

Report of: Audit Wales

Subject: Audit Wales Report on Financial sustainability in Pembrokeshire Coast National Park Authority

Decision Required: Yes

Recommendation

- **Members are asked to receive, note and present any views on the Audit Wales report on Financial sustainability in Pembrokeshire Coast National Park Authority**
- **Members are asked to agree the Management Response**

1. Key messages

The report outlines the views of Audit Wales following work undertaken to assess the Financial Sustainability of the Authority.

2. Background

2.1. Audit Wales undertakes a programme of performance auditing. As part of the Auditor General's local government studies programme in 2025-26, Audit Wales undertook a review of the Financial Sustainability of Pembrokeshire Coast National Park Authority.

Audit Wales 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. The work was undertaken between October and December 2025 and included interviews with the Chair, Chief Executive, Section 151 Officer and Head of Finance and Fundraising.

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

The high-level conclusion was that the:

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

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.

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

A bilingual copy of the report is provided as annex A.

3. Financial considerations

There are no specific financial issues relating to this work, however, the audit does consider how the Authority deals with its financial challenges.

4. Risk and Compliance Considerations

This work has been undertaken as part of Audit Wales' performance auditing work. Two recommendations are provided. These are:

Recommendation 1: 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.

Recommendation 2: 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.

Officers are required to provide a Management Response in relation to the recommendations. A copy of the Management Response is included as Annex B.

Members are asked to agree the Management Response.

Audit Wales and our Internal Auditors will review how the Authority delivers the actions agreed in the Management Response.

5. Impact on our Public Sector Duties

NA

6.1 Welsh language considerations

A bilingual copy of the report is provided. The Authority ensures that it meets the relevant Welsh Language Standards when undertaking its access work.

6.2 Biodiversity Duty and Decarbonisation

NA

6.3 Well-being of Future Generations (Wales) Act

The Authority needs to ensure sufficient funding in order to support its work to meet the requirement of the Well-Being of Future Generations Act.

7. Conclusion

Members are asked to receive, note and present any views on the Audit Wales report on Financial sustainability in Pembrokeshire Coast National Park Authority and agree the Management Response.

Author: Tegryn Jones, Chief Executive

Diogelu at y dyfodol?

Cynaliadwyedd ariannol yn Awdurdod Parc
Cenedlaethol Arfordir Penfro

Chwefror2026

Amdanom ni

Rydym wedi paratoi a chyhoeddi'r adroddiad hwn dan Adran 17(2)(d) Deddf Archwilio Cyhoeddus (Cymru) 2004. Efallai y bydd hefyd yn goleuo adroddiad dan Adran 15(3) Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015.

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Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Saesneg.

Mae Archwilio Cymru'n dilyn y safonau archwilio perfformiad cenedlaethol a gyhoeddwyd gan Sefydliad y Sefydliadau Archwilio Goruchaf (INTOSAI).

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Cipolwg ar yr archwiliad

Yr hyn y gwnaethom fwrw golwg arno

- 1 Fe wnaethom ystyried sut y mae Awdurdod Parc Cenedlaethol Arfordir Penfro (yr Awdurdod) yn gweithredu i'w helpu i gyflawni cynaliadwyedd ariannol. Mae hyn yn cynnwys ei gynlluniau ariannol, y dystiolaeth y mae'n ei defnyddio i ddatblygu ei gynlluniau, a sut y mae'n adrodd wrth aelodau ar ei sefyllfa ariannol.
- 2 Ni wnaethom fwrw golwg ar drefniadau rheoli ariannol ehangach yr Awdurdod na'r penderfyniadau ariannol unigol y mae wedi eu gwneud neu'n bwriadu eu gwneud.
- 3 Mae ein gwaith yn canolbwyntio ar ddarparu sicrwydd ac ategu gwelliant o ran sut y mae'r Awdurdod yn gweithio i wella ei gynaliadwyedd yn y tymor canolig a hir. Rydym yn cydnabod efallai fod rhai pethau sy'n effeithio ar hyn y tu hwnt i reolaeth yr Awdurdod. Mae hyn yn cynnwys lefel y cyllid y mae'n ei gael a digwyddiadau byd-eang fel pandemig COVID-19. Mae'r cyd-destun anodd yn golygu bod cynllunio ar gyfer gwahanol senarios a bod yn glir ynghylch yr opsiynau sydd ar gael yn bwysig. Mae hefyd yn dangos nad yw hi wastad yn bosibl cynllunio'n fanwl yn y tymor canolig a hir.

