------|--------------------------|--|--------------------------|
| Capital projects | 239 | | 185 |

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 ISA 19 Employee benefits *Retirement Benefits*. Service budgets are charged with a “current service cost” (being the cost of what employees have earned in pension rights during the year) in lieu of the cost of employer contributions (being the actual amount charged to the accounts for contributions in the year to the Pension Fund). These adjustments are also reversed out of the accounts below the Net Cost of Services, via the *Movement on Pensions Reserve*, to revert the cost in the accounts back to the value of employer contributions. These technical adjustments are intended to bring the public services in line with UK Generally Accepted Accounting Practices.

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

| 2011/12 Revenue Account | Net Budget £000 | Net out-turn £000 | Variance £000 | 2010/11 Net out-turn £000 |
|---|--------------------------------|----------------------------------|--------------------------|--|
| Conservation of the Natural Environment | 633 | 587 | 46 | 716 |
| Conservation of the Cultural Heritage | 194 | 188 | 6 | 180 |
| Development Control | 557 | 546 | 11 | 627 |
| Forward Planning & Communities | 226 | 202 | 24 | 407 |
| Promoting Understanding | 1,146 | 1,049 | 97 | 1,305 |
| Recreation & Transport | 404 | 284 | 120 | 391 |
| Rangers, Estates & Volunteers | 929 | 873 | 56 | 844 |
| Democratic Representation & Management | 569 | 542 | 27 | 579 |
| Service Management & Support Services | 32 | 0 | 32 | 0 |
| Net cost of services | 4,690 | 4,271 | 419 | 5,049 |
| Interest income earned during the year | -5 | -20 | | -12 |
| Net expenditure | 4,685 | 4,251 | | 5,037 |
| Other Non Cash Items debited or credited to the Authority Reserves during the year: | | | | |
| National Park Grant - Welsh Government | -3,368 | -3,368 | | -3,463 |
| National Park Levy – Pembrokeshire County Council | -1,123 | -1,123 | | -1,154 |
| Net Operating Surplus / - Deficit | 21 | 519 | | 42 |
| Less Net Transfer to Earmarked Reserves | | -514 | | 18 |
| END OF YEAR SURPLUS/ - DEFICIT | 21 | 5 | | 24 |

**Service Management & Support Services costs cover Heads of Service, reception, performance management, legal, finance, IT, training, projects, building maintenance, and accommodation costs – which are all recharged to users of these services, with any balance shown on the face of the accounts. Support Services net cost, including capital charges (£61,000), totalled £1.1m and have been fully reallocated to direct service departments.*

Summary Comment

The outturn Net Cost of Service (N.C.S.) expenditure for the year was £4,271k and compares against a budget N.C.S. of £4,690k and an actual of £5,049k for 2010/11. After the various movements to reserves for non cash charges, the End of Year Surplus was £5k and compares to an original budget surplus of £21k and an actual surplus of £24k in 2010/11. The N.C.S. was below the revised budget by £419k and an explanation for the major variances within each service is as follows;

- **Conservation of the Natural Environment (£46k under budget).** The main under spends in the Conservation of the Natural Environment were due to material savings within the Woodlands Team and additional internal timber sales at the Cilrhedyn Woodland centre. The Nature Conservation team was awarded a grant of £22k under the Welsh Government's Ecosystem Resilience, Diversity and Compliance Fund. The grant was targeted to achieve a reduction of woody growth, encourage regeneration and increase access of grazing stock on a number of neglected sites. Nature Conservation also benefitted from a grant of £6k from South Hook LNG which was allocated to survey for whinchats. At Cilrhedyn Woodland Centre external timber sales of £49k were up £5k on last year and internal sales of £66k were up £45k against budget.
- **Conservation of Cultural Heritage (£6k under budget).** The under spend within this service was due additional income the archaeology awareness day and small savings from several other budget headings.
- **Development Management (£11k under budget).** Shortfalls in planning fees income of £24k and land search income of £13k were compensated by savings in a number of budget lines and the award of a £60k Welsh Government Planning Improvement fund (PIF) grant. The PIF grant was used in a number of areas including raising awareness with landowners of the Authority Local Development Plan (LDP), placing the LDP on the Authority's web site, providing Low Impact Development assistance on a planning application, continued training on the Swift planning software, the purchase of software for wind turbine 3D visual assessment and on engaging consultants for planning application support.
- **Forward Planning & Communities (£24k under budget).** In Development Planning the P.I.F. grant also resulted in savings of approximately £10k in the L.D.P. budget. In the Sustainable Development Fund ten new grants were approved and the Authority made payments exceeding £5k to the following projects: Wildfuels (£48k), The People's Power Station (£37k), Stackpole Gardens Centre (£71k), Pembroke 21C (£10k) and Coed Cymru (£24k).
- **Promoting & Understanding (£97k under budget).** During 2011/12 Carew Castle admissions fees of £89k were above both the budget of £78k and last's year income of £86k. Merchandise sales of £61k were in line with the prior year but slightly below budget. Castell Henllys performed very well against budget with admissions fees of £56k and merchandise sales also of £56k in excess of both budget and last year's figures. The end of year result was also bolstered by savings in salaries and other costs and an additional £3k rental income from the letting of the on site cottage. Both Tenby & Newport TIC's ended the year with net operating costs under budget and significantly lower than in 2010/11. At Oriel y Parc merchandise sales of £121k were up 12% on budget and 25% on the prior year. This coupled with salary savings and a refund of approximately £19k for excess electricity charges arising from meter calibration errors resulted in an overall saving against budget of £26k. Coast to Coast advertising income of £88k for the 2012 issue was comparable with last year's income but down approximately £2k versus budget. In light of the difficult market conditions the Communications team did very well to deliver this level of income. In the Communications budget the Authority received a grant from Countryside

Commission for Wales to market and promote the All Wales Coast Path. The grant contributed to an under spend in salary costs and there was also savings on the County Show and Web development budgets. Additional income from the schools programmes of £5.5k, together with contributions from Planed & The Friends of The National Park, resulted in the under spend of £15k in the Education Service. The under spend in the Activities & Events budget was due to savings in the contributors costs of running the A & E events program. The under spend of £4k in the Flexible Programme budget was due to grant from P.C.C. to fund the Walkability Officer. The Walkability project is a scheme to encourage everyone regardless of ability to make use of local opportunities to walk and explore the outdoor environment.

- **Recreation & Park Management (£121k under budget).** The total Car Park income for the year of £367k was ahead of budget by £85k and up by £79k on 2010/11. Notably income from Newport, Solva and Manorbier car parks and season ticket sales was considerably in excess of budget. There was additional income from the disposal of Garn Fawr & Maiden Hall car parks to the National Trust and salary savings also impacted on the end of year position. During the year the Authority received several additional grants from the Countryside Commission for Wales which were not included in the original budget.
- **Rangers, Estates & Volunteers (£56k under budget).** The main reason for the under spend in this service was due to the additional income in the Estates Management Budget. The Authority issued several licences to film production companies during 2011/12. The most significant of which were for the filming of the Hollywood blockbuster Snow White and the Huntsman at Marloes and the BBC's Hollow Crown (Richard II) at Whitesands and Carew Castle.
- **Democratic Representation & Management (£27k under budget).** The under spend in this service was due to early retirements costs being funded from each relevant service and not drawing on the specific budget set aside in the Corporate Activities budget. The Authority contributed €10k to help fund The Pembrokeshire Iron Man event in 2011. The Authority's rangers also helped in the staging of the event and liaised closely with Pembrokeshire County Council who were the main link with the Iron Man Organisation.
- **Service Management & Support Services (£32k under budget).** The under spend in Service Management & Support Services was due to the following: salary and postage savings in the Reception and Administration budget, I.T. consumables and software savings, savings in Llanion H.Q. solid fuel heating and telephone costs, reduced travelling costs across a range of areas and training savings in Personnel, Health & Staff Training budget..

8. Capital Programme

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

| £000's | | |
|--|-------------------------------------|-------------------------------------|
| | Total Cost 2011/12 £ | Total Cost 2010/11 £ |
| Conservation of the Cultural Heritage | 98 | 100 |
| Historic Towns Grant Scheme | 98 | 100 |
| Promoting Understanding & Enjoyment | 38 | 40 |
| Car Park Improvements | 1 | |
| Oriel Y Parc Car Park Toilets | 4 | 39 |
| Carew Castle | 33 | 1 |
| Recreation & Park Management | 35 | |
| Authority Vehicles | 35 | |
| Corporate & Support Services | 69 | 45 |
| Llanion Buildings | 46 | 10 |
| Information & Communications Technology & SWIFT Planning System | 24 | 35 |
| TOTAL CAPITAL SPEND | 239 | 185 |
| Financed by: | | |
| Financing from the Revenue budget | -141 | |
| Financing from capital receipts | | -16 |
| Additional Grants | -98 | -169 |
| | -239 | -185 |

The total capital spend for 2011/12 was £239k, of which £98k related to expenditure on fixed assets not owned by the Authority – namely under the Historic Towns Grant Scheme. The remaining £141k related to assets owned by the Authority and impacted on the fixed asset values held in the Balance Sheet

Details of the major spend in the 2011/12 programme are:

- Historic Towns Grant Scheme – The scheme is aimed at ensuring the conservation of the buildings within our Conservation Areas, and is jointly managed with Cadw, who help prioritise buildings and architectural themes. As well as raising awareness of our built heritage the scheme generates local employment and helps preserve a local skills base.
- Carew Castle Development. Expenditure on the project to date has been in relation to the main design contract which was awarded to Pembroke Design in September 2011. The contract for the restoration of the Lesser Hall Roof was awarded in March 2012 to Tree & Sons and work is due to commence in late June 2012.
- Authority Vehicles. During 2011/12 the authority purchased four vehicles comprising two Land Rovers, a V W Caddy and a Citroen Berlingo. All four vehicles were previously subject to long term hire agreement and their purchase

should yield revenue savings in next few years

- Llanion Buildings. The replacement of windows at the rear of the Llanion offices was completed in the autumn of 2011. Under the Governments Renewable Heat Incentive scheme the Authority decided to replace the boiler for a more efficient wood pellet heating systems. The uncertainties regarding the rebate regulations were clarified and it is expected the subsidies received under the scheme will mean the capital outlay will be recovered within seven years.
- Information & Communications Technology & SWIFT Planning System. The I.T. expenditure involved expenditure on the SWIFT, the programme of cyclical replacement of the Authority IT equipment and the virtualisation of the servers.

