

Income Diversification – Eryri National Park Authority

Audit year: 2022-23

Date issued: May 2023

Document reference: 3587A2023

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Summary report

Summary

What we reviewed and why

- 1 As part of the Auditor General's work programme for 2022-23 we reviewed how Eryri National Park Authority (the Authority) is diversifying its income streams to support the delivery of its statutory responsibilities.
- 2 National Park Authorities have two statutory purposes under the [Environment Act 1995](#): to conserve and enhance the natural beauty, wildlife and cultural heritage of the National Parks; and to promote opportunities for the understanding and enjoyment of the special qualities of the Park by the public. They also have a duty to seek to foster the social and economic wellbeing of the local communities, and therefore play a key role in encouraging rural sustainable development and supporting the local economy.
- 3 National Park Authorities in Wales receive income through a number of different means. The Welsh Government sets the Authority's approved level of net revenue expenditure for the year and pays 75% of this in a National Park Grant. The remaining 25% is raised by issuing a levy on the constituent local authorities. Further income can be derived from bids for additional grant funding, the sale of assets, trading activity, fees, and interest from financial instruments.
- 4 Austerity has led to a real-terms reduction in the level of Welsh Government National Park Grant in recent years, and subsequently, the relative amount they can raise through the levy. **Exhibit 1** shows that this trend is set to continue with the provisional allocation remaining static for the next two years. Considering inflation, this represents a real-terms cut in grant.

Exhibit 1: Welsh Government Core Grant 2022-23 to 2024-25

National Park Authority	2022-23 – Final	2023-24 – Proposed	2024-25 – Proposed
Bannau Brycheiniog	£3.109 million	£3.109 million	£3.109 million
Eryri	£4.120 million	£4.120 million	£4.120 million
Pembrokeshire Coast	£3.249 million	£3.249 million	£3.249 million
Total	£10.479 million	£10.479 million	£10.479 million

Source: Welsh Government

- 5 Consequently, and as a result of these reductions, National Park Authorities will increasingly be reliant on alternative sources of funding, including grant-funded projects and new income streams. The Welsh Government has encouraged this direction of travel, previously setting out its expectation that National Park Authorities in Wales should increase the level of revenue generated through

appropriate commercial activities¹. However, recent Audit Wales reviews have found that this is not without risk². For example, new income streams from increasingly diverse sources place pressure on officers to manage them, and financial management systems need to work effectively to monitor spending within available resources.

- 6 The Medium Term Financial Plan adopted in April 2023 highlights the financial pressures facing the Authority. It shows an increasing reliance on financial reserves to supplement its basic budget, in part due to the impact of inflation. For example, the use of financial reserves represented 14% of the Authority's basic budget in 2022-23. This proportion has increased to 34% in 2023-24³.
- 7 Ultimately, National Park Authorities need greater financial resilience to effectively deliver against the ambitious agenda set out by the Welsh Government's Minister for Climate Change⁴. Doing this requires Authority Members and officers to have the right vision, skills and expertise to set out a strategy for income diversification. In parallel, robust governance arrangements must provide appropriate and effective scrutiny to help appraise the risks and rewards of any proposed new activity.
- 8 This review sought to assess whether the Authority has the right vision and systems in place to diversify its income streams, ensuring decisions are planned, managed and delivered effectively without compromising its ability to fulfil its statutory purposes and duty.
- 9 We undertook the review during the period November 2022 to March 2023.

What we found

- 10 Our review sought to answer the question: **Has the Authority established effective systems to consider and approve whether and how it should pursue new opportunities to optimise income?** We considered this in the context of the Authority's delivery of its statutory purposes.
- 11 In Eryri, we found that **the Authority has a strong track record in raising funding and managing resources. Addressing future budget shortfalls to ensure the continued delivery of its statutory purposes and management of key assets requires the Authority to set a clear vision.**

¹ Welsh Government, July 2018, [Valued and resilient – Priorities for Areas of Outstanding Natural Beauty and National Parks](#), Welsh Government, July 2018

² Audit Wales, [Resilient and sustainable services in Snowdonia National Park Authority](#), April 2021

³ Snowdonia National Park Authority [Mid Term Financial Plan: 2023-24 – 2026-27](#), Snowdonia National Park Authority, April 2023

⁴ Welsh Government Minister for Climate Change, [National Park authorities: term of government remit letter](#), Welsh Government Minister for Climate Change, May 2022