Pam fod hyn yn bwysig

- 4 Mae'r sector cyhoeddus yn wynebu heriau ariannol sylweddol ac wedi bod yn eu hwynebu am nifer o flynyddoedd. Mae hyn yn gosod yr Awdurdod dan bwysau i daro cydbwysedd rhwng yr hyn y mae arno eisiau neu angen ei wario ar y naill law a chyllid sy'n dal i fod yn her ar y llaw arall. Mae taro'r cydbwysedd cywir yn hyn o beth yn her sylweddol ac yn golygu bod rhaid i'r Awdurdod daro cydbwysedd rhwng gwahanol ffactorau i sicrhau ei fod yn defnyddio arian cyhoeddus yn y ffordd orau. Mae hyn yn gwneud cynllunio i gyflawni cynaliadwyedd yn allweddol i gynorthwyo'r Awdurdod i ddangos gwerth am arian.

Yr hyn yr ydym wedi'i ganfod

- 5 Er gwaethaf yr amgylchedd ariannol sy'n gryn her, canfuom fod trefniadau'r Awdurdod wedi ei helpu i gyrraedd sefyllfa ariannol gymharol gryf. Fodd bynnag, mae ar adeg gynnar o ran nodi ei gynlluniau ar gyfer cynaliadwyedd ariannol tymor hwy.

Yr hyn yr ydym yn ei argymell

- 6 Rydym wedi argymell bod yr Awdurdod yn adeiladu ar ei gynnydd o ran creu incwm ac adnabod arbedion i ddatblygu a chyfleu strategaeth tymor hwy ar gyfer ei gynaliadwyedd ariannol. Wedyn rydym yn argymell ei fod yn adolygu sut y mae'n cyfleu ei adroddiadau ariannol i roi cymorth i gyflawni ei strategaeth.

Ffeithiau a ffigyrau allweddol

- 139% – swm y cronfeydd wrth gefn defnyddiadwy heb gyfyngiadau cyfreithiol ar ddiwedd 2024-25 yr oedd yr Awdurdod yn eu dal fel canran o gost net ei wasanaethau. Dyma'r ganran fwyaf o'r holl gyrff llywodraeth leol yng Nghymru. Mae wedi bod y ganran fwyaf ers 2020-21 pan fo data ar gyfer Awdurdodau Parciau Cenedlaethol yn dechrau. Mae hyn yn gyfwerth â £7.4 miliwn.
- 175% – y twf yn yr incwm blynyddol y mae'r Awdurdod wedi bod yn ei greu yng Nghastell Caeriw ers 2015-16.
- 120% – y twf yn yr incwm blynyddol ar y cyfan y mae'r Awdurdod wedi bod yn ei greu ers 2010-11.

Ein canfyddiadau

Mae'r Awdurdod yn amlwg yn ymwybodol o'i sefyllfa ariannol, gan gynnwys ei sefyllfa gymharol gryf o ran cronfeydd wrth gefn, a'i risgiau cysylltiedig

- 8 Mae gan yr Awdurdod sefyllfa gymharol gryf o ran cronfeydd wrth gefn o'i gymharu â chyrff eraill mewn llywodraeth leol. Roedd gan yr Awdurdod swm a oedd yn gyfwerth â 139% o gost net ei wasanaethau mewn cronfeydd wrth gefn defnyddiadwy na chyfyngid arnynt gan y gyfraith ar ddiwedd 2024-25.¹ Dyma'r gyfran fwyaf o blith yr holl gyrff llywodraeth leol yng Nghymru. Mae hyn yn darparu sefyllfa gref i'r Awdurdod gynllunio ohoni. Mae hefyd yn gosod her i'r Awdurdod eu defnyddio yn y ffordd orau i ategu ei gynaliadwyedd ariannol a chyflawni gwerth am arian dros y tymor hwy.
- 9 Mae'r Awdurdod yn ymwybodol o'i heriau a'i risgiau allweddol o ran cyllid yn y dyfodol. Mae'r Awdurdod wedi rhagweld sut allai gostyngiadau mewn cyllid yn y dyfodol gan Lywodraeth Cymru edrych ac mae wedi adnabod pwysau eraill, fel cyflogau, yn y tymor byr. Mae gwybodaeth fanwl am y pwysau o ran cyllid a'r risgiau ariannol yn bwysig i helpu i ddatblygu strategaeth ariannol sy'n seiliedig ar wybodaeth dda.