9. Authority Balance Sheet as at 31st March:

| | 2011/12 £000 | 2010/11 £000 |
|--|-------------------------------|-------------------------------|
| Fixed Assets | 13,239 | 13,432 |
| Cash in hand/bank | 2,401 | 1,829 |
| Stocks of merchandise and timber | 124 | 135 |
| Debtors – money owed to the Authority | 248 | 222 |
| Creditors – money owed by the Authority | -709 | -628 |
| Provisions – for known commitments | -8 | -8 |
| Long-term borrowing (in excess of 1 year) | -8 | -9 |
| <i>Cash Reserves:</i> | | |
| Usable Capital Receipts/Unapplied Capital Grants | | |
| Earmarked Reserves – for specific purposes | -1,418 | -905 |
| General Revenue Reserves | -490 | -484 |
| Usable Capital Receipts Reserve | -249 | -215 |
| <i>Non-cash:</i> | | |
| Accrued Absences Reserve | 60 | 60 |
| Capital Adjustment Account | -11,213 | -11,717 |
| Revaluation Reserve | -1,977 | -1,712 |
| Pension Liability | -3,462 | -2,020 |
| Pensions Reserve (to balance with liability) | 3,462 | 2,020 |
| BALANCED TO: | 0 | 0 |

The net value of the Authority's fixed assets employed at the year-end was £13,239m, down from £13,432m as at 31 March 2011, with capital additions, disposals, revaluations and impairments impacting on the movement in the balance. Capital assets include vehicles and equipment and land/buildings – such as car parks, picnic sites, coastal land, woodlands, information centres and historic sites. Stock, Debtors, Creditors, Provisions and Long Term borrowing balances arise from the normal revenue and capital expenditure activities of the Authority.

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. Useable 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 as at the end of the year was £249k, up by £34k due to receipts from the disposal Canaston Bridge Car Park to the Welsh Government and the private sale of land at Bonvilles Court Car Park, Saundersfoot. There were also disposals to the National Trust of Garn Fawr and Maidenhall Car Parks.

During the year the savings from the revenue budget allowed the Authority to increase Earmarked Reserves from £905k to £1,418k and the following reserves were created; additional funds for Carew Castle Development (£100k), additional funds for Poppit Sands Car Park (£50k), additional Staff Restructuring (£10k), National Parks Wales Reserve (£25k), H.R. computerised system (£25k), replacement Finance System (£35k), Planning System (£100k), Car Par Integration with PCC (£77k), Invasive Species Eradication Program (£20k), Surface Water Drainage and Sewage System Capacity Project (£30k) and 60th Anniversary Advertising Campaign (£25k).

The General Reserve balance increased to £490k at the end of the financial year. The Authority's financial position at the end of the 2011/12 remains strong with sizeable cash reserves in place. However given the continued tight fiscal environment in the public sector it is expected the balances on the General, Capital Receipts & Earmarked Reserves to reduce significantly over the next three 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 £3,462m compared with the liability at the close of 2010/11 of £2,020m. The deterioration in the net liability was due to lower expected returns on pension fund assets and increases in projected fund liabilities as a result of changes in life expectancy forecasts.

STATEMENT OF ACCOUNTS

- 10 The remainder of this document presents the statutory statements of accounts for the Authority.
- 11 The Statement of Accounting Policies (page15) explains the principles and bases on which the Authority's accounts have been prepared.
- 12 The Accounts for the year ending 31st March 2012 consist of:-

- 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 51) 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 52) sets out the framework within which financial control is managed and reviewed in the Authority.
- 15** The Auditors' Report (page 62)

FURTHER INFORMATION

- 20** Further information about this Statement of Accounts is available from:

Richard Griffiths A.C.M.A., C.G.M.A., M.B.A.
Finance Manager,
Pembrokeshire Coast National Park Authority
Llanion Park, Pembroke Dock, Pembrokeshire, SA72 6DY.
Tel: 0845 345 7275
Fax: 01646 689076
Email: richardg@pembrokeshirecoast.org.uk
Web: www.pembrokeshirecoast.org.uk

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.
- The Best Value Accounting Code of Practice.
- 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
- Accruals
- Going concern
- Primacy of legislative requirements

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

3. Accruals of Income & Expenditure

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

4. Contingent Assets and Contingent Liabilities

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

5. Events After the balance sheet date

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

6. Exceptional Items, Extraordinary Items and Prior Year Adjustments

There were no Exceptional Items, Extraordinary Items and Prior Year Adjustments other than those in connection to Heritage Assets. From 2011/12 the Authority is required to separately record Heritage Assets from other assets. The balance sheet as at 31/3/11 was adjusted to reflect Heritage Assets valued at £277k reclassified from Property, Plant & Equipment.

7. Foreign Currency Translation

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

8. Grants Received

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

9. Group Accounts

Group Accounts are not applicable to the Authority's 2011/12 accounts, as no relationships exist with any subsidiaries, associates or joint ventures as defined for reporting purposes.

10. Intangible Assets

No intangible assets exist.

11. Investments and Capital Instruments

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

12. Leases

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

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

No Finance Leases exist.

13. Recharging of Service Management & Support Service Costs

Service Management & Support Services costs are recharged to service users in accordance with the Best Value Accounting Code of Practice. Where an immaterial balance exists after recharging, this is shown separately in the Comprehensive Income & Expenditure Account.

14. Employee Benefits

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

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

The 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 Account.

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

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

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

15. Provisions

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

16. Research & Development

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

17. Reserves

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

18. Inventories & Long-term Contracts

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

Long-term contracts are valued for work completed as at the year-end, and a creditor accrual is entered in the accounts on this basis.

19. Non Current Assets

Fixed assets comprise capital expenditure on:

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

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

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

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

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

In line with changes in accounting regulations as from April 2007 assets subject to positive revaluation have been reflected in the Revaluation Reserve and assets with negative revaluation, without a prior revaluations reserve balance, have been charged to the Income & Expenditure Account. 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 deminimums are credited to the Usable Capital Receipts Reserve, on an accruals basis.

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

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

- Freehold land is not depreciated

- Freehold buildings are depreciated over 25 years, or the useful life of the asset as determined under the Asset Valuation Report
- Car parks are depreciated at 50% over 25 years.
- Plant and machinery are depreciated over 10 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 until they are brought into use.

Depreciation is not charged in the year of acquisition of assets, but is charged in each subsequent year, where applicable, including the year of disposal.

20. Capital Charges and other Charges to Revenue

The cost of services in the Comprehensive Income & Expenditure Account includes a capital charge for all fixed assets used by each service, as recorded in the balance sheet at 31st March 2012. 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.

21. Deferred Liabilities

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

22. Interest Charges and Receipts

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

23. Value Added Tax

The accounts have been prepared on a VAT exclusive basis, to the extent that it is recoverable, in accordance with SSAP 5

24. Investment Properties.

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

25. Heritage Assets

From 2011/12 the Authority is required to separately record Heritage Assets from other assets. The balance sheet as at 31/3/11 was adjusted to reflect £277k of Heritage Assets reclassified from Property, Plant & Equipment. A key feature of heritage assets is that they have cultural, environmental or historical associations that make their preservation for future generations important. Heritage Assets are assets preserved in trust for future generations because of their cultural, environmental or historic associations. Heritage Assets are split between tangible and intangible assets: a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture; an intangible asset with cultural, environmental, or historical significance. Examples of intangible heritage assets include recordings of significant historical events. The Authority does not hold any intangible assets. The review of the impairment, acquisition and disposal of heritage assets is included within the of the Authority's Property and Projects Group. Heritage Assets are subject to the Authority's normal revolving five yearly assets revaluations program. Depreciation of Heritage Assets, were appropriate, is in line with the general policy on depreciation.