Recommendations

Exhibit 2: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations	
A strategic approach to income diversification	
R1	<p>Undertaking income diversification requires National Park Authorities to have enough capacity, the right skills and robust but agile systems to be in place. We recommend that the Authority:</p> <ul style="list-style-type: none">• use our self-evaluation tools (Appendix 1) to identify its existing strengths and weaknesses, and develop a strategy for income diversification; and• as part of its strategy for income diversification set SMART performance measures and appropriate governance systems to ensure adequate monitoring and scrutiny of delivery of the agreed action plan resulting from its self-evaluation.
Plas Tan y Bwlch	
R2	<p>In Part 2 of this report, we highlight ongoing financial challenges at Plas Tan y Bwlch. We recommend that, within the next 12 months, the Authority review its operating model at Plas Tan y Bwlch to undertake a cost benefit appraisal of the facility to determine its future strategy for the site.</p>

Detailed report

Part 1 – Diversifying income – the risks and challenges facing National Park Authorities

- 12 Generating income has always been an important part of the operation of National Park Authorities. Whilst core funding is available for the day-to-day activities, along with levy funds from principal councils, National Park Authorities have long attracted additional funding to deliver specific projects. However, funding constraints in recent years have resulted in a shift in expectations, with public bodies needing to generate more income directly to continue to deliver against their purposes. This can be a tricky balance to achieve, and Authorities require a sound strategic approach to generate income within the framework of their core duties. This is something that many public bodies are grappling with⁵.
- 13 When deciding on a strategy for income diversification, the Authority must consider how best to balance the needs of local and national stakeholders and the sensitivities of undertaking alternative ventures in the unique environment of a National Park. The type of activity pursued, and the associated risks need to be carefully considered. **Exhibit 3** sets out the continuum of risk for income generation.

Exhibit 3 – risk continuum for income diversification by National Park Authorities

Low risk	Medium risk	High risk
Bids for defined projects and grants which the National Park Authority has a track record and history in securing and delivering.	Ensuring current assets and services used as a core income generating tool break even as a minimum and generate a surplus wherever possible by, for example, reducing cost, raising charges, attracting new customers and/or not providing subsidies.	Entering into entirely new commercial ventures in non-traditional areas which may be in competition with other stakeholders in the National Park.

Source: Audit Wales

- 14 Traditionally, National Park Authorities in Wales have tended to focus on their existing income streams rather than explore entirely new opportunities to diversify their income, including new commercial avenues with higher levels of risk. Continuing with this traditional approach is, in itself, getting increasingly risky, because it places too much reliance on a diminishing source of income. Beyond

⁵ Audit Wales, [Commercialisation in Local Government](#), Audit Wales, October 2020

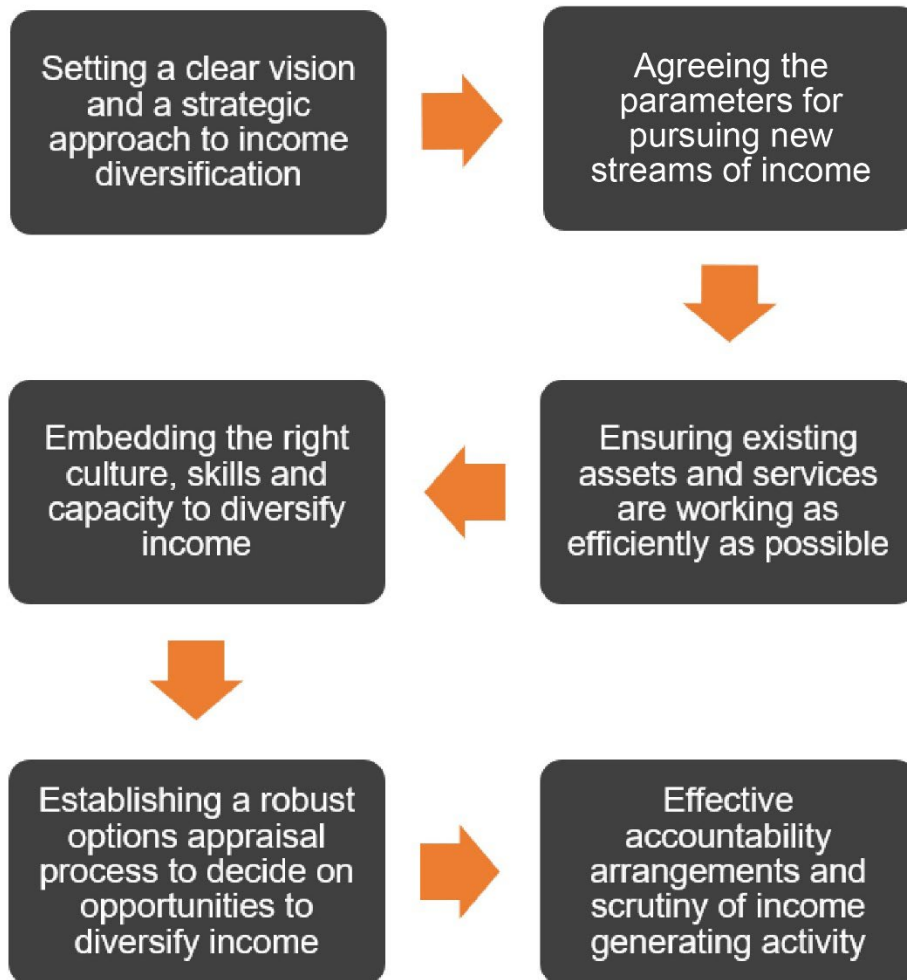
this, some other options pursued by National Park Authorities vary in terms of the risks they present:

