

REPORT OF CHIEF EXECUTIVE

SUBJECT: UPDATE AND PROGRESS REPORT ON HOW THE AUTHORITY IS WORKING WITH OTHER NATIONAL PARK AUTHORITIES TO GENERATE COMMERCIAL SPONSORSHIP

Purpose of Report

To update members on discussions across the 15 National Park Authorities (NPAs) on how to work together to generate commercial sponsorship.

Introduction

Over the past three years all 15 NPAs in Wales, Scotland and England have suffered cuts in funding from traditional sources. This has resulted in a process of seeking alternative sources of funding.

The 15 NPAs working collectively as National Parks UK are periodically approached by private companies to discuss sponsorship arrangements. Over the past three years three sponsorship agreements have been agreed:

- Merrell – this was a non-financial arrangement focusing on activities to promote both brands - <http://www.nationalparks.gov.uk/aboutus/our-partnership-with-merrell>;
- Airwick – this involved a financial arrangement to brand a series of products, with income relating to the number of products sold - <http://www.nationalparks.gov.uk/aboutus/partnerships/airwick>
- Greentraveller – a non-financial arrangement to promote sustainable transport initiatives - <http://www.nationalparks.gov.uk/aboutus/partnerships/greentraveller>

These partnerships have been agreed under the current governance arrangements of National Parks UK, which is mainly based on 15 Chairs and Chief Executives (the Executive) meeting twice a year. Having played a role in agreeing these partnerships we are of the view that this method of decision making is not fit for purpose if we are to expand our activities and generate more sponsorship.

Proposal to create a new structure

In January 2014 the Chief Executives of the 15 NPAs met in the Peak District to discuss future approaches to generating sponsorship, where we were advised by a former member of the London 2012 Olympics Sponsorship Team. At the meeting we agreed to investigate the feasibility of developing a new approach towards generating sponsorship. To take this work forward five working groups were formed to consider:

- Branding and Proposition
- Business Model and Structure

- Ethics and Sponsorship Policy
- Developing a Business Case
- Packages and Prospectus

At the National Parks UK meeting held in Tenby on 11th June 2014 the following proposals were presented and agreed in principle by the Chairs of the 15 NPAs:

Branding and Proposition

- To undertake brand evaluation work based on the “Britain’s Breathing Spaces” brand.

Business Model and Structure

- To endorse the establishment of a new non-charitable Company limited by guarantee to oversee the development of commercial sponsorship on behalf of NPAs in the UK;
- This company would be wholly owned by the 15 NPAs, and run by Directors recruited from both within the National Park family and outside experts.

Ethics and Sponsorship Policy

- An Ethics and Sponsorship policy was endorsed, which will provide a framework for the company to function.

Business Case

- To approve a Business Case based on a £10,000 up front contribution from each NPA, which seeks to create a profit generating company from year 2. If the Business Case is delivered, an annual profit of £1.5million or £100,000 per NPA is generated by year 4. This Business Case is based on 5 levels of sponsorship.
- Each NPA would agree to contribute an additional £10,000 over the five year period if there were delays in implementing the Business Case.

Packages and Prospectus

- To undertake more work in this area.

More work is being undertaken on the fine detail of the proposals and the Chairs of the 15 NPAs will meet in the autumn to agree the proposal.

Financial considerations

The proposal requires the Authority to contribute £10,000 during 2014-15, with the possibility of another £10,000 if there is a delay in implementing the Business Case. The Business Case projects a pay back of £26,000 in 2015-16, £79,000 in 2016-17 and £100,000 from 2017-18.

It is unlikely that this Authority would be able to generate anywhere near this degree of payback and income from working alone.

Risk considerations

A risk assessment of different aspects of the proposal has been undertaken. For the Authority there appears to be two key risks:

- Financial risk - the loss of up to £20,000 if the proposal fails. However, evidence to-date such as the current partnership arrangement suggests that even without the specialist skills that will be recruited as part of this proposal the 15 NPAs are able to collectively generate income from commercial sponsorship;
- Reputational risk – this proposal moves decisions relating to commercial sponsorship away from the 15 Chairs into the hands of Directors of the new Company limited by guarantee. Therefore there is a risk that the Company may work in a way that some NPAs disagree with. We are putting into place control mechanisms, such as retaining company ownership with the 15 NPAs, who will appoint the Directors, thereby ensuring that there will be a majority of Directors appointed from NPAs on the Board of Directors, and agreeing an Ethics and Sponsorship Policy.

Conclusion

In this time of cuts in public funding there is need for the Authority to diversify its funding base. This proposal seeks to generate income from new sources.

Recommendation

Members are invited to note the progress to-date and to endorse the participation of the Authority in this venture.

(For further information, please contact Tegryn Jones)