¹ Rydym yn cyhoeddi'r data hwn fel rhan o'n hofferyn data cynaliadwyedd ariannol llywodraeth leol. Gall ein diffiniad o gronfeydd wrth gefn defnyddiadwy fod yn wahanol i'r un a ddefnyddir gan wahanol gyrff.

Mae'r Awdurdod wedi canolbwyntio ar greu incwm yn y tymor byr, ond mae ar gam cynnar o ran meddwl am ei ddull strategol tymor hwy

- 10 Mae'r Awdurdod wedi bod yn canolbwyntio ar greu incwm i wella ei sefyllfa ariannol dros y blynyddoedd diwethaf. Mae'r Awdurdod wedi bod yn defnyddio sgiliau masnachol ei swyddogion i gynyddu'r refeniw y mae'n ei greu o'i asedau gan gynnwys, er enghraifft, Castell Caeriw (**Arddangosyn 1**). Trwy wneud hyn, mae'r Awdurdod wedi mwy na dyblu'r incwm y mae'n ei greu o'i ymwelwyr ers 2010-11. Mae hefyd wedi ychwanegu at hyn trwy chwilio ac ymgeisio am fwy o gyllid grant. Ar y cyfan, mae hyn wedi golygu bod gan yr Awdurdod fwy o incwm a mwy o ffynonellau incwm. Mae hyn yn helpu'r Awdurdod i reoli'r risg y gall cyllid y mae'n ei gael o rai ffynonellau leihau yn y dyfodol.

Arddangosyn 1: enghraifft ddiddorol o arfer

Castell Caeriw

Ers 2015-16, mae'r Awdurdod wedi cynyddu'r incwm y mae'n ei greu o Gastell Caeriw 175%. I wneud hyn, mae'r Awdurdod wedi cynyddu defnyddiau'r ased. Er enghraifft, mae wedi ychwanegu ystafell de ac wedi dechrau lletya priodasau. Mae'r incwm arall hwn yn ychwanegol at y ffynonellau incwm eraill yn y castell, fel tocynnau ymwelwyr a gwerthiant y siop. O ganlyniad, mae'r Awdurdod wedi creu elw y mae wedi gallu ei wario ar wasanaethau eraill a helpu i leihau'r pwysau ar ei gyllideb.

Ffynhonnell: Awdurdod Parc Cenedlaethol Arfordir Penfro

- 11 Fodd bynnag, nid yw'r Awdurdod wedi nodi ei strategaeth ariannol dros y tymor canolig a hir eto. Ar hyn o bryd mae cyllideb yr Awdurdod yn canolbwyntio ar y flwyddyn gyfredol ac nid yw'n defnyddio tybiaethau i gynllunio ar gyfer gwahanol senarios yn y dyfodol. Nid yw ychwaith wedi nodi sut y gallai ddefnyddio ei gronfeydd wrth gefn i fynd i'r afael â'r diffyg sylfaenol yn ei gyllideb, er enghraifft trwy gyllido gweithgarwch i drawsnewid gwasanaethau. Er bod hyn yn adlewyrchu sefyllfa gref yr Awdurdod ar hyn o bryd, mae'n creu risgiau i werth am arian yn y dyfodol.

