

# Income Diversification – Bannau Brycheiniog National Park Authority

Audit year: 2022-23

Date issued: May 2023

Document reference: 3600A2023

This document has been prepared for the internal use of Bannau Brycheiniog National Park Authority as part of work performed/to be performed in accordance with Section 17 of the Public Audit (Wales) Act 2004 and Section 15 of the Well-being of Future Generations Act (Wales) 2015.

No responsibility is taken by the Auditor General or the staff of Audit Wales in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and Audit Wales are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at [info.officer@audit.wales](mailto:info.officer@audit.wales).

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

This document is also available in Welsh.

# Contents

The Authority has not yet established effective systems to consider and approve whether and how it should pursue new opportunities to optimise income.

Summary report

Summary

Detailed report

Part 1: Diversifying income – the risks and challenges facing National Park Authorities	7
Part 2: Income diversification in Bannau Brycheiniog National Park Authority	10
Part 3: Good practice in income diversification	14
Appendices	
Appendix 1 – Self-assessment checklist	16

# Summary report

## Summary

### What we reviewed and why

- 1 As part of the Auditor General's work programme for 2022-23 we reviewed how Bannau Brycheiniog 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
<b>Total</b>	<b>£10.479 million</b>	<b>£10.479 million</b>	<b>£10.479 million</b>

Source: Welsh Government

- 5 National Park Authorities have been increasingly reliant on alternative sources of funding in recent years, 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 activities.<sup>1</sup> However, recent Audit Wales reviews have found that this is not without risk.<sup>2</sup> 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 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 Change<sup>3</sup>. 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.
- 7 This review sought to assess whether the Authority has the right vision and systems in place to diversify its income streams, ensuring ventures are planned, managed and delivered effectively without compromising its ability to fulfil its statutory purposes and duty.
- 8 We undertook the review during the period November 2022 to March 2023.

## What we found

- 9 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?**
- 10 Overall, we found that: **the Authority has not yet established effective systems to consider and approve whether and how it should pursue new opportunities to optimise income.**

<sup>1</sup> Valued and resilient – Priorities for Areas of Outstanding Natural Beauty and National Parks, Welsh Government, July 2018

<sup>2</sup> Resilient and sustainable services in Snowdonia National Park Authority, Audit Wales, April 2021

<sup>3</sup> Welsh Government Minister for Climate Change, National Park authorities: term of government remit letter, Welsh Government Minister for Climate Change, May 2022

## Recommendation

### Exhibit 2: recommendation

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

Recommendation	
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"><li>• use our self-evaluation tools (<b>Appendix 1</b>) to identify its existing strengths and weaknesses and develop a strategy for income diversification;</li><li>• continue to implement the recommendations of its Update on Income Diversification paper, in particular to build capacity for pursuing income diversification; and</li><li>• 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.</li></ul>

# Detailed report

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

- 11 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 core responsibilities. 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 with<sup>4</sup>.
- 12 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 with trading attached 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

- 13 Traditionally, National Park Authorities in Wales have tended to focus on their existing income streams rather than explore 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 this, some other options pursued by National Park Authorities vary in terms of the risks they present:

<sup>4</sup> [Commercialisation in Local Government, Audit Wales, October 2020](#)

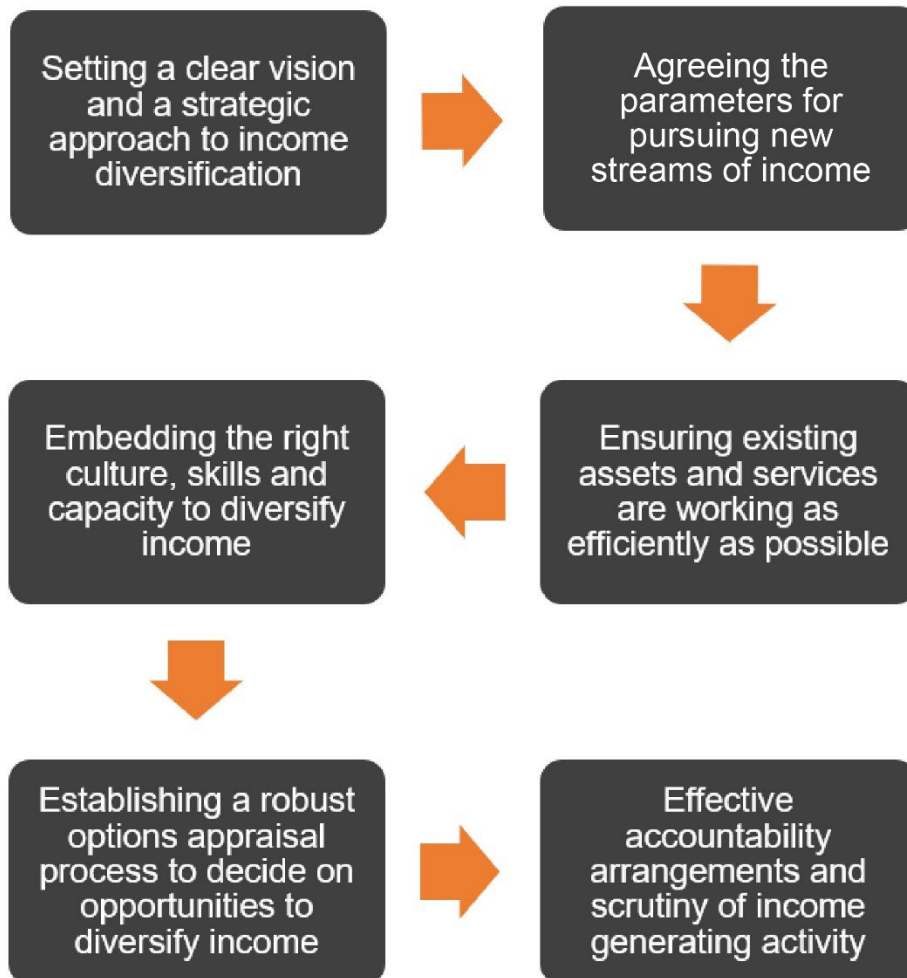
- low-risk approaches involve Authorities investing considerable resources into securing bids which match the Authorities' strengths, where officers possess the skills, capabilities and experience to deal with familiar activities. These are project led where the Authority has achieved a level of success 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.