Pembrokeshire Coast National Park Authority
Comprehensive Income and Expenditure Statement
1st April 2011 – 31st March 2012

£000's

| | 31 March 2012 | | | 31 March 2011 | | |
|--|----------------------|---------------|---------------|----------------------|---------------|---------------|
| | Expenditure | Income | Net | Expenditure | Income | Net |
| Conservation of the Natural Environment | 776 | -189 | 587 | 870 | -154 | 716 |
| Conservation of the Cultural Heritage | 288 | -100 | 188 | 285 | -105 | 180 |
| Development Control | 766 | -220 | 546 | 846 | -219 | 627 |
| Forward Planning & Communities | 416 | -214 | 202 | 627 | -220 | 407 |
| Promoting Understanding | 1,793 | -744 | 1,049 | 2,070 | -765 | 1,305 |
| Recreation & Transport | 952 | -669 | 283 | 1,068 | -677 | 391 |
| Rangers, Estates & Volunteers | 1,028 | -155 | 873 | 946 | -102 | 844 |
| Democratic Representation & Management | 602 | -60 | 542 | 633 | -55 | 578 |
| Pension Curtailment (Note 40) | 87 | | 87 | | | |
| Pension Past Service Cost / (Gain) (Note 40) | 61 | | 61 | -1,043 | | -1,043 |
| Cost of Services | 6,769 | -2,351 | 4,418 | 6,302 | -2,297 | 4,005 |
| Financing & Investment Income & Expenditure (Note 8) | | | 125 | | | 190 |
| Other Operating Expenditure (Note 9) | | | -4 | | | |
| Taxation & Non -specific Grant Income (Note 10) | | | -4,491 | | | -4,647 |
| (Surplus) or Deficit on Provision of Services | | | 48 | | | -452 |
| Surplus or deficit on revaluation of fixed assets (Note 11) | | | -329 | | | -82 |
| Impairment losses on non-current assets charged to the Revaluation Reserve (Note 11) | | | 24 | | | |
| Actuarial gains / losses on pension assets / liabilities (Note 40) | | | 1,386 | | | -2,199 |
| Other Comprehensive Income and Expenditure | | | 1,081 | | | -2,281 |
| Total Comprehensive Income and Expenditure | | | 1,129 | | | -2,733 |

Pembrokeshire Coast National Park Authority

BALANCE SHEET

As at 31st March 2012

£000's

| As at: | 31 March 2012 | 31 March 2011 |
|---------------------------------------|--------------------------|--------------------------|
| Property, Plant & Equipment (Note 11) | 9,587 | 9,533 |
| Heritage Assets (Note 11) | 159 | 277 |
| Investment Property (Note 12) | 3,469 | 3,609 |
| Long Term Debtors (Note 17) | 7 | 7 |
| Long Term Assets | 13,222 | 13,426 |
| Assets held for sale (Note 19) | 24 | 13 |
| Inventories (Note 16) | 124 | 135 |
| Short Term Debtors (Note 17) | 240 | 215 |
| Cash and Cash Equivalents (Note 18) | 2,401 | 1,829 |
| Current Assets | 2,789 | 2,192 |
| Short Term Creditors (Note 20) | -709 | -628 |
| Provisions (Note 21) | -8 | -8 |
| Current Liabilities | -717 | -636 |
| Long Term Creditors (Note 20) | -8 | -9 |
| Pension Liability (Note 40) | -3,462 | -2,020 |
| Long Term Liabilities | -3,470 | -2,029 |
| Net Assets | 11,824 | 12,953 |
| Usable reserves (Note 22) | 2,157 | 1,604 |
| Unusable Reserves (Note 23) | 9,667 | 11,349 |
| Total Reserves | 11,824 | 12,953 |

Pembrokeshire Coast National Park Authority

Movement in Reserves Statement

1st April 2011 – 31st March 2012

£000's

| | General Fund Balance | Earmarked GF Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Revaluation Reserve | Capital Adjustment Account | Pensions Reserve | Accumulative Compensation Unusable Reserve | Unusable Reserves | Total Authority Reserves |
|---|----------------------|-----------------------|--------------------------|--------------------------|-----------------------|---------------------|----------------------------|------------------|--|-------------------|--------------------------|
| Balance at 31 March 2011 | 484 | 905 | 215 | | 1,604 | 1,711 | 11,717 | -2,020 | -60 | 11,349 | 12,953 |
| Movement in reserves during 2011/12 | | | | | | | | | | | |
| Surplus or (deficit) on provision of services | -48 | | | | -48 | | | | | | -48 |
| Other Comprehensive Expenditure and Income | | | | | | 305 | | -1,386 | | -1,081 | -1,081 |
| Total Comprehensive Expenditure and Income | -48 | | | | -48 | 305 | | -1,386 | | -1,081 | -1,129 |
| Adjustments between accounting basis & funding basis under regulations (Note 6) | 567 | | 34 | | 601 | -39 | -504 | -57 | -1 | -601 | |
| Net Increase/Decrease before Transfers to Earmarked Reserves | 519 | | 34 | | 553 | 266 | -504 | -1,443 | | -1,682 | -1,129 |
| Transfers to/from Earmarked Reserves (Note 7) | -513 | 513 | | | | | | | | | |
| Increase/Decrease in Year | 6 | 513 | 34 | | 553 | 266 | -504 | -1,443 | | -1,682 | -1,129 |
| Balance at 31 March 2012 carried forward | 490 | 1,418 | 249 | | 2,157 | 1,977 | 11,213 | -3,462 | -61 | 9,667 | 11,824 |

Pembrokeshire Coast National Park Authority

Cash Flow Statement

1st April 2011 – 31st March 2012

£000s

| | 31 March 2012 | | 31 March 2011 |
|--|--------------------------|--|--------------------------|
| Net (surplus) or deficit on the provision of services | 48 | | -452 |
| Adjust net surplus or deficit on the provision of services for noncash Movements (Note 24) | (722) | | 256 |
| Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | (1) | | 12 |
| Net cash flows from Operating Activities | (675) | | -184 |
| Investing Activities (Note 25) | 100 | | 75 |
| Financing Activities (Note 25) | 3 | | 12 |
| Net increase or decrease in cash and cash equivalents | (572) | | -97 |
| Cash and cash equivalents at the beginning of the reporting period | 1,829 | | 1,732 |
| Cash and cash equivalents at the end of the reporting period | 2,401 | | 1,829 |

Notes to the Financial Statements

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

For the financial year ended 31st March 2012 the only accounting policy that has not been adopted by the Authority relates to amendments to IFRS 7 Financial Instruments: Disclosures (transfers of financial assets).

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

In the Authority's Balance Sheet at 31 March 2012 there is a risk of material adjustment in the forthcoming financial year is 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.

In addition during 2011/12 the Authority was notified of personal damages & consequential losses claim due to an incident dating back to June 2006. The financial impact of this potential claim cannot be ascertained at this present time but Authority had public liability insurance of £5 million at the date of incident.

4. MATERIAL ITEMS OF INCOME AND EXPENSE

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

5. EVENTS AFTER THE BALANCE SHEET DATE

As at 30th June 2012 there were no post balance sheet events to report.

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

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

2011/12
ADJUSTMENTS BETWEEN ACCOUNTING BASIS
AND FUNDING BASIS UNDER REGULATION
£000's

| | General Fund Balance | Capital Receipts Reserve | Capital Grants Unapplied | Movement in Unusable Reserves |
|--|-----------------------------|---------------------------------|---------------------------------|--------------------------------------|
| Movement in reserves during 2011/12 | | | | |
| Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement: | | | | |
| Charges for depreciation and impairment of non current assets | 433 | | | -433 |
| Investment Properties | 174 | | | -174 |
| Revenue expenditure funded from capital under statute | 97 | | | -97 |
| Revenue expenditure funded from capital grants | -98 | | | 98 |
| Amounts of non current assets chargeable against future receipts on sale charged to the CIES | 46 | | | -46 |
| | 652 | | | -652 |
| Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement: | | | | |
| Capital expenditure charged against the General Fund and HRA balances | -141 | | | 141 |
| | | | | |
| Adjustments involving the Capital Receipts Reserve: | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | -2 | 34 | | -32 |
| Adjustments involving the Pensions Reserve: | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | 536 | | | -536 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | -479 | | | 479 |
| | 57 | | | -57 |
| Adjustment involving the Accumulated Absences Account | 1 | | | -1 |
| Adjustments between accounting basis & funding basis under regulations | 567 | 34 | | -601 |

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 2011/12.

£000's

| | Closing Balance 31 March 11 | Transfers from Revenue | Transfers to Revenue | Closing Balance 31 March 12 |
|---|--------------------------------------|------------------------------|----------------------------|--------------------------------------|
| Asset Management | 37 | | | 37 |
| IT | 40 | | | 40 |
| Llanion Park Contingency | 69 | | | 69 |
| Planning: L.D.P. | 120 | | | 120 |
| Self-insurance | 30 | | | 30 |
| Carew Castle Dev | 200 | 100 | | 300 |
| Convergence Funding | 100 | | | 100 |
| Receipts in Advance | 149 | 165 | -149 | 165 |
| Poppit Sands Car park | 30 | 50 | | 80 |
| Staff Restructuring | 70 | 10 | | 80 |
| Public Sector Broadband | 60 | | | 60 |
| National Park Wales Reserve | | 25 | | 25 |
| HR System | | 25 | | 25 |
| Finance System | | 35 | | 35 |
| Planning System | | 100 | | 100 |
| Car Par Integration | | 77 | | 77 |
| Invasive Species Eradication program | | 20 | | 20 |
| Surface Water Drainage and Sewage System Capacity Project | | 30 | | 30 |
| 60 th Anniversary Adverting Campaign | | 25 | | 25 |
| TOTAL | 905 | 662 | -149 | 1,418 |

8. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

£000's

| Items | 2011/12 | 2010/11 |
|--|------------|------------|
| Movement in market value of investment properties | 174 | 32 |
| Development costs incurred to bring an asset to marketable position. These costs will be offset against future receipts on sale. | 46 | 21 |
| Income from Investment properties | -45 | -29 |
| Pensions interest cost and expected return on pensions assets | -31 | 177 |
| Interest receivable and similar income | -19 | -13 |
| Other investment income | | |
| TOTAL | 125 | 190 |

9. OTHER OPERATING EXPENDITURE / INCOME

£000's

| Items | 2011/12 | 2010/11 |
|----------------------------------|-----------|----------|
| Movement on Bad Debt Provision | -2 | 0 |
| Gain on Disposal of Fixed Assets | -2 | 0 |
| TOTAL | -4 | 0 |

10. TAXATION AND NON SPECIFIC GRANT INCOMES

£000's

| Items | 2011/12 | 2010/11 |
|---|--------------|--------------|
| National Park Grant from Welsh Government | 3,368 | 3,462 |
| Levy on Pembrokeshire County Council | 1,122 | 1,154 |
| Capital grants and contributions | 1 | 31 |
| TOTAL | 4,491 | 4,647 |

11. PROPERTY, PLANT AND EQUIPMENT

Presented below are movements against the Authority's Property, Plant & Equipment Balance Sheet values for the year 2011/12. These 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.