- 12 Mae strategaeth ariannol eglur, y cytunwyd arni, sy'n seiliedig ar wybodaeth dda yn allweddol i gyfleu a darparu cyfeiriad ar gyfer sut y bydd yr Awdurdod yn ymateb i'r pwysau o ran cyllid y mae'n meddwl y bydd yn eu hwynebu yn y dyfodol, yn enwedig sut y bydd yn cau'r bwch o ran cyllid a ragwelir ganddo yn y tymor byr, canolig a hir. Mae hefyd yn cynorthwyo'r Awdurdod i ddeall effaith pob rhan o'i strategaeth ar ei amcanion llesiant a'i ddibenion cyfreithiol.
- 13 Fodd bynnag, mae'r Awdurdod wedi dechrau ystyried sut y gall fynd i'r afael â'i ddiffyg strwythurol a gwneud arbedion. I wneud hyn, mae wedi creu grŵp creu incwm. Mae'r grŵp yn cwrdd yn rheolaidd i drafod syniadau ar gyfer creu arbedion ac incwm ar draws yr Awdurdod. Mae hefyd yn monitro'r cynnydd o ran gweithredu cynigion. Mae'r Awdurdod yn disgwyl i'r grŵp gyflwyno ei ganlyniadau cychwynnol yn 2026-27. Mae hyn yn darparu man cychwyn i'r Awdurdod ddatblygu strategaeth ariannol eglur ar gyfer y tymor hwy.

Mae'r Awdurdod yn adrodd yn eglur ac yn rheolaidd ar ei sefyllfa ariannol ond gallai gryfhau hyn trwy egluro goblygiadau'r amrywiannau yn ei gyllideb

- 14 Mae'r Awdurdod yn cyflwyno adroddiadau rheolaidd ar ei sefyllfa ariannol i aelodau. Mae'r Pwyllgor Archwilio ac Adolygu Gwasanaethau Corfforaethol yn cael adroddiadau ariannol chwarterol. Mae'r adroddiadau'n nodi sut y mae gwariant yr Awdurdod yn amrywio o'i gymharu â'i gyllideb. Mae cyflwyno adroddiadau eglur a mynych am sefyllfa ariannol yr Awdurdod i aelodau'n eu helpu hwy i wybod am ei sefyllfa ariannol. Gall hyn helpu aelodau i adnabod risgiau ariannol a gweithredu i wella sefyllfa hirdymor yr Awdurdod.
- 15 Fodd bynnag, nid yw adroddiadau'r Awdurdod yn rhoi esboniad eglur o oblygiadau gorwariant neu danwariant. Gall nodi effaith gorwariant neu danwariant ar ei amcanion llesiant, ei gyfrifoldebau statudol a'i sefyllfa ariannol ar y cyfan helpu i gryfhau goruchwyliaeth a chraffu gan aelodau. Gall hyn ategu cynaliadwyedd ariannol ymhellach.

Argymhellion

A1 Dylai'r Awdurdod adeiladu ar ei weithgarwch diweddar i ddatblygu strategaeth ariannol tymor hwy eglur. I wneud hyn, dylai'r Awdurdod nodi sut y bydd:

- 1.1** yn lliniaru ac yn rheoli'r risgiau i'w gynaliadwyedd ariannol tymor canolig;
- 1.2** yn defnyddio ei gronfeydd wrth gefn yn strategol i ddwyn gwerth am arian dros y tymor canolig a hwy; ac
- 1.3** yn mesur ac yna'n monitro effaith ei strategaeth a'r opsiynau y mae'n eu hystyried ar ei amcanion llesiant a'i ddibenion statudol.

A2 Adolygu'r drefn o ran llunio ei adroddiadau ariannol i sicrhau ei fod:

- 2.1** yn adrodd yn rheolaidd ar gyflawni ei strategaeth ariannol ac effaith hyn; a
- 2.2** yn nodi goblygiadau amrywiannau yn y gyllideb ar gyfer ei sefyllfa ariannol, ei amcanion a'i ddyletswyddau statudol.

Atodiadau

Ynglŷn â'n gwaith

Cwmpas yr archwiliad

Fe wnaethom ystyried sut y mae'r Awdurdod yn gweithredu i'w helpu i gyflawni cynaliadwyedd ariannol. Mae hyn yn cynnwys ei gynlluniau ariannol, y dystiolaeth a ddefnyddiodd i ddatblygu ei gynlluniau, ac yna sut y mae'n adrodd wrth aelodau ar ei sefyllfa ariannol. Fe wnaethom fwrw golwg ar y trefniadau a oedd yn eu lle rhwng mis Hydref a mis Rhagfyr 2025.

