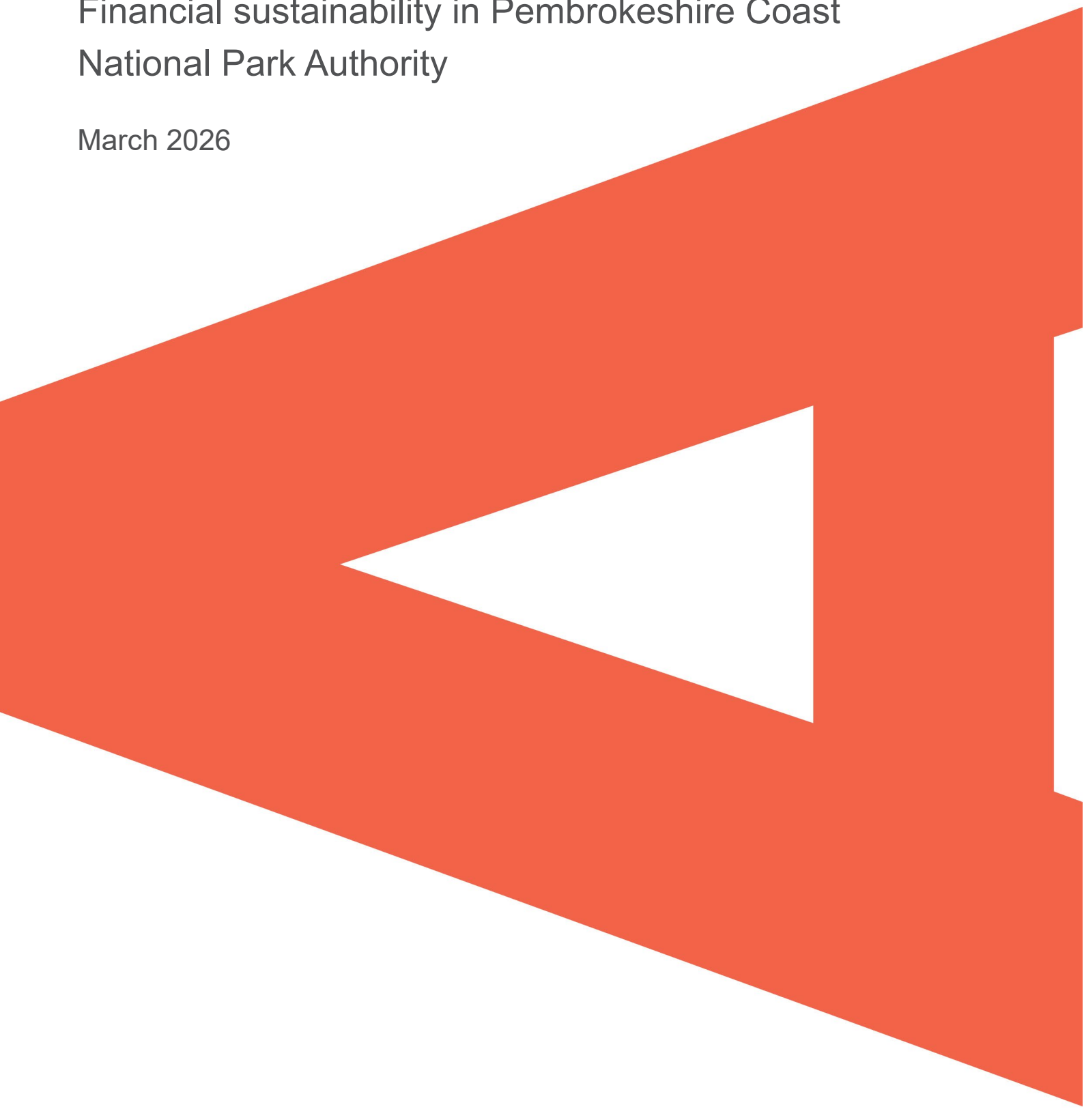


Future proofing?

Financial sustainability in Pembrokeshire Coast
National Park Authority

March 2026



About us

We have prepared and published this report under Section 17(2)(d) of the Public Audit (Wales) Act 2004. It may also inform reporting under Section 15(3) of the Well-being of Future Generations (Wales) Act 2015.