2011/12 Fixed Asset Schedule

£000's

| | Operational Land & Buildings | Plant & Equipment | Infrastructure Assets | Community Assets | Non op'l Assets In Progress | <i>Total PP&E</i> |
|----------------------------------|------------------------------------|----------------------|--------------------------|---------------------|-----------------------------------|-----------------------|
| COST OR VALUATION | | | | | | |
| As at 1 April 2011 | 9,521 | 996 | 31 | 67 | 50 | 10,665 |
| Reclassifications | | | -31 | -58 | | -89 |
| Assets made operational in yr | | | | | | 0 |
| Additions | 49 | 59 | | | 34 | 142 |
| Disposals | -20 | -4 | | | | -24 |
| Impairment | -53 | | | | | -53 |
| Revaluations | 290 | | | | | 290 |
| As at 31 March 2012 | 9,787 | 1,051 | | 9 | 84 | 10,931 |
| DEPRECIATION | | | | | | |
| As at 1 April 2011 | -441 | -692 | | | | -1,133 |
| Charge for year | -150 | -118 | | | | -268 |
| Disposals | | 4 | | | | 4 |
| Reclassification | | | | | | |
| Impairment | 18 | | | | | 18 |
| Revaluation | 35 | | | | | 35 |
| As at 31 March 2012 | -538 | -806 | | | | -1,344 |
| NET VALUE 31/3/11 | 9,080 | 304 | 31 | 67 | 50 | 9,532 |
| NET VALUE 31/3/12 | 9,249 | 245 | 0 | 9 | 84 | 9,587 |

ASSETS MADE OPERATIONAL DURING THE YEAR

There were no assets transferred from non operational to operational in the year. Preliminary expenditure at the year-end, held under the non-operational (under construction) group, consists of:

- Carew Castle Development (£37,565)
- Car Park / Visitor Arrival Point (£29,924)
- Green Bridge Viewing Point (£15,577)
- Solva Car Park Improvement (£1,2

ASSET ADDITION

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

DISPOSAL

The Authority disposed of the following assets during the year: Garn Fawr Car Park, Canaston Bridge Car Park, Maidenhall Car Park and Bonvilles Car Park Saundersfoot.

RECLASSIFICATIONS

Land at Blockett Farm, Little Haven was transferred from Investment Properties to Assets Held For Sale. The Lean To at Porthgain and the Newport Parrog Cottage were transferred from Community Assets to Investment Properties and the Broad Haven Cabin Club was transferred from Community Asset to Heritage Assets.

REVALUATIONS & IMPAIRMENT

A number of assets were subject to revaluation during the year as part of the five-year rolling programme of revaluations. Significant revaluations in the year relate to Poppit Sands Car Park, Newport Sands Car Parks, Penlan Woodland and Pentre Ifan Land and Buildings. There were also significant impairment in the market value of St Brides Cottages and Porthgain Hoppers & Tunnels.

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

| | 2011/12 | 2010/11 |
|--|----------------|---------------|
| Revaluation of Fixed Assets | 328,479 | 81,458 |
| Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | -23,696 | 0 |
| Sub total | 304,783 | 81,458 |
| Impairment of Investment Properties | -174,249 | -32,000 |
| Total | 130,534 | 49,458 |

In addition to the above a net impairment of £164,280 has been charged to the Cost of Service. A summary of the financial impact (excluding depreciation) of asset revaluations and impairment over the past five years is presented below:

| Year | Other Land & Buildings | Community Assets | Non-Operational Assets | NET TOTAL |
|---------|------------------------|------------------|------------------------|------------|
| | £ | £ | £ | £ |
| 2011/12 | 236,902 | | | 236,902 |
| 2010/11 | 80,658 | | | 80,658 |
| 2009/10 | 267,824 | | -393,955 | -126,131 |
| 2008/09 | -826,575 | -8,224 | -1,032,550 | -1,867,349 |
| 2007/08 | 551,999 | -15,000 | 17,500 | 554,499 |

FINANCING OF FIXED ASSETS

The net additions to fixed assets of £141,396 (Additions less transfers from Non Operational Assets) were financed as follows:

| | |
|----------|----------------------------------|
| £140,786 | Funding from revenue grant |
| £610 | Grant funding from other sources |

MAJOR CAPITAL SCHEMES

The Authority currently is planning for major capital schemes at Carew Castle and Car Park refurbishment at Porthgain, Poppit & Solva. Grant applications for these projects have been awarded and with the contract let on Carew Castle development but not on the Car Park schemes.

FIXED ASSET PORTFOLIO

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

| Type | Number |
|------------------------|-----------|
| Car Parks | 28 |
| Historic Sites | 14 |
| Coastal land and sites | 9 |
| Woodland Sites | 13 |
| Other sites | 16 |
| Other premises | 12 |
| TOTAL | 92 |

CAPITAL PROGRAMME

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

| | Total Cost 2011/12 £000 | Total Cost 2010/11 £000 |
|--|--|--|
| Conservation of the Cultural Heritage | 98 | 100 |
| Historic Towns Grant Scheme | 98 | 100 |
| Promoting Understanding & Enjoyment | 38 | 40 |
| Car Park Improvements | 1 | |
| Oriel Y Parc Car Park Toilets | 4 | 39 |
| Carew Visitor Centre | 33 | 1 |
| Recreation & Park Management | 35 | |
| Vehicles | 35 | |
| Corporate & Support Services | 69 | 45 |
| Llanion Buildings | 45 | 10 |
| Information & Communications Technology & SWIFT Planning System | 24 | 35 |
| TOTAL CAPITAL SPEND | 239 | 185 |
| Financed by: | | |
| Financing from the Revenue budget | -141 | |
| Financing from capital receipts | | -16 |
| Additional Grants | -98 | -169 |
| | -239 | -185 |

From the total capital spend of £238,629, £97,233 relates to expenditure on fixed assets not owned by the Authority – namely under the Historic Towns Grant Scheme. The remaining £141,396 relates to assets owned by the Authority and impacts on the fixed asset values held in the Balance Sheet.

| * The additional grants in 2011/12 were received from the following partners: | 2011/12 £000's | 2010/11 £000's |
|--|---------------------------|---------------------------|
| CADW | 48 | 50 |
| Welsh Government | 50 | 119 |
| TOTAL ADDITIONAL GRANTS | 98 | 169 |

HERITAGE ASSETS.

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

| Asset | Valuation as at 1/4/11 | Reclassification | Disposals | Revaluations | Impairment | Valuation as at 31/3/12 |
|---------------------------------------|------------------------|------------------|------------|--------------|-----------------|-------------------------|
| Fishguard Old Fort & Cliff | 12,500 | | | | | 12,500 |
| Porthgain Hoppers & Tunnels | 143,380 | | | | -143,379 | 1 |
| Porthgain Navigation Beacon | 1 | | | | | 1 |
| Trefin Trwyn Llwyd cliff land & ruins | 1 | | | | | 1 |
| Porthgain Harbour & Bed | 10,000 | | | | -9,999 | 1 |
| Porthgain Cliff Lands | 1 | | | 3,999 | | 4,000 |
| St. Brides Landscape | 36,000 | | | | | 36,000 |
| Manorbier Dunes & Land | 6,000 | | | | | 6,000 |
| Maidenhall Car Park | 60 | | -60 | | | 0 |
| Poppit Sands - Landscape | 1 | | | | | 1 |
| Skrinkle Haven Cliff Lands | 56,160 | | | | | 56,160 |
| Manorbier East Moor Cliffs | 3,500 | | | | | 3,500 |
| Strumble Head Observatory | 1 | | | | | 1 |
| Saundersfoot Plantation Wood | 3,750 | | | | | 3,750 |
| Strumble Head Cliffs/Car park | 6,000 | | | | | 6,000 |
| Pilots House Porthgain | | 1 | | | | 1 |
| Broadhaven Cabin Club Site | | 30,500 | | | | 30,500 |
| Total | 277,355 | 30,501 | -60 | 3,999 | -153,378 | 158,417 |

12. INVESTMENT PROPERTIES

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

| | 2011/12 £000 | 2010/11 £000 |
|--|-----------------|-----------------|
| Rental income from investment property | 45 | 29 |
| Direct operating expenses arising from investment property | (46) | (21) |
| Net gain/(loss) | (1) | 8 |

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:

| | 2011/12 £000 | 2010/11 £000 |
|--|-----------------|-----------------|
| Balance at start of the year | 3,609 | 3,671 |
| Reclassification | 34 | -30 |
| Net gains/losses from fair value adjustments | -174 | -32 |
| Balance at end of the year | 3,469 | 3,609 |

13. LEASES

Finance Leases

The Authority had no finance leases as at 31st March 2012 (nor as at 31st March 2011).

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 £88,692 for 2011/12 (£94,220 for 2010/11), with the net cost after accounting for contributions from staff for lease cars being £83,220 for 2011/12 (£86,471 for 2010/11).

The Authority rents 17 properties to support its purposes, which includes for example, Tenby T.I.C., Carew Castle & Tidal Mill. The rental costs of these properties for 2011/12 were £47,164 (£44,109 2010/11).