Ni wnaethom ystyried trefniadau rheoli ariannol ehangach yr Awdurdod na'r penderfyniadau ariannol unigol y mae wedi eu gwneud neu'n bwriadu eu gwneud.

Cwestiynau a meini prawf yr archwiliad

Cwestiynau

Daethom i'n casgliadau ynglŷn â chynaliadwyedd ariannol yr Awdurdod trwy ateb tri chwestiwn allweddol. Yn gyntaf, fe ofynnem ni a oes gan yr Awdurdod gynllun eglur a hirdymor ar gyfer ei gynaliadwyedd ariannol. Yn ail, fe wnaethom ystyried a yw'r Awdurdod yn gwybod am y sefyllfa ariannol y mae ynddi ac wedi defnyddio'r wybodaeth i siapia ei strategaeth. Yn drydydd, fe ofynnem ni a yw adroddiadau ariannol yr Awdurdod i aelodau'n eu helpu i oruchwyllo ei gynaliadwyedd ariannol.

Meini prawf

Rydym yn defnyddio'r meini prawf archwilio i'n helpu i ateb ein cwestiynau am drefniadau'r Awdurdod. Maent yn ein helpu i ddeall sut allai neu sut y dylai trefniadau edrych yn eu cyd-destun. Fe wnaeth gwaith y Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth a'n gwybodaeth gronnus ni siapia eu datblygiad.

Dulliau

Mae ein canfyddiadau'n seiliedig ar adolygiadau o ddogfennau a chyfweiliadau gydag uwch swyddogion a Chadeirydd yr Awdurdod.

Amdanom ni

Mae Archwilydd Cyffredinol Cymru'n annibynnol ar Lywodraeth Cymru a'r Senedd. Rôl yr Archwilydd Cyffredinol yw archwilio cyfrifon Llywodraeth Cymru, y GIG yng Nghymru a chyrff cyhoeddus cysylltiedig eraill, ynghyd â chyfrifon cynghorau a chyrff eraill mewn llywodraeth leol, ac adrodd ar y rhain. Mae'r Archwilydd Cyffredinol hefyd yn adrodd ar ddefnydd y sefydliadau hyn o adnoddau ac yn awgrymu ffyrdd y gallant wella.

Mae'r Archwilydd Cyffredinol yn gwneud ei waith gan gael cymorth ac adnoddau eraill gan Swyddfa Archwilio Cymru, sy'n gorff a sefydlwyd i gefnogi'r Archwilydd Cyffredinol, ei gynghori a monitro ei waith.

Archwilio Cymru yw'r term ymbarél a ddefnyddir ar gyfer Archwilydd Cyffredinol Cymru a Swyddfa Archwilio Cymru. Mae'r rhain yn endidau cyfreithiol ar wahân a chanddynt y rolau gwahanol a amlinellir uchod. Nid yw Archwilio Cymru ei hun yn endid cyfreithiol.



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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.

Future proofing?

Financial sustainability in Pembrokeshire Coast
National Park Authority

February 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.

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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).

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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.



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

Management response form

Audit Wales use only	
Audited body	Pembrokeshire Coast NPA
Audit name	Financial Sustainability
Issue date	February 2026

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
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: mitigate and manage the risks to its medium-term financial sustainability;	The Authority will continue its work to manage its financial deficit and will agree a flexible approach that enables it to take advantage of opportunities and deal with threats.	With considerable uncertainty, due to the upcoming Senedd elections, the first version of this will be completed during the 2026-27 financial year.	Chief Executive / Head of Finance and Fundraising	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
	• use its reserves strategically to deliver value for money over the medium and longer term; and • 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: • reports regularly on the delivery of its financial strategy and the impact of this; and • sets out the implications of budget variances on its financial position, objectives and statutory duties.	An agreed programme of reporting based on time scale of Audit and Corporate Services Review Committee, Authority meetings and Management Team meetings.	During 2026-27 financial year During 2026-27 financial year	Head of Finance and Fundraising	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		Reports to committee will provide a comprehensive picture of the Authority's financial position.		Head of Finance and Fundraising	