- low-risk approaches involve Authorities investing considerable resources into securing bids which match the Authorities' strengths, where officers possess the skills, capabilities and experience to deal with familiar activities. These are project led where the Authority has achieved a level of success previously. Bids are usually for specific amounts of funding with clear objectives. Some risks associated with this approach include overburdening the Authority's corporate capacity if the knock-on impact of delivering multiple grant funded projects is not properly considered.
- medium-risk approaches can involve consideration of different activities, such as enhancing the commercial performance of existing assets. For example, optimising retail spaces in information centres, or increasing car parking charges. Key to this are fundamental considerations around the agreed level of subsidy invested in assets and services, and how surpluses are reinvested.
- higher-risk approaches would be characterised by a more fundamental shift into areas of commercial activity that lie outside the Authority's traditional boundaries. Risks arise from Authorities being more exposed to downturns in the external market, especially when in competition with other private commercial operations in the Park. These non-traditional routes are likely to include aspects of activity that do not directly benefit the Authority's objectives, so are reliant on making a significant return on investment to help fund the wider work of the Authority.

15 Key to all approaches to income diversification is to pursue options with 'eyes wide open' – taking well-managed risks where appropriate; being prepared to stop if something is not working, and staying true to your core objectives and purposes. Our report on Commercialisation in Local Government⁶ identifies the fundamental building blocks for public bodies in taking forward a more diverse approach to income generation. The next section of this report is structured around these building blocks which are summarised in **Exhibit 4**.

⁶ Audit Wales, [Commercialisation in Local Government](#), October 2020

Exhibit 4 – the key building blocks of income diversification



Source: Audit Wales

Part 2 – Income diversification in Eryri

- 16 We reviewed the arrangements at the Authority, looking at current performance against each of these fundamental questions when considering management of existing income streams and consideration of new income streams. Our key findings are set out below.

Setting a clear vision and a strategic approach to income diversification

- 17 The diversification of income in Eryri has evolved organically over number of years. The Authority focuses heavily on drawing down grant funding to enable delivery of more activities to promote and deliver on the core purposes within the National Park. This is in part due to need in the face of austerity, with the Authority recognising it can deliver more to support the special qualities of the area by working in partnership with external funding bodies.
- 18 Despite now being a well-established part of the organisation’s operating model, this funding approach was never set out strategically, and the increasing focus on delivering grant funded projects has presented some unforeseen capacity challenges in the past⁷. In response to previous Audit Wales reports, the Authority has sought to address this – for example, by developing and embedding use of its project management toolkit.
- 19 There is little priority on growing commercial income in the more traditional sense and exploring other means of generating revenue, despite the Welsh Government’s expectations⁸. Although Eryri, like other National Park Authorities, does not have the same powers or commercial freedom as unitary authorities under the Local Government and Elections (Wales) Act 2021⁹, it is still within its gift to do much more than it is currently doing. Given the financial constraints facing the Authority’s traditional grant revenue in the coming years (see **Exhibit 1**), continuing with its traditional ways of working without recognising the need to further diversify income streams, is risky and will make meeting the Welsh Government’s remit letter¹⁰ priorities challenging.