© Auditor General for Wales 2025

You may re-use this publication (not including logos except as an integral part of the document) free of charge in any format or medium.

If you re-use it, your re-use must be accurate and must not be in a misleading context. The material must be acknowledged as Auditor General for Wales copyright and you must give the title of this publication. Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned before re-use.

If you need any help with this document

If you would like more information, or you need any of our publications in an alternative format or language, please:

- call us on 029 2032 0500
- email us at info@audit.wales

You can use English or Welsh when you get in touch with us – we will respond to you in the language you use.

Corresponding in Welsh will not lead to a delay.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

Audit Wales follows the international performance audit standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI).

Contents

Audit snapshot	4
Key facts and figures	6
Our findings	7
Recommendations	10
Appendices	11
About our work	12

Audit snapshot

What we looked at

- 1 We looked at how Pembrokeshire Coast National Park Authority (the Authority) is acting to help it achieve financial sustainability. This includes its financial plans, the evidence it uses to develop its plans, and how it reports to members on its finances.
- 2 We did not look at the Authority's wider financial management or the individual financial decisions it has made or intends to make.
- 3 Our work is focused on providing assurance and to support improvement in how the Authority is working to improve its sustainability in the medium to long term. We recognise that some things that impact on this are outside of the Authority's control. This includes the level of funding it receives and global events like the COVID-19 pandemic. The difficult context means that planning for different scenarios and being clear on the options available is important. It also shows that it is not always possible to plan in detail in the medium to long term.

Why this is important

- 4 The public sector faces significant financial challenges and has done for several years. This places the Authority under pressure to balance what it wants or needs to spend against funding that remains a challenge. Getting this balance right is a significant challenge and means the Authority must balance different factors to ensure it makes the best use of public money. This makes planning to achieve sustainability key to support the Authority to demonstrate value for money.

What we have found

- 5 Despite the challenging financial environment, we found that the Authority's arrangements have helped it to achieve a relatively strong financial position. However, it is at an early stage in setting out its plans for longer-term financial sustainability.

What we recommend

- 6 We have recommended that the Authority builds on its progress on income generation and identifying savings to develop and communicate a longer-term strategy for its financial sustainability. We then recommend that it reviews how it communicates its financial reporting to support delivery of its strategy.

Key facts and figures

- 139% – the amount of usable reserves not restricted by law at the end of 2024-25 held by the Authority as a percentage of its net cost of services. This is the largest percentage of all local government bodies in Wales. It has been the largest percentage since 2020-21 when data for National Park Authorities begins. This is equivalent to £7.4 million.
- 175% – the growth in the annual income the Authority has generated at Carew Castle since 2015-16.
- 120% – the growth in the overall annual income the Authority has generated since 2010-11.

Our findings

The Authority is clearly aware of its financial position, including its relatively strong reserves position, and its associated risks

- 8 The Authority has a relatively strong reserves position compared to other local government bodies. The Authority held the equivalent of 139% of its net cost of services in usable reserves not restricted by law at the end of 2024-25.¹ This is the highest proportion of all local government bodies in Wales. This provides the Authority with a strong position to plan from. It also poses a challenge for the Authority to make best use of them to support its financial sustainability and achieve value for money over the longer term.
- 9 The Authority is aware of its future funding challenges and key risks. The Authority has forecast what future funding reductions from the Welsh Government may look like and has identified other pressures, like pay, in the short term. A detailed knowledge of funding pressures and financial risks is important to help develop a well-informed financial strategy.

¹ We publish this data as part of our local government financial sustainability data tool. Our definition of usable reserves may differ to that used by different bodies.

The Authority has focused on generating income in the short term, but is at an early stage in thinking about its longer-term strategic approach

- 10 The Authority has focused on income generation to improve its financial position in recent years. The Authority has used the commercial skills of its officers to increase the revenue it makes from its assets, including, for example, Carew Castle (**Exhibit 1**). By doing this, the Authority has more than doubled the income it generates from its visitors since 2010-11. It has also added to this by looking for and applying for more grant funding. Overall, this has meant that the Authority has both greater income and more sources of income. This helps the Authority to manage the risk that funding received from some sources may reduce in the future.