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

£000's

| | As at March 2012 | | | As at March 2011 | | |
|---|------------------|----------------------|------------|------------------|----------------------|------------|
| | Land & Buildings | Vehicles & Equipment | Total | Land & Buildings | Vehicles & Equipment | Total |
| | £ | £ | £ | £ | £ | £ |
| Not Later than one year | 27 | 35 | 62 | 27 | 37 | 64 |
| Later than one year and not later than five years | 100 | 52 | 152 | 99 | 18 | 117 |
| Later than 5 years | 235 | | 235 | 246 | | 246 |
| | 362 | 87 | 449 | 372 | 55 | 427 |

The Authority acts as Lessor on 23 properties, generating an income of £66,250 during 2011/12 (£40,882 2010/11). 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 Countryside Council for 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 £931,900 with cumulative depreciation on one of the properties of £2,100. The future minimum lease payments receivable under non-cancellable leases in future years are:

£000's

| | As at March 2012 | As at March 2011 |
|---|------------------|------------------|
| | £ | £ |
| Not Later than one year | 13 | 13 |
| Later than one year and not later than five years | 49 | 47 |
| Later than 5 years | 580 | 584 |
| | 642 | 644 |

14. INTANGIBLE ASSETS

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

15. FINANCIAL INSTRUMENTS

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

16. INVENTORIES

£000's

| | Information Centres | Cilrhedyn Woodland Centre | Cleddau Bridge Tickets | Franking Machine | Total |
|--|---------------------|---------------------------|------------------------|------------------|-------|
| Balance outstanding as at 31/3/2010 | 110 | 18 | 0 | 2 | 130 |
| Written Off | 1 | | | | 1 |
| Purchases | 156 | 28 | 8 | 15 | 207 |
| Recognised as an expense in the year | 148 | 31 | 6 | 15 | 201 |
| Balance outstanding as at 31/3/11 | 116 | 15 | 2 | 2 | 135 |
| Purchases | 176 | 30 | 8 | 19 | 233 |
| Recognised as an expense in the year | 186 | 28 | 8 | 21 | 243 |
| Balance outstanding as at 31/3/12 | 106 | 16 | 2 | 0 | 124 |

17. LONG & SHORT TERM DEBTORS

£000's

| | 2011/12 | 2010/11 |
|--------------------------------|------------|------------|
| Long Term: | | |
| Staff Car / Green Travel Loans | 7 | 7 |
| TOTAL | 7 | 7 |
| | | |
| Short Term: | | |
| Central government bodies | 154 | 100 |
| Other local authorities | 2 | 14 |
| Other entities and individuals | 62 | 77 |
| Payment in advance | 18 | 24 |
| Staff Loan | 6 | 4 |
| Debt Impairment Provision | -2 | -4 |
| TOTAL | 240 | 215 |

18. CASH AND CASH EQUIVALENTS

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

£000's

| | 2011/12 | 2010/11 |
|----------------------------|--------------|--------------|
| Bank accounts & deposits | 2,399 | 1,827 |
| Cash held by the Authority | 2 | 2 |
| TOTAL | 2,401 | 1,829 |

19. ASSETS HELD FOR SALE

£000's

| | 2011/12 | 2010/11 |
|--|-----------|------------|
| Opening Assets classified as held | 13 | Nil |
| Disposals | 13 | |
| Additions | | |
| Reclassification | 24 | 13 |
| Closing Assets classified as held | 24 | 13 |

20. LONG & SHORT TERM CREDITORS

£000's

| | 2011/12 | 2010/11 |
|--------------------------------|-------------|-------------|
| Long term | | |
| Central government bodies | -8 | -9 |
| TOTAL | -8 | -9 |
| | | |
| Short term | | |
| Central government bodies | -84 | -82 |
| Other local authorities | -58 | -141 |
| Receipts in Advance | -17 | -7 |
| Other entities and individuals | -489 | -338 |
| Accumulative Absences | -61 | -60 |
| TOTAL | -709 | -628 |

21. PROVISIONS

£000's

| | COSTS AWARDED | Total |
|--------------------------|------------------|-------|
| Balance at 31 March 2011 | -8 | -8 |
| Amounts used in 2011/12 | 0 | 0 |
| Balance at 31 March 2012 | -8 | -8 |

Costs awarded are in respect of legal fees due to a former Member of the Authority which remain unclaimed.

22. USABLE RESERVES

£000's

| 2011/12 | | 2010/11 |
|--------------|---|--------------|
| 490 | General Fund : Resources available to meet future running costs of services | 484 |
| 1,418 | Earmarked Reserves : Reserves set aside for specific items | 905 |
| 249 | Capital Receipts : Proceeds on fixed asset sales available to meet future capital investment | 215 |
| 2,157 | TOTAL | 1,604 |

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

23. UNUSABLE RESERVES

£000's

| 2011/12 | | 2010/11 |
|---------------|------------------------------|----------------|
| -1,977 | Revaluation Reserve | -1,712 |
| -11,213 | Capital Adjustment Account | -11,717 |
| 3,462 | Pensions Reserve | 2,020 |
| 61 | Accumulated Absences Account | 60 |
| -9,667 | TOTAL | -11,349 |

REVALUATION RESERVE

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

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

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

£000's

| 2011/12 | | 2010/11 |
|---------------|--|---------------|
| -1,712 | Balance at 1 April | -1,652 |
| -328 | Upward revaluation of assets | -82 |
| 24 | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | |
| 22 | Difference between fair value depreciation and historical cost depreciation | 22 |
| 17 | Accumulated gains on assets sold or scrapped | |
| -1,977 | | -1,712 |

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

| 2011/12 | | 2010/11 |
|----------------|---|----------------|
| -11,717 | Balance at 1 April | -11,965 |
| 268 | Charges for depreciation and impairment of noncurrent assets | 302 |
| 282 | Impairment of Investment Assets | 32 |
| 164 | Revaluation Losses on Property, Plant & Equipment | 0 |
| -107 | Gain of Investment Assets | 0 |
| 14 | Amounts of Non current assets written off on disposal | 0 |
| 98 | Revenue expenditure funded from capital under statute | 100 |
| -22 | Adjusting amounts written out of the Revaluation Reserve | -22 |
| 0 | Capital financing applied in the year | -32 |
| 0 | Use of the Capital Receipts Reserve to finance new capital expenditure | -16 |
| -98 | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | -100 |
| 0 | Application of grants to capital financing from the Capital Grants Unapplied Account | -37 |
| 46 | Amounts of non-current assets chargeable against future receipts on sale charged to the CIES | 21 |
| -141 | Capital expenditure charged against the General Fund balances | 0 |
| -11,213 | Balance at 31 March | -11,717 |

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.

£000's

| 2011/12 | | 2010/11 |
|--------------|--|--------------|
| 2,020 | Balance at 1 April | 4,948 |
| 1,385 | Actuarial gains or losses on pensions assets and liabilities | -2,199 |
| 597 | 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 | -297 |
| -540 | Employer's pensions contributions and direct payments to pensioners payable in the year | -432 |
| 3,462 | Balance at 31 March | 2,020 |

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

| 2011/12 | | 2010/11 |
|-----------|---|-----------|
| 60 | Balance at 1 April | 64 |
| 1 | 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 | -4 |
| 61 | Amounts accrued at the end of the current year | 60 |

24. CASH FLOW STATEMENT –

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

| 2011/12 | £000's | 2010/11 |
|-------------|--|------------|
| -268 | Depreciation | -301 |
| -339 | Impairment and downward valuations | -33 |
| -58 | Movement in creditor/stock/debtors | -139 |
| -57 | Provision of Services costs for post employment benefits | 729 |
| | Other non-cash items charged to the CIES | |
| -722 | Total | 256 |

25. CASH FLOW STATEMENT –OPERATING & INVESTING ACTIVITIES

The cash flows for operating activities include the following items:

| 2011/12 £000's | | 2010/11 £000's |
|-------------------|-------------------|-------------------|
| 10 | Interest received | 12 |
| Nil | Interest paid | Nil |

Cash Flows from Investing Activities are:

| 2011/12 £000's | | 2010/11 £000's |
|-------------------|---|-------------------|
| -241 | Purchase of property, plant and equipment, investment property and intangible assets | -221 |
| 141 | Other receipts from investing activities | 146 |
| -100 | Net cash flows from investing activities | -75 |

Cash Flows from Financing Activities are:

| 2011/12 £000's | | 2010/11 £000's |
|-------------------|---|-------------------|
| 2 | Issue of Car Loan | 5 |
| 1 | Repayment of Long Term Loan | 0 |
| 3 | Net cash flows from investing activities | 5 |

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 the Best Value Accounting Code of Practice. Similarly the information used by the Authority for decision making is also prepared under the Best Value Accounting Code of Practice. Accordingly there is no requirement under this note for reconciliation between the Comprehensive Income and Expenditure Statement and amounts reported for resource allocation decisions

27. ACQUIRED AND DISCONTINUED OPERATIONS

There are no outstanding liabilities in respect of acquired or discontinued operation

28. TRADING OPERATIONS

The Authority provides services as part of its objective to promote understanding and enjoyment and generates income from a number of sources including the tourist information centres, heritage centres and car parks. However there were no trading operations undertaken at risk during 2011/12 (*nor 2010/11*) as determined under the definitions of this note.

29. SCHEMES UNDER THE TRANSPORT ACT 2000

The Authority has not undertaken any schemes under this Act during 2011/12 (*nor 2010/11*).

30. AGENCY SERVICES

The Authority did not provide any agency services in 2011/12 (*nor 2010/11*)

31. POOLED BUDGET.

The Authority did not participate in any pooled budget arrangements in 2011/12 (nor 2010/11)

32. MEMBERS ALLOWANCES & EXPENSES PAID IN THE FINANCIAL YEAR 2011/12

Total member's allowances paid during the year amounted to £59,349 (£60,268 in 2010/11) plus reimbursement of travelling, subsistence and other expense payments amounting to £6,089 (£6,509 in 2010/11).

33. OFFICERS REMUNERATION

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

| Analysis of Remuneration for Chief Executive Officers | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2011/12 £000 | | 2010/11 £000 | |
| | Incoming C.E.O. | Outgoing C.E.O. | Incoming C.E.O. | Outgoing C.E.O. |
| Gross Pay | 74 | Nil | 72 | 7 |
| P11D values | 1 | Nil | 1 | |
| Employer Pension Contributions | 11 | Nil | 10 | 1 |
| Total | 86 | Nil | 83 | 8 |

The numbers of all exit packages, including pension payments and agreed severances, with total cost per band and total cost are set out in the table below:

| | NUMBER OF SETTLEMENTS | | | COST |
|---------|------------------------------|--------------------|--------------------|-------------|
| | to £20,000 | £20,001 to £40,000 | £40,001 to £60,000 | £000's |
| 2010/11 | 0 | 2 | 1 | 108 |
| 2011/12 | 4 | 1 | 1 | 125 |

There were no compulsory redundancies in 2010/11 nor 2011/12.