⁷ Audit Wales, [Resilient and sustainable services in Snowdonia National Park Authority](#), April 2021

⁸ Welsh Government, [Valued and resilient – Priorities for Areas of Outstanding Natural Beauty and National Parks](#), July 2018

⁹ Welsh Government, [Written Statement: The General Power of Competence \(Commercial Purpose\) \(Conditions\) \(Wales\) \(Amendment\) Regulations 2022 and the Local Government \(Relevant Authorities\) \(Power to Trade\) \(Wales\) Order 2022](#), 6 April 2022

¹⁰ Welsh Government Minister for Climate Change, [National Park authorities: term of government remit letter](#), Welsh Government Minister for Climate Change, May 2022

Agreeing the parameters for pursuing new streams of income

- 20 As with any public body trusted with the stewardship of taxpayers' money, the Authority must consider ethics in how it invests and uses resources. This is an important consideration with regards to income diversification. The Authority's statutory purposes under the Environment Act 1995 underpin its very existence and provide a good ethical framework for the pursuit of new income streams.
- 21 We found that officers are well versed in the principles and purposes of the National Park, proving useful when they have encountered ethical considerations:
- the Authority's three information centres all include retail spaces and there are ethical considerations in terms of what is stocked and sold at these shops. The principles established by the Sustainable Tourism Manager help to ensure the approach taken at these retail spaces is in line with the Authority's statutory purposes and duty. For example, prioritising local, ethically sourced produce helps to promote an understanding of the area, reduces carbon footprint, and supports the local economy. The Authority also aims to avoid directly competing with neighbouring businesses in terms of what they sell at these retail spaces.
 - there are relevant ethical considerations in how the Authority partners with different funding bodies. For example, through a UK-wide National Parks partnership, the Authority is benefiting from investments that the BMW Group is making to improve electric vehicle infrastructure¹¹.
 - the Authority's car parks are its biggest source of directly generated income. There are ethical considerations in deciding how much it charges people to use the Authority's car parks. For example, charging too much can discourage people from enjoying the special qualities of the National Park and risks making the area exclusive to those who can afford it. The Authority's most popular car park in Pen y Pas generates significant income from users. Positively, we found that officers demonstrate a good understanding of how the high cost is justified, with the Authority using the funds to contribute towards improvements to local transport infrastructure, including the Sherpa's Wyddfa bus service to promote wider access to Yr Wyddfa.
- 22 These examples show that the Authority's approach to setting ethical parameters has been proportionate and commensurate with its activity to date.
- 23 However, if it is to effectively pursue more diverse income generation opportunities in future, it will need to reflect on the ethics and agree its parameters for pursuing new income streams, to ensure it remains true to its statutory purposes and objectives. To help provide direction, the Authority needs to agree its strategic parameters to help it decide on future options.

¹¹ [BMW announces partnership with National Parks UK to improve EV access and boost nature restoration \(bmwgroup.com\)](https://www.bmwgroup.com)

Ensuring existing assets and services are working as efficiently as possible

- 24 There is no agreed definition of what constitutes income diversification. At one level, it can simply mean operating assets and services more efficiently by, for example, reducing cost, raising charges, or attracting new customers and users. Key to this is agreeing the level of subsidy provided to services and assets and considering doing so in a way that reflects the ‘true’ cost of running assets and reinvesting any surpluses appropriately.
- 25 The Authority’s asset portfolio is directly linked to the opportunities available to it in terms of income generation. Assets can be run in a safe, low risk way that cost money to run, but directly deliver on the Authority’s objectives. At the other extreme, assets can operate commercially in ways that contribute very little directly in terms of the Authority’s purposes, but make a significant profit that is then reinvested by the Authority to deliver actions to support its purposes.
- 26 In Eryri, the Authority has a number of plans in place relevant to running specific assets, as well as an overarching asset management policy. Its Asset Management Plan highlights the need ‘to seek income generation potential where possible’ from their assets. It also has an asset disposal policy which focuses on the contribution that assets make to its statutory purposes, although the trigger for reviewing assets in line with this policy is unclear. The Authority has a mixed approach in how it runs its assets:
- the Authority has a good approach in managing its car parks. They generate a significant income for the Authority. In terms of using surpluses generated, maintenance and upgrades take priority – eg investing in modern pay and display machines. In turn, these upgrades, and developments such as the online pre-booking for Pen y Pas car park, help to boost profitability. The Authority also invests car parks’ surpluses in local transport infrastructure to encourage visitors to travel more sustainably and lessen the impact of cars in busy areas.
 - the retail spaces at the Authority’s information centres have proved successful. A report to the Authority’s Performance and Resources Committee in November 2022 highlighted an increase of almost 120% in the income generated across the three information centres between 2015 and 2022. This has been achieved by establishing an income target for each information centre, prompting year on year improvement. Taking a more consolidated approach to stock purchase has also helped to improve profit margins. Other assets such as Yr Ysgwrn and the Wardens’ outlets also benefit from this more strategic approach. The information centres provide a service that directly contributes to the Authority’s statutory purposes and are therefore funded from the Authority’s core budget. However, officers articulated a clear understanding of the balance between focusing on income generation and providing a service, and the level of subsidy provided to support the service is well justified.