14 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 Government<sup>5</sup> 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**.

<sup>5</sup> 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 Bannau Brycheiniog National Park Authority

- 15 We reviewed the arrangements at the Authority, looking at how they considered each of the fundamental questions when considering their management of existing income streams and their consideration of new income streams. Our key findings are set out below.

### Clarity of vision and strategic approach

- 16 The Authority's vision of income diversification is set out in the 'Update on Income Diversification' paper which was presented to the Authority meeting in September 2022. This paper emphasised the importance of income diversification for the Authority and proposed two key themes for potential new income streams; commercial (expanding the use of the Authority's assets – land, car parks, visitor centres, shops and services) and philanthropic/grants – increasing gifts, donations and legacy income, grant and trust income).
- 17 The Authority approved the key recommendations of this paper which are:
- endorse the direction of the income generation work, including the need to build capacity and skills to deliver this;
  - approve the establishment of an Income Diversification Advisory Group (IDAG);
  - approve Officers to begin the legal and administration work necessary to create a charitable arm to the Authority;
  - delegate the Authority, to the Executive Board to lead a programme of work, informed by the IDAG, to define and set out our commercialisation plan in the form of an income generation policy; governance structure and options appraisal report; for approval by the Authority; and
  - delegate authority to the Executive Board to consider and agree which options are to be explored, to determine the skills, capacity and culture changes needed to delivery this and to delegate to the Programme Board established, the Monitoring Officer authority to ensure that the Committee's terms of reference reflect this accordingly.
- 18 This vision is clear and appropriate for the Authority and its circumstances. The Authority also has a good understanding of the available options (including some 'easy wins' such as setting up a charitable arm). However, this vision is only articulated at a very high level and has not yet been developed into a commercial strategy nor into practical steps that identify opportunities and set out milestones and actions with timelines for delivering new income streams. At the time of our audit the Authority is yet to translate its ambitions into action.

## Agreement of parameters for pursuing new streams of income

- 19 The 'Update on Income Diversification' paper states that 'Commercial/earned income is income that is generated by charging for goods and/or services'. The Authority is not looking to generate income for the sake of making surplus profit, but to support its work to deliver its statutory duty and primary purposes. Initial research and discussions between members and officers show that there is great enthusiasm for this work within the Authority, as well as a concern that any approved approaches meet some clear criteria:
- need to be clearly aligned with National Park purposes and duty;
  - must produce a profit;
  - need to maintain independence/avoid (perceived) conflicts of interest;
  - not be politically aligned; and
  - need to consider partnership work.
- 20 From our interviews with officers and Members, it is clear that ethical considerations are of utmost importance for the Authority when deciding on when to pursue new income streams. The Authority is clear that any new income streams must support delivery of its National Park Management Plan and not compromise its ability to fulfil its statutory purposes and duty.
- 21 From our discussions, it is also clear that the Authority's senior managers understand that optimising commercial income will also mean having to change some aspects of organisational culture, the way the organisation currently operates and how it provides services. For example, trying new things to earn commercial income brings with it varying degrees of risk and there is always the prospect that entering into entirely new commercial ventures will not always be successful. The Authority therefore needs to be prepared for that and be clear what its risk appetite is in relation to this work.