34. AUDIT COSTS

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

| | 2011/12 £000 | 2010/11 £000 |
|--|-----------------|-----------------|
| Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor | 20 | 21 |
| Fees payable to the Auditor General for Wales in respect of statutory inspections and the LG Measure 2011 | 13 | 12 |
| Fees payable to the Wales Audit Office for the certification of grant Claims and returns (estimate) | 1 | 1 |
| Total | 34 | 34 |

35. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2011/12.

| | 2011/12 £000 | 2010/11 £000 |
|--|-----------------|-----------------|
| Credited to Taxation and Non Specific Grant Income: | | |
| NPA GRANT | 3,368 | 3,462 |
| Levy on PCC | 1,222 | 1,154 |
| Other Grant Income | 1 | 31 |
| | 4,591 | 4,647 |
| Credited to Services | | |
| The Welsh Government: funding in 2011/12 towards the Sustainable Development Fund, Planning Improvement Fund and repairs of the Causeway at Carew Castle. | 338 | 372 |
| The Countryside Council for Wales: contributed funding in 2011/12 towards the National Trail/Coast Path management & maintenance; the Coed Cymru Officer post; and the Castlemartin Ranger post. | 330 | 313 |
| Pembrokeshire County Council: Coed Cymru Officer and the Walkability Project | 24 | 11 |
| Visit Wales: miscellaneous | 10 | 8 |
| Forestry Commission: various woodland schemes | 9 | 11 |
| Ministry of Defence: Castle Martin ranger | 17 | 16 |
| CADW: building maintenance & buildings at risk survey | 5 | 106 |
| Big Lottery: Mentro Allan project | 2 | 51 |
| Environment Agency: SPLASH project | 0 | 9 |
| South Hook LNG: conservation schemes | 6 | 0 |
| TOTAL GRANTS | 741 | 897 |

36. RELATED PARTY TRANSACTIONS

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party’s ability to bargain freely with the Authority.

The 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 (eg council tax bills, housing benefits). Funding sources of material grants received by the Authority are disclosed in the accounts under *capital expenditure* and *significant revenue grants*.

Members of the Authority have direct control over the council’s financial and operating policies. The total of members’ allowances paid in 2011/12 is shown in [Appendix 1](#) .The Authority maintains registers of Members’ and Officers’ interests and Gifts & Hospitality. 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. During the year one member of staff was in receipt of a £1,091 grant under the Town’s Scheme initiative which the Authority administers and jointly funds with CADW.

.The Authority administered the Sustainable Development Fund (SDF) on behalf of the Welsh Government. In awarding grants to organisations, the SDF Committee of the Authority imposes special grant conditions, which include linking financial performance with achieving agreed milestones. The 10 new SDF grants approved during 2011-12 financial year are tabulated below:

| Project Name | Awarded to | Amount (£) |
|---|--|-------------------|
| Training Skills for the Management of Woodland and Wetland Habitats | Pembroke 21C CIC | 9,977 |
| Newport Community Energy Project | Newport Memorial Hall | 47,158 |
| Development of Building Components for Ty Unnos | Coed Cymru | 60,000 |
| Martletwy Sustainable Community Project | LMN 2000 | 14,941 |
| Wise up on Waste | Darwin Science | 5,600 |
| Green Apple Cross-Education | John Hargreaves | 3,115 |
| Guide to Sustainable Tourism in PCNP | Greentraveller Ltd | 3,250 |
| ReFarm | Eco Centre Wales | 46,781 |
| Woodlands and Wetlands Project Manager | Pembroke 21C CIC | 45,000 |
| Mobile Application and Integrated Web Interface for Dragonflies | West Wales Biodiversity Information Centre (WWBIC) | 3,968 |

Actual SDF payments made during the 2011-12 financial year that exceeded £5000 were to the following projects:-

Wildfuels

£48,163 help the Wildlife Trust of South and West Wales with conservation and capital costs to compliment the installation of a biomass boiler at their wildlife Centre. The project will take the reed from conservation cuts that would normally be disposed of and turn it into fuel to heat the education and visitor centre demonstrating an economic as well as biodiversity value for wetlands.

The People's Power Station

£37,307 to Eco Centre Wales to assist communities with the development of community owned and community scale renewable energy initiatives. Also to produce Case study and Best Practice literature based on the practical experience of working with communities to achieve their renewable energy goals.

Stackpole Gardens Centre

£71,467 to Mencap Pembrokeshire Ltd towards construction of an environmentally friendly straw baled building within their walled garden that is leased from the National Trust Estate at Stackpole. The new facility, housing a shop, office, community space, tea room and kitchen building will allow adults and young people with learning difficulties to sell the produce that they grow in the garden, receive advice and training, including catering, retail and construction and to demonstrate the environmentally sensitive building construction to an increased number of visitors to the site.

Training Skills for the Management of Woodland and Wetland Habitats

£9,977 to Pembroke 21C towards the costs of trainers, health and safety equipment, personal protective equipment, tools and equipment hire associated with their project to train local people in traditional land and woodland management skills. The project benefits the local environment, enhances biodiversity and also provides opportunities for volunteering and employment which will raise revenue for the benefit of the community.

Development of Building Components for Ty Unnos.

£24,000 to Coed Cymru towards the development of a home grown cross laminated timber panel which will become part of the platform of components comprising the 'Ty Unnos' housing system and also a product in its own right. The project aims to bring to market low value home grown timber in high value construction applications by helping to deliver affordable, sustainable housing and other buildings. The funding is being used to address the main research, development and testing requirements.

37. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

The Authority had no PFI and similar contracts in place as at 31/3/12 (nor 31/3/11).

38. IMPAIRMENT LOSSES

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

39. TERMINATION BENEFITS

During the year 2011/12 the Authority provided for £48,032 for specific termination benefits and made a further earmarked reserve of £10,000 for non specific future staff restructuring costs.

40. DEFINED BENEFIT PENSION SCHEMES

The Authority offers defined retirement benefits to staff, relating to pay and service, under the Dyfed Pension Fund (Local Government Pension Scheme), being a funded scheme administered by Carmarthenshire County Council. Although these benefits will not actually be payable until employees retire, the Authority has a current commitment to make the benefits payments that needs to be disclosed at the time that employees earn their future entitlement. The Authority's contribution rates are determined by the Fund's professionally qualified actuaries based on triennial valuations of the Fund, the most recent of which was at 31st March 2010, and are set with the aim of ensuring that the overall liabilities of the fund can be met when matched with employee contributions. 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.

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 | 2011-12 | | 2010-11 |
|--|----------------|--|----------------|
| | | | |
| Current service cost | 480 | | £569 |
| Interest cost | 994 | | 1089 |
| Expected Return | -1,025 | | -912 |
| Past service gain / Loss | 87 | | (1,043) |
| Actuarial gain/loss | 1,385 | | -2199 |
| | 1,921 | | (2,496) |

| Reversal of charges made to surplus/deficit on provision of services in the Movement in Reserves Statement: | 2011-12 | | 2010-11 |
|--|----------------|--|----------------|
| Current service cost | -480 | | -£569 |
| Past service gain / loss | -87 | | 1,043 |
| Interest cost | -994 | | -1089 |
| Expected Return | 1,025 | | 912 |
| | -536 | | 297 |

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 | |
|--|---|---------------|
| | 2011/12 | 2010/11 |
| Benefit Obligations at beginning of Year | 18,005 | 19,339 |
| Current Service Cost | 480 | 569 |
| Interest On Liabilities | 994 | 1,089 |
| Member Contributions | 177 | 249 |
| Past Service Gain | 87 | -1,043 |
| Actuarial (Gains)/Losses on Liabilities | 679 | -1,583 |
| Curtailments | 61 | |
| Benefits Paid | -507 | -615 |
| Benefit Obligations at End of Year | 19,976 | 18,005 |

Reconciliation of Present value Scheme Assets:

| | Local Government Pension Scheme £000's | |
|--|---|---------------|
| | 2011/12 | 2010/11 |
| Fair Value at beginning of Year | 15,985 | 14,391 |
| Expected Return on Plan Assets | 1,025 | 913 |
| Actuarial Gains/(Losses) on Assets | -707 | 615 |
| Employer Contributions* | 540 | 433 |
| Member Contributions | 177 | 249 |
| Benefits/transfers paid | -507 | -615 |
| Fair Value at End of Year | 16,513 | 15,986 |
| | | |
| Actual return on scheme assets | 319 | 1,165 |

*The employer's contribution has been taken from the Actuary's report. The actual contribution made by the Authority in the year was £482k, the difference arising from an error in the Actuary's forecast (£3k) and a payment made in 2010/11 (£55k) but not included in the actuary statement until 2011/12.

Statement of Recognised Gains & Losses

| | 2011/12 | 2010/11 |
|--|--------------|---------------|
| | £000's | £000's |
| Actuarial (Gains)/Losses | 1,386 | -2,199 |
| Total pension cost recognised in MiRS | 1,386 | -2,199 |

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).

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 *expected return on assets* reflects the average rate of return expected on the actual assets held in the pension scheme.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. These assumptions are made by the Fund's actuaries, William M Mercer Ltd, and are based on the actuarial valuation report at 31st March 2010.