- in contrast, at the time of our audit it was unclear how the operating model at Plas Tan y Bwlch contributes to the Authority's statutory purposes. When faced with funding pressures in the past, and especially during the pandemic, the Authority made changes which took Plas Tan y Bwlch away from the dedicated education centre it once was. The facility is now focused on providing bed and breakfast accommodation and events such as weddings, but the Grade 2 listed building is still heavily subsidised, and the Authority has found it challenging to make this business venture profitable. **Exhibit 2** sets out our recommendations following this review, including our expectation that the Authority reviews its operating model for Plas Tan y Bwlch and demonstrates how its ongoing investment is providing a return against its statutory purposes.

Embedding the right culture, skills and capacity to diversify income

- 27 To date, the Authority's has successfully focussed on attracting grant funding, and we found a good understanding amongst officers of how this way of working supports the delivery of Cynllun Eryri. However, the Authority has encountered some challenges in relation to skills and capacity. For example, the reliance on grant funded projects and the associated number of fixed term posts within the Authority has contributed to high staff turnover in recent years. This bears some risk, not least in terms of project delivery and corporate learning.
- 28 Officers highlighted that the process to report on some grants can feel tedious and laborious, often on top of what they do as part of the 'day job'. Positively, the Authority has established a post within its warden's department to address this. The role is focused on identifying new grant opportunities, developing bids and coordinating the reporting requirements. This role is having a positive impact within the warden's team, but is not considered to be an effective model to replicate across other teams and the corporate centre given the expertise needed with regard to certain grants.
- 29 Elsewhere, certain ventures and projects have flourished where the relevant commercial skills exist within the Authority, but these are mostly limited to the retail spaces at its information centres.
- 30 Commercialisation is not something that is traditionally associated with National Park Authorities. Doing this well, and effectively mitigating risk, requires the Authority to have careful management and oversight. With financial pressures necessitating the Authority doing things differently (and doing different things), it is important that the culture of the organisation supports officers to try new things in a safe-to-fail environment.
- 31 The Authority has demonstrated its risk appetite in recent years, for example, by investing in high profile assets such as [Hafod Eryri](#) and [Yr Ysgwrn](#). Despite this, without a strategic vision for income diversification, it is difficult for officers to buy into the direction of travel. In pursuing income diversification strategically, the

Authority must be mindful of the need to support and upskill staff, and ensure its organisational culture underpins its approach.

Establishing a robust options appraisal process to decide on opportunities to diversify income

- 32 It is important that National Park Authorities have robust processes in place to ensure new ventures contribute to their statutory purposes and core objectives. Within the confines of current activity, the Authority has a good approach to appraise opportunities to attract new grant funding. For example:
- its increasing reliance on pursuing new grant funded projects in the past has risked it becoming project-led. Positively, however, we found that the process of developing [Cynllun Eryri](#) – the Park Management Plan – helped to refine the corporate direction of the Authority, which has been helpful to embed more robust options appraisal processes.
 - in addition, officers highlighted how the Authority’s project management toolkit now enables it to quantify the knock-on impact of grant funded projects on the corporate capacity, and it has been successful in incorporating these additional costs into some grant bids.
- 33 Strategically, the Authority is yet to establish a process to decide on wider opportunities to diversify its income streams and improve financial resilience. It is important that the Authority recognises the need to further diversify its income to address future budget shortfalls and includes a robust options appraisal process as part of its future approach.