## Existing assets and services

- 22 Both officers and members told us that the Authority is not maximising income from existing assets. The Authority generates income from charging for car parking and fees from organisations using Authority land for filming. However, the income derived via these routes is relatively small (£952,000 in 2021-22) and does not contribute significantly to help address the financial challenges facing the Authority.
- 23 One of the key themes of the Authority's vision on income diversification is 'expanding the use of our assets – land, car parks, visitor centres, shops and services'. This is a good starting point for the embryonic income diversification work planned and it is right for the Authority to focus on ensuring that income from current assets is maximised. However, we found that that work has not progressed significantly due to a lack of officer capacity at the time of our review. We would expect to see significant work being put in train in the next six months to help drive improvement.

## Culture, skills and capacity

- 24 We found that, while the Authority is at a very early stage on its income diversification journey, all officers and members we spoke to recognise and accept that pursuing new income streams is essential to allow the Park to deliver the ambitions of its new National Park Management Plan<sup>6</sup>.
- 25 Officers and members also acknowledge the importance of engaging with key stakeholders (in particular local people and businesses) to inform the pursuit of new income streams, but little progress has been made so far.
- 26 Importantly, the new senior management structure introduced in 2022 makes income diversification a core priority of the Senior Leadership Team, and Members believe that the Authority now has the right people with the right skills in place to lead on income diversification. However, senior management has very limited capacity to devote to pursuing new income streams, and capacity throughout the Authority is stretched.
- 27 The experience, knowledge and skillset required to successfully pursue new income generation activities are not those that are traditionally associated with the work of National Parks, and it is important that the Authority equip themselves with the right people with the skills to do this well. For example, people who can undertake robust options appraisals and cost modelling and are skilled at making a compelling case for pursuing options and who can identify and mitigate risk in unfamiliar or new areas. At this time, the Authority lacks officers with this specialist knowledge.
- 28 Positively, at the National Park Authority meeting in March 2023, the Authority approved the creation and funding of a new Business Development Manager post which will add this dedicated capacity.
- 29 Importantly, the Authority has good self-awareness of its skills and capacity and the current barriers to successfully diversifying its income.

## Options appraisal process

- 30 An effective options appraisal will identify the most appropriate set of actions needed to achieve desired outcomes. It needs to have the right information and data to consider and decide on the right option. It should clearly show how the commercial opportunity contributes to delivering corporate objectives.
- 31 As set out above, the Authority has delegated the Executive Board to define and set out an income generation policy, governance structure and options appraisal framework. However, given the Authority's income diversification work is still at such an early stage, at the time of our audit there are no systems in place at present to support officers in the pursuit of new income streams.

<sup>6</sup> Bannau Brycheiniog, [Y Bannau: the future](#), April 2023

## **Accountability and scrutiny of arrangements for overseeing our income diversification work**

- 32 Effective scrutiny of income diversification is important because, at its best, it can contribute to good decision making and ensure the Authority is spending money wisely. We found that there is currently very little reporting of income diversification and no scrutiny of performance on income generation within the Authority. While the Authority has agreed to establish new systems to approve, oversee and scrutinise income diversification work, at the time of our audit these were not yet in place.

## Part 3 – Good practice in income diversification

### South Downs National Park Authority

- 33 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.
- 34 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.
- 35 In 2023-24, South Downs National Park Authority has set an ambitious target to raise £2.5 million 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

- 36 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 income diversification in Exhibit 4 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"> <li>• how much risk we face;</li> <li>• how much risk we will take; and</li> <li>• how much risk our stakeholders are comfortable with us taking.</li> </ul>		
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"> <li>• The ecosystem of the Park</li> <li>• Visitors</li> <li>• Our communities</li> <li>• Businesses</li> <li>• Partners</li> <li>• Stakeholders</li> </ul>		
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"> <li>• Analysing markets and demand</li> <li>• Marketing and sales</li> <li>• Pricing and trading</li> </ul>		
<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"> <li>• clearly define our objectives, the constraints/risks, the potential rewards and what we want to achieve;</li> <li>• gather enough information to fully understand the options being considered;</li> <li>• consider a wide range of options for the venture in question;</li> <li>• include consideration of the risk of ‘doing nothing’;</li> <li>• assess and analyse options using an agreed rating/scoring matrix; and</li> <li>• select the appropriate option based on our analysis.</li> </ul>		
<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"> <li>• set realistic and achievable targets and business plan goals;</li> <li>• research and assess the market and identify where we are positioned;</li> <li>• assess where the market is heading and how this will affect the value/success of our venture;</li> <li>• identify and analyse who are our strongest and weakest competitors and assess how we will perform against them;</li> <li>• identify our customer base and profile likely usage and demand for our venture;</li> <li>• evaluate our prospects for reaching our projected revenues and in what period;</li> <li>• identify average price fluctuations historically;</li> <li>• forecast prices in the future; and</li> <li>• model revenue spend and capital spend.</li> </ul>		
<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**

<b>Issues for us to consider</b>	<b>We have a clear position on this, and no further work is required</b>	<b>There is more work for us to do to be clear on this</b>
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"> <li>• judge whether we should approve an income diversification and generation option; and</li> <li>• monitor and fully evaluate performance of our income diversification and generation options.</li> </ul>		
<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.		



Audit Wales

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

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