The *expected return on assets* reflects the average rate of return expected on the actual assets held in the pension scheme. *Interest on pension liabilities* reflects the expected increase during the year in the present value of liabilities because the benefits are one year closer to settlement. The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31st March 2010 are as follows:

| DYFED PENSION FUND (Pembrokeshire Coast National Park Authority) 31 March 2012 | |
|---|--------------|
| | £000 |
| Present Value of Funded Benefits Obligations | 19,901 |
| Present Value of Unfunded benefit obligations | 75 |
| Total present value of Benefit Obligations | 19,976 |
| Fair Value of Plan Assets | 16,514 |
| Unrecognised Past Service | 0 |
| Deficit/Surplus | 3,462 |

Prior Year Scheme Values

| Scheme Year | Present value Scheme Liabilities(£000) | Fair Value of Scheme Assets (£000) |
|-----------------------------|--|--|
| 31 st March 2011 | 18,005 | 15,985 |
| 31 st March 2010 | 19,339 | 14,391 |
| 31 st March 2009 | 13,266 | 10,137 |
| 31 st March 2008 | 15,436, | 12,187 |
| 31 st March 2007 | 14,076 | 12,297 |
| 31 st March 2006 | 13,573 | 11,286 |

The main assumptions are set out below:

| ACTUARIAL ASSUMPTIONS | End of Year | Start of year |
|------------------------------|-------------|---------------|
| <i>Financial Assumptions</i> | | |
| Rate of CPI inflation | 2.5% | 2.9% |
| Rate of increase in salaries | 4.25% | 4.65% |
| Rate of increase in pensions | 2.5% | 2.9% |
| Discount rate | 4.9% | 5.5% |

Assets are valued at fair value, principally market value for investments.

| INVESTMENTS CATEGORIES | Assets at 31 March 2012 | Assets at 31 March 2011 |
|------------------------|----------------------------|----------------------------|
| Equities | 69.2% | 70.5% |
| Government Bonds | 11.1% | 12.1% |
| Other Bonds | 11.2% | 11.2% |
| Property | 7.1% | 4.5% |
| Other | 1.4% | 1.7% |
| TOTAL | 100.00% | 100.00% |

The Expected Rate of Return on these assets is as follows (gross of expenses):

| | Start of Year | End of Year |
|--------------------------------|---------------|--------------|
| Equities | 7.5% | 7.0% |
| Government Bonds | 4.4% | 3.1% |
| Other Bonds | 5.1% | 4.1% |
| Property | 6.5% | 6.0% |
| Cash / Liquidity | 0.5% | 0.5% |
| Other | 7.5% | 7.0% |
| Expenses Reduction | 0.32% | 0.32% |
| Overall Expected return | 6.37% | 5.76% |

Post Retirement mortality assumptions

| | Start of Year | End of Year |
|---------------------|---|---|
| Non-retired members | SPA02_CMI_2009_1% Tables Males - 99% Females - 93% | SPA02_CMI_2009_1% Tables Males - 99% Females - 93% |
| Retired members | SPA02_CMI_2009_1% Tables Males - 99% Females - 93% | SPA02_CMI_2009_1% Tables Males - 99% Females - 93% |

Life Expectancy

| | Start of Year | End of Year |
|---|-------------------|-------------------|
| Of males (female) future pensioner aged 65 in 20 years time | 23.3 (26.1) years | 23.4 (26.1) years |
| Of males (female) current pensioner aged 65 | 21.9 (24.5) years | 22 (24.6) years |

History of experience gains and losses

The actual gains identified as movement on the Pension Reserve in 2011/12 can be analysed into the following categories, measured as percentages of Assets or liabilities as at 31 March 2010

| | 2011/12 % | 2010/11 % | 2009/10 % | 2008/09 % | 2007/08 % | 2006/07 % | 2005/06 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|---------|
| Differences between the expected and actual returns on assets | (4.3) | (3.9) | (22.2) | (31.5) | (10.1) | (0.3) | 12.7 |
| Experience gains and losses on liabilities | (3.4) | 8.8 | 24.6 | 27.4 | 5.1 | 0.0 | (3.2) |

Commutation of pension for lump sum at retirement

| Start of Year | End of Year |
|-----------------------|-----------------------|
| 50% take maximum cash | 50% take maximum cash |

Market value of whole fund assets (£millions)

| Start of Year | End of Year |
|---------------|-------------|
| 1,344 | 1,326 |

The end of year figures for the market value of the assets and the split between investments categories have been calculated as at 31/12/11. The corresponding split of assets at the start of the year has been calculated as at 31/3/11. The actuarial assumptions used in the calculation of the end of year balance sheet liabilities are based on the 2010 actuarial valuation assumption, other than the financial assumptions which are shown above. The expected returns are gross of expenses. A deduction of 0.32% in respect of expenses is made in calculating the expected return for the year. The forecasted employer's contribution for 2012/13 is £374,000. The cumulative amount of actuarial losses recognised in the MiRS is £2,242,000.

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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

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

Chairman.....

Date.....

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

The Chief Financial Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

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

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

The Chief Financial Officer has also:

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

Chief Financial Officer's Certificate

I hereby certify that the *Statement of Accounts 2011/12* presents a true and fair view of the financial position of the Authority at 31st March 2012 and its income and expenditure for the year ended 31st March 2012.

R.E.GRIFFITHS
Chief Financial Officer

Date

ANNUAL GOVERNANCE STATEMENT

I. Introduction

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

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

II. The purpose of the Governance framework

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

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

III.

The following have previously been identified as Significant Governance Issues and action has been taken to tackle these issues:

| Governance Issues Identified | Action taken |
|---|---|
| The Annual Improvement Report from the Auditor General for Wales highlights three areas in need of consideration. | The Authority has worked towards 1) A review of policies to ensure that all the Authority’s policies and strategies are up to date 2) Change of procedures to ensure that medium- |

| | |
|---|--|
| | <p>term financial planning is closely linked to, and supports delivery of, the Authority’s priorities. This included a Zero-based budgeting exercise.</p> <p>3) The Authority has developed its capacity to use data more effectively to manage performance.</p> |
| Better linking of the budget to the Improvement Objectives to help ensure resources are not allocated to lower priority areas. | A Zero-based budgeting exercise linked to delivering our key outcomes and Improvement Objectives has been undertaken. |
| Improved linking of policies and strategies | An exercise has been undertaken to plan and link all our policies and strategies to ensure they contribute towards delivering our key outcomes and Improvement Objectives. |
| Improve the staff appraisal scheme. The revised staff appraisal scheme is still in its infancy and there is still a need to demonstrate clear links between staff targets and corporate objectives. | Outside consultants were engaged to review the staff appraisal system and to support managers to implement the scheme. This involved providing training for managers. |

IV. 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 review of effectiveness of governance can be divided into the following.

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

Principle 1.

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

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

Planning the Work of the Authority

An exercise has been undertaken to ensure that all the policies and strategies of the Authority contribute to the delivery of the National Park Management Plan. As part of this process we have begun reviewing our policies and strategies and evaluating whether they are still fit for purpose and how they can contribute towards the delivery of the National Park Management Plan and the associate Action Plan.

Corporate Strategy

During 2010-2011 the Authority undertook an extensive exercise to consult on its Corporate Strategy. This strategy saw a move away from an objective based strategy to an outcome based strategy in an attempt to focus more on what the Authority delivers for the area.

As 2011-2012 was the first year of delivering this new strategy, it was decided to only make minimal changes to the Corporate Strategy for 2012 onwards.

Annual Improvement Plan

The Corporate Strategy will provide the basis for the Annual Improvement Plan required to make sure the Authority fulfils its requirements under the Local Government Measure. For the 2012-2013 Annual Improvement Plan the Authority has decided to give greater priority to identifying Annual Improvement Objectives or Outcomes, and intends to consult on the agreed Corporate Strategy to identify the Annual Improvement Objectives.

Ffynnon System

The Authority has adopted the Ffynnon system to ensure that we develop and manage a robust system of performance information to highlight the impact of the work undertaken by the Authority. Members are being encouraged to access and use the system.

Zero Based Budgeting exercise

The Authority adopted a Zero-based budgeting exercise to ensure that its expenditure linked to the delivery of the outcomes identified in the Corporate Strategy. It is intended to repeat the exercise for 2013-2014.

Reducing the costs of our Visitor Centres

During 2011-2012 a report was produced by the Director of Recreation, Marketing and Communications aimed at reducing the costs of our centres. Work has been undertaken to implement the recommendations of this report.

Budget Pressures / Joint working

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

Principle 2

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

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

The Authority

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

- To approve the development of the Authority's strategic corporate planning framework through the National Park Management Plan (every five years), the Local Development Plan (every five years), the Corporate Strategy (every 3 years) and the Business and Improvement Plan (annually).
- To determine all policy matters in support of its strategic planning objectives. The Authority may receive advice from the permanent Advisory Group and may also set up task and finish advisory groups to investigate and advise on specific matters.

- To determine all Service Standards, and the Authority's Welsh Language Scheme,
- To manage the Authority's resources i.e. finance, staffing and assets; and to approve the budget, levy, charges, and the Annual Accounts
- To ensure that the NPA complies with all legislation affecting its services.
- To determine membership of other committees, task & finish groups, working groups and advisory groups, within the NPA, and their terms of reference, and the Authority's representation on external bodies and organisations.
- To determine the delegation of the Authority's responsibilities to other committees of the Authority and when appropriate to the Chief Executive

Continuous Improvement Group

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

The terms of reference for the group are:

- To review aspects of the Authority's governance arrangements, to include relevant policies and procedures, as directed by the Authority.
- To oversee the improvement process arising out of risks identified by the Authority and / or one of the Performance Review Committees.
- To monitor the Authority's response to the Welsh Assembly Government's Improvement Agenda, by identifying opportunities for collaboration, partnership and customer centred working.
- To identify additional outcome /qualitative measures to help assess the Authority's performance across its service areas.