Effective accountability arrangements and scrutiny of income generating activity

- 34 Beyond approving some grant bids, we found that the Authority’s governance arrangements are untested when it comes to diversifying income. The main pillars of the Authority’s governance structure provide high level scrutiny and strategic direction for its work. The key committees are informed and supported by sub-committees and specific working groups, where Members and senior officers can scrutinise performance in more detail (for example Plas Tan y Bwlch and Yr Ysgwrn boards). More broadly, however, it is important that Members provide a strategic direction for the Authority that recognises the long-term funding risks that it faces. Currently, the Authority’s assurance framework is not set up to scrutinise and oversee riskier income diversification decisions. If the Authority pursues different approaches in future, this needs to be addressed.

Part 3 – Good practice in income diversification

- 36 Whilst each National Park Authority operates within their own environment and asset base, there are examples where Authorities have taken forward income diversification. These examples are intended to illustrate ways this can be achieved, in order to stimulate potential ideas locally. They both demonstrate the importance of setting a strategic vision and providing clear leadership on income diversification.

South Downs National Park Authority

- 37 In recent years, South Downs National Park Authority has developed a multi-stranded strategy for diversifying its income with the aim of making its work more sustainable. For example, the ownership of Seven Sisters Country Park was transferred to South Downs National Park Authority from East Sussex County Council in July 2021. In order to maximise the commercial opportunity offered by this investment, South Downs National Park Authority has incorporated a Trading Company, South Downs Commercial Operations Ltd. The first phase of work on Seven Sisters Country Park consists of an investment of just under £2 million (by the South Downs National Park Authority and the independent charitable trust, South Downs National Park Trust) and focuses on ensuring the facilities are in place to effectively meet visitor numbers and to care for the landscape.
- 38 South Downs National Park Authority has a target to increase the proportion of the National Park managed for nature from 25% to 33% with the aim of renaturing 13,000 hectares of land by 2030. Together with the Authority, South Downs National Park Trust launched a ReNature Campaign in July 2021. They plan to restore 1,000 hectares per annum through projects which support landowners to secure private funding, changing current land management practices in favour of nature.
- 39 In 2023-24, South Downs National Park Authority has set an ambitious target to raise £2.5 million in self-generated income per annum. The aim is to support delivery of its Partnership Management Plan (PMP), through bids to statutory sources and support for the South Downs National Park Trust in continuing to build a sustainable income stream of donations and legacies.

Lake District National Park Authority

- 40 In its 2021-22 Statement of Accounts, Lake District National Park Authority received £5.79 million in government grants and contributions but also generated £10.27 million in income from other sources. While the Lake District National Park Authority has a significant asset portfolio – valued at £35 million – they are also prioritising work on optimising income, operating to a set of principles which help to maximise the returns on their assets. These principles closely adhere to the building blocks of commercialisation and are relevant to all National Park Authorities and include:

- a commercial strategy, the delivery of which is scrutinised by a Commercial Strategy Board and a working group of members and officers to oversee commercial activity;
- a rigorous analysis of its asset portfolio and an uncompromising policy on the disposal of assets which are not bringing adequate benefit to the Authority;
- a culture which recognises the importance of income generation for national park authorities;
- strong leadership buy-in which is helping to inspire a 'can do' mindset throughout the organisation; and
- a positive culture and environment which encourages innovation and risk taking but ensures staff feel 'safe to fail'.

Appendix 1

Self-assessment checklist

In line with our recommendations set out in **Exhibit 2**, the checklist below helps to guide the Authority in assessing its current strengths and weaknesses, helping to inform its future income diversification strategy.

Exhibit 5: setting a clear vision and a strategic approach to income diversification and generation

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
We have an agreed corporate Authority-wide approach to income diversification and generation.		
We have a clear set of principles and values that set out what we are trying to achieve through income diversification.		
We focus on social value and 'ethical' investment principles in our income diversification and generation work.		
Our approach to income diversification is part of a 'bigger picture' and not seen as outside core Authority activity.		
We have embedded income diversification within programmes of long-term transformation.		
We are clear on the benefits and risks of income diversification for local communities, visitors, the local economy and local businesses.		

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
We have clearly defined what income diversification is and is not for the Authority.		
Our approach to income diversification is aligned with our statutory purposes and duty.		
Our approach to income diversification is integrated and linked with wellbeing objectives, National Park Management Plan objectives, and other key Authority strategies.		
We are seeking to ensure that income diversification and generating activities deliver more than just profit and make a wider contribution to our local area and communities.		
We have identified who is accountable for decision making on income diversification and generation; it is clear where the 'buck stops'.		