Exhibit 1: interesting practice example

Carew Castle

Since 2015-16, the Authority has increased the income it makes from Carew Castle by 175%. To do this, the Authority has increased the uses of the asset. For example, it has added a tearoom and began hosting weddings. This extra income added to the other income sources at the castle, like visitor tickets and shop sales. As a result, the Authority has produced profits that it has been able to spend on other services and help reduce its budget pressures.

Source: Pembrokeshire Coast National Park Authority

- 11 However, the Authority has not yet set out its financial strategy over the medium to long term. The Authority's budget currently focuses on the current year and does not use assumptions to plan for different scenarios in the future. It also has not set out how it might use its reserves to address its underlying budget deficit, for example, through funding service transformation. Whilst this reflects the current strong position of the Authority, it does pose risks to value for money in the future.

- 12 A clear, well-informed, and agreed financial strategy is key to communicate and provide direction on how the Authority will respond to the future funding pressures it thinks it will face. Especially how it will meet its projected funding gap in the short, medium and long term. It also supports the Authority to understand the impact of all parts of its strategy on its well-being objectives and legal purposes.
- 13 The Authority has, however, begun to consider how it can address its structural deficit and make savings. To do this, it has created an income generation group. The group meets regularly to discuss ideas for savings and income generation across the Authority. It also monitors the progress in delivering proposals. The Authority expects the group to deliver its initial results in 2026-27. This provides a starting point for the Authority to develop a clear financial strategy for the longer term.

The Authority reports clearly and regularly on its finances but could strengthen this by explaining the implications of its budget variances

- 14 The Authority reports regularly on its finances to members. The Audit and Corporate Services Review Committee receive quarterly financial reports. The reports set out how the Authority's spending varies to its budget. Reporting the Authority's finances to members clearly and often helps them to know about its financial position. This can help members to identify financial risks and take action to improve the Authority's long-term position.
- 15 However, the Authority's reports do not clearly explain the implications of over or underspending. Setting out the impact of over or underspending on its well-being objectives, statutory responsibilities and overall financial position can help to strengthen members' oversight and scrutiny. This can further support financial sustainability.

Recommendations

- R1** The Authority should build on its recent activity to develop a clear, longer-term financial strategy. To do this, the Authority should set out how it will:
- 1.1** mitigate and manage the risks to its medium-term financial sustainability;
 - 1.2** use its reserves strategically to deliver value for money over the medium and longer term; and
 - 1.3** measure and then monitor the impact of its strategy and the options it considers on its well-being objectives and statutory purposes.
- R2** Review its financial reporting to ensure that it:
- 2.1** reports regularly on the delivery of its financial strategy and the impact of this; and
 - 2.2** sets out the implications of budget variances on its financial position, objectives and statutory duties.

Appendices

About our work

Scope of the audit

We looked at how the Authority is acting to help it to achieve financial sustainability. This includes its financial plans, the evidence it used to develop its plans, and then how it reports to members on its finances. We looked at the arrangements in place between October and December 2025.

We did not look at the Authority's wider financial management or the individual financial decisions it has made or intends to make.

Audit questions and criteria

Questions

We reached our conclusions about the Authority's financial sustainability by answering three key questions. First, we asked if the Authority has a clear and long-term plan for its financial sustainability. Second, we looked at whether the Authority knows the financial position it is in and has used its knowledge to shape its strategy. Third, we asked if the Authority's financial reports to members help them to oversee its financial sustainability.

Criteria

We use the audit criteria to help us answer our questions on the Authority's arrangements. They help us to understand what arrangements should or could look like in context. The work of the Chartered Institute of Public Finance and Accountancy and our cumulative knowledge shaped their development.

Methods

Our findings are based on document reviews and interviews with senior officers and the Authority Chair.

About us

The Auditor General for Wales is independent of the Welsh Government and the Senedd. The Auditor General's role is to examine and report on the accounts of the Welsh Government, the NHS in Wales and other related public bodies, together with those of councils and other local government bodies. The Auditor General also reports on these organisations' use of resources and suggests ways they can improve.

The Auditor General carries out his work with the help of staff and other resources from the Wales Audit Office, which is a body set up to support, advise and monitor the Auditor General's work.

Audit Wales is the umbrella term used for both the Auditor General for Wales and the Wales Audit Office. These are separate legal entities with the distinct roles outlined above. Audit Wales itself is not a legal entity.



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and
telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.