Each Performance Review Committee has a standard item relating to items of concern with performance that can be delegated to the Continuous Improvement Group for further consideration.

Internal Audit

The review of the effectiveness of the system of internal control and governance arrangements is informed by the work of the Internal Auditors and their reporting to the Authority. This work is undertaken by Pembrokeshire County Council's Internal Audit Department who structure their work based on a rolling 5 year audit program. The terms of reference for internal audit require that work is conducted in accordance with standards as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government. Following a recommendation from the Wales Audit Office a request was made to our Internal Auditors for them to provide an audit opinion on our governance arrangements. However, they were of the view that it was difficult for them to provide this. A discussion on this issue was undertaken and a number of suggestions made by the Internal Auditors on how the Authority could improve its governance arrangements.

External Audit

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

Section 151 Officer

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

The Executive

A new structure for decision making for officers has been agreed. This is based on a Senior Management Team of three members, a Leadership Team of thirteen officers and a Core Management Team of five officers supplemented on a rotating basis by other members of the Leadership Team. The Core Management Team meets weekly while the Leadership Team meets once a month.

A policy has been developed that identifies who can make decisions and how these are recorded.

Principle 3

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

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

The Standards Committee

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

Monitoring Officer

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

Public Sector Ombudsman for Wales

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

Staff Members

Issues relating to the conduct of staff are normally considered in accordance with the Authority's Disciplinary procedures, which are normally reviewed in accordance with the Human Resources Strategy.

Whistle Blowing Policy

In the Public Interest Disclosure Act 1998 the Government has given statutory protection to employees who 'blow the whistle' by speaking out against corruption and malpractice at work. It protects them against victimisation and dismissal. The Authority has approved and adopted such a policy in 2002 which was updated in 2009. In its commitment to the highest standards of openness, probity and accountability, it says "The authority encourages employees and others with serious concerns about the Authority's work to come forward and raise their concerns with the Authority". This policy is in the public domain and can be found on <http://parcnet/staff/CodeFiles/StaffHandbook/StaffHandbookOverview.aspx>

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.

New Committee Structure

The Authority has implemented a new committee structure, with the most significant change being the replacement of one Performance Review Committee with the following three committees:

- Audit and Corporate Services Review Committee – looking at corporate risks, governance, budget management and issues relating to the work of the Chief Executive Officer and departments reporting to him such as HR, Finance, IT, Communications, performance management. In addition, this Committee will look at performance against the Welsh Assembly Government Grant letter.
- Conservation and Planning Review Committee – looking at risks and performance in areas covered by the Director for Conservation and Planning. This will include issues such as climate change, the Natural Environment Framework as well as the performance of Development Management.
- Recreation and Tourism Review Committee – looking at risks and performance in areas covered by the Director for Tourism, Communications and Marketing. This Committee will oversee the work of centres such as Oriel y Parc, Carew Castle and Castell Henllys.

All three Committees report to the NPA and have a membership of six (four members nominated by Pembrokeshire County Council and two nominated by the Welsh Assembly Government).

Members will review the success of these committees during 2012-2013.

Scrutiny Project

The Authority is currently working with the Brecon Beacons National Park Authority on a project to develop a Scrutiny process for National Park Authority. The project has looked at the success of the Sustainable Development Fund and the management of the Rights of Way network. In addition, there has been training for Members and Officer on scrutiny and Scrutiny Committees will be included as part of the organisations committee structure from 2012-2013 onwards.

Staff Re-organisation

During the past year the Authority has undertaken an extensive staff re-organisation programme. This has seen a reduction in Heads of Service posts and the creation of the following five departments:

- Park Direction;
- Development Management;
- Discovery;
- Park Delivery; and
- Support Services

An extensive consultation process was undertaken with staff in planning and implementing the re-organisation and consideration was also given to external factors that will impact on the work of the Authority over the next few years.

Pembrokeshire County Council Internal Audit Report

As part of the Authority's corporate governance programme, an audit of all services is carried out on a five year rolling programme by the County Council's Internal Audit Service. During 2011/12 the audit concentrated on:

- Review of Previous Year Agreed Action Plan
- Activities and Events
- Information Governance – Freedom of Information and Data Protection
- Information Centres – Tenby and Newport
- Transport

The audit process uses the standard CiPFA auditing guidelines and other best practices with the aim of identifying potential weaknesses in controls. Each of these potential weaknesses is then assessed jointly with the auditors to consider the likely risk and scale of impact, and the alternative controls and potential improvements within the resources of the Authority. .

No significant failings were identified in the internal audit programme, although a number of minor improvements were suggested.

Principle 5

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

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

Wales Charter for Member Support and Development

The Authority has been awarded the Wales Charter for Member Support and Development to recognise its work in supporting Member Development.

Wales Advanced Charter for Member Support and Development

The Authority is currently working towards the Advanced Charter. As part of this process we are introducing Member discussions, which provide Members with an opportunity to discuss issues with either the Chairman of the Authority or a Senior Member. In addition, this provides an opportunity for Members to discuss their training and development needs and identify areas they wish to develop or develop an improved understanding.

Performance Management

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

The Authority has engaged the services of Pembrokeshire College to support staff undertaking performance appraisals.

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. Various approaches were taken to promote these consultations such as organising events, discussions with specific groups such as Community Councils, promotion on local radio, articles in newspapers and discussions with 6th Form pupils.

The Authority has undertaken a survey of Community Councils relating to planning issues and also agreed to hold bi-annual meetings with PALC the umbrella body for Community Councils in Pembrokeshire.

The Authority has signed up to the WG’s ‘National Principles for Public Engagement in Wales’.

<http://www.participationcymru.org.uk/advisupport/national-principles-for-public-engagement-in-wales/organisations-that-have-endorsed-the-national-principles-for-public-engagement>

IV. Significant Governance Issues

| Governance Issues Identified | Action to be taken |
|--|---|
| Strengthen its assessment of success by incorporating data from other sources, such as the State of Wildlife in Pembrokeshire report by the Pembrokeshire Biodiversity Partnership | The Authority will identify suitable benchmarking data, to improve its assessment of success. Examples include Best Companies Survey of Employee Engagement, benchmarking data from other National Park Authorities and suitable organisations and the use of external reports. |
| The Authority needs to review the | During 2012/13 the Authority will review the service |

| | |
|--|---|
| options to ensure the effective use Oriel y Parc in delivering park objectives. | level agreement (SLA) between the Authority and the National Museum of Wales to ensure it represents good value for money in terms of it contributing towards the Authority's priorities. |
| The Authority's data on its improvement plan should include bench marking data. | In 2012/13 the Authority shall adopt procedures to ensure that the Authority's improvement plan includes relevant comparisons of performance with other authorities |
| Strengthen its risk assessments to take account of the risks of impact on the delivery of priorities. | The Authority will review its Risk Management procedures and expand its risk register to encompass all relevant risks to delivering its priorities and to consider the risks which may impact on the National Park. |
| The Authority's policies, procedures and standing orders regulate the internal control and relevant and up to date | During 2012-2013 the Authority will review its policies, procedures and standing orders to ensure that they are up-to-date and fit for purpose. This will include considering the adoption of a formal Delegation of Authority. |

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

SIGNED _____
Chairman

DATED _____

SIGNED _____
Chief Executive

DATE _____

SIGNED _____
Section 151 Officer

DATE _____

Independent auditor's report to the Members of Pembrokeshire Coast National Park Authority

I have audited the accounting statements and related notes of:

- Pembrokeshire Coast National Park Authority

for the year ended 31 March 2012 under the Public Audit (Wales) Act 2004.

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

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts [set out on page 51], the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

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

Scope of the audit of the accounting statements

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

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

Opinion on the accounting statements of Pembrokeshire Coast National Park Authority

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Pembrokeshire Coast National Park Authority as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/2.

Opinion on other matters

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

Matters on which I report by exception

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

Certificate of completion of audit

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

Anthony Barrett – Appointed Auditor
24 Cathedral Road
Cardiff
CF11 9LJ

Date

APPENDIX 1
Schedule of Members Allowances & Expenses Paid
in the Financial Year 2011/12

| <u>NAME</u> | <u>Basic Allowance</u> | <u>Special Responsibility Allowance</u> | <u>Travel & subsistence</u> | <u>% of attendance</u> |
|--|------------------------|---|---------------------------------|------------------------|
| Cllr JA Brinsden | 2,664 | 4,569 | 725 | 100% |
| Cllr M Williams | 2,664 | 493 | 402 | 92% |
| Mr RWG Howells * | 1,776 | 1,174 | 199 | 90% |
| Cllr DGM James | 2,664 | | 1,303 | 100% |
| Cllr RR Evans * | 2,664 | | 234 | 44% |
| Cllr SL Hancock * | 2,664 | 1,997 | 384 | 96% |
| Cllr J Allen-Mirehouse * | 2,664 | | | 93% |
| Mrs F Lanc * | 1,776 | 13 | 171 | 59% |
| Ms CM Gwyther | 2,035 | | | 68% |
| Cllr PJ Morgan | 2,664 | | 233 | 96% |
| Mr D Ellis | 2,664 | 357 | 346 | 89% |
| Cllr HM George * | 2,664 | | | 56% |
| Cllr RN Hancock * | 2,664 | | | 58% |
| Mrs GM Hayward | 2,664 | 1,103 | 797 | 92% |
| Cllr R Lewis | 2,664 | 1,991 | | 85% |
| Mr ML Evans * | 2,664 | 329 | | 59% |
| Mr AG Archer | 888 | | 311 | 75% |
| Mr AE Sangster | 2,664 | | 431 | 89% |
| Cllr WL Raymond * | 2,664 | | | 70% |
| Mrs MJ Thomas | 888 | | 556 | 78% |
| Totals | 47,323 | 12,026 | 6,092 | 79% Average |
| * As of 30 th June 2012 no longer a member of the Authority | | | | |