Exhibit 6: agreeing the parameters for pursuing new streams of income

Issues for us to consider and agree	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
We are going to pursue income diversification and generating activity that is aligned with our statutory purposes and duty.		

Issues for us to consider and agree	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
We are going to pursue income diversification and generating activity that supports delivery of the objectives in our National Park Management Plan.		
We are going to pursue income diversification and generating activity that builds on our existing services.		
We are going to enter entirely new areas of income diversification and generating activity.		
We are going to pursue income diversification and generating activity only within our geographical boundaries.		
We are prepared to pursue opportunities in other areas beyond the Park's boundaries.		
We are comfortable with competing with local businesses.		
We are comfortable with competing with the third sector.		
We are comfortable with competing with Local Authorities.		
We are looking to recover all costs associated with the activity.		
We are seeking to maximise profit generation.		

Issues for us to consider and agree	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
We are clear on how we will use the profits we create.		
We have agreed what is an acceptable level of risk for individual income diversification and generation ventures.		
<p>When considering and approving a venture we know:</p> <ul style="list-style-type: none"> • how much risk we face; • how much risk we will take; and • how much risk our stakeholders are comfortable with us taking. 		
We have involved visitors, communities, businesses and other stakeholders to help us define what income diversification and generation should look like for our National Park Authority.		
<p>We understand the impact of diversifying income streams on:</p> <ul style="list-style-type: none"> • The ecosystem of the Park • Visitors • Our communities • Businesses • Partners • Stakeholders 		
We have gauged what is affordable for our visitors and communities.		

Issues for us to consider and agree	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
We communicate effectively internally and externally what income diversification and generation are for this National Park Authority and what they are not.		
We have established a set of ethical and socially responsible standards for income diversification and generation.		
We insist suppliers, lenders, and partners act in accordance with our ethical and socially responsible standards.		

Exhibit 7: ensuring existing assets and services are working as efficiently as possible

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
We have an agreed vision of what it means for us for our assets and services to work optimally.		
All existing assets and services align with our statutory duties and purpose.		
All existing assets and services are helping to achieve our National Park Management Plan objectives.		

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
We are clear that all assets and services must either be cost neutral, provide a profit for the Authority or help the Authority to achieve its purpose, duty and objectives.		
We have an appropriate asset management policy, and this is integrated with other relevant strategies including our income diversification and generation strategy.		
We regularly review our existing asset base and dispose of assets that are not financially or strategically benefiting the Authority or are unlikely to do so in the future.		
We have the right workforce capacity and skills in place to optimise generation of income from our existing assets and services.		
We have agreed the level of subsidy provided to services and assets and do so in a way that reflects the 'true' cost of running assets and reinvest any surpluses appropriately.		
We have a clear policy on how profits/surpluses generated are used, including investing to make services more profitable in future.		
We have put in place income targets where appropriate.		

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
Processes around assets and services are regularly reviewed to ensure they provide value for money eg making use of economies of scale in procurement.		
For each asset, we are clear on the balance between generating income and providing a service.		
Governance processes include a regular review of the financial cost and strategic benefit that existing assets and services bring for the Authority.		

Exhibit 8: embedding the right culture, skills and capacity to diversify and generate income

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
We have prioritised the creation of a commercial culture and entrepreneurial mindset within the Authority.		
We have set realistic expectations on what income diversification and generation are for us, and this is clearly understood by all parts of the Authority.		
We understand that income diversification and generation are part of 'how we do things around here,' and this is reflected in our values.		

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
We have committed, highly visible leaders, with clear income diversification and generation goals.		
We have a strong officer management team that is clear on income diversification and generation who support delivery of our goals.		
We have set clear expectations that decisions relating to income diversification and generation will be taken transparently and as soon as it is appropriate to do so.		
There are high levels of commitment to work together to deliver the Authority's income diversification and generation vision and strategies.		
We have the right experience, knowledge and skillset required to successfully pursue income diversification and generating activities.		
We have enough officers to undertake income diversification and generation work.		
We have officers in the right services and with the required seniority to undertake income diversification and generation work.		
We can recruit the right people with the right skills to deliver our income diversification and generation work.		

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
<p>We have set out how the Authority will equip elected members and officers with the key skills to successfully deliver and scrutinise income diversification and generation including:</p> <ul style="list-style-type: none"> • Analysing markets and demand • Marketing and sales • Pricing and trading 		
<p>We have a training programme that is equipping our officers and members to undertake income diversification and generation work.</p>		
<p>We have defined and clarified roles, responsibilities and the legal powers for pursuing income diversification and generating activity.</p>		
<p>We have taken legal opinion to support all aspects of income diversification and generating activity and especially on how to treat profits raised, and officers are clear on how to address this.</p>		
<p>We can draw on and utilise the skills and knowledge of our local businesses and stakeholders to help us develop our workforce to become more commercially skilled.</p>		
<p>We have an open and honest learning culture to help the Authority learn from investment decisions from elsewhere and use this information to shape our approaches.</p>		

Exhibit 9: establishing a robust options appraisal process to decide on opportunities to diversify and generate income

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
<p>We have a clear options appraisal process for deciding on each income diversification and generating option.</p>		
<p>Within the options appraisal, we always:</p> <ul style="list-style-type: none"> • clearly define our objectives, the constraints/risks, the potential rewards and what we want to achieve; • gather enough information to fully understand the options being considered; • consider a wide range of options for the venture in question; • include consideration of the risk of ‘doing nothing’; • assess and analyse options using an agreed rating/scoring matrix; and • select the appropriate option based on our analysis. 		
<p>We make transparent decisions based on good-quality information when deciding on each income diversification and generation option.</p>		
<p>We implement the decision that has been taken on completion of an options appraisal effectively and in a timely manner.</p>		
<p>We have robust performance management arrangements in place to monitor delivery of the selected option.</p>		

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
<p>We have established an appropriate due - diligence process, and we use this to support us when approving options and managing risks. Our due-diligence assessment leads us to:</p> <ul style="list-style-type: none"> • set realistic and achievable targets and business plan goals; • research and assess the market and identify where we are positioned; • assess where the market is heading and how this will affect the value/success of our venture; • identify and analyse who are our strongest and weakest competitors and assess how we will perform against them; • identify our customer base and profile likely usage and demand for our venture; • evaluate our prospects for reaching our projected revenues and in what period; • identify average price fluctuations historically; • forecast prices in the future; and • model revenue spend and capital spend. 		
<p>Our options appraisal process includes a specific assessment of how any ventures we approve will deliver social value for the Authority.</p>		
<p>We review the effectiveness of our decisions and undertake post-implementation evaluation to check that the objectives we set are being delivered.</p>		

Exhibit 10: effective accountability arrangements and scrutiny of income diversification and generating activity

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
We have a training programme that is equipping our elected members to effectively scrutinise commercial ventures and other means of diversifying and generating income.		
We have clear and appropriate governance structures to evaluate, scrutinise and approve income diversification and generation.		
We have mainstreamed and integrated scrutiny of income diversification and generation into our corporate governance arrangements.		
We act in a transparent way, and everyone is clear on how decisions on approving income diversification and generation options are made and by whom.		
We have a confident decision-making culture and elected members are not afraid of challenging officers and holding people to account.		
Those who make decisions on income diversification and generation are accountable for their choices and are held to account through clear governance arrangements.		

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
<p>We receive good quality information to:</p> <ul style="list-style-type: none"> • judge whether we should approve an income diversification and generation option; and • monitor and fully evaluate performance of our income diversification and generation options. 		
<p>We draw on and utilise experts to help us scrutinise income diversification and generation options.</p>		
<p>Our scrutiny is adding value and not unnecessarily slowing down the decision-making process.</p>		
<p>We undertake pre-decision scrutiny work to help shape choices.</p>		
<p>We undertake post-decision scrutiny work to ensure what we approve is working.</p>		
<p>We set targets and measures of success to judge improvement over time, and monitor these when they have been agreed.</p>		
<p>We risk assess activity and ensure the same level of governance and accountability arrangements extends to all high-risk income diversification and generation activity consistently.</p>		
<p>We have effective delegation arrangements for approving low-risk income diversification and generation activity.</p>		

Issues for us to consider	We have a clear position on this, and no further work is required	There is more work for us to do to be clear on this
We scrutinise all our income diversification and generation ventures to ensure they are delivering for the Authority.		
Our monitoring and evaluation of income diversification and generation ventures explicitly focus on what social value is being delivered.		
We share learning and draw on evidence from other National Park Authorities in Wales and elsewhere to learn what works, what does not, the risks we face and the potential rewards.		



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