

REPORT OF THE CHIEF EXECUTIVE and EXTERNAL FUNDING MANAGER

SUBJECT: FUNDRAISING

This report discusses the following proposals:

- to create a national charitable entity to support UK National Parks;
- to change the funding model of National Parks Partnership; and
- to create a local charitable entity to support the Pembrokeshire Coast National Park.

1. Creation of a national charitable entity to support UK National Parks

In 2015, the Authority agreed to support the creation of a National Parks Partnership (NPP), a company to generate commercial income and support for the 15 National Park Authorities across the UK. NPP was set up to generate cash which would be distributed evenly across each NPA. During the process of setting up NPP a number of options were considered with regard to the structure of the company, before deciding that the most effective way forward would be to set up a Limited Liability Company.

NPP has been working to engage with a number of national and international companies and recently signed its first contract, with Columbia Clothing. The main element of this agreement is to provide in-kind support through clothing and advertising.

Feedback from the Board and staff of NPP indicates that the majority of companies approached to date wish to enter into agreements that are largely based on providing in-kind support. While there are a number of large companies willing to provide cash support, they will only provide cash to a charitable trust.

A working group to consider the issue was set up and came to the following conclusions:

- The establishment of a national charity to receive corporate and individual donations and “voluntary giving” arising from the collective efforts of the UK’s National Parks is considered by the group as an essential element if we are to take forward work to grow income for National Parks;
- No one organisation currently has the remit to raise such charitable funds for initiatives that can be delivered across the 15 National Parks;
- Through its activities and discussions with major companies and corporations over the past year, National Parks Partnership has demonstrated an appetite by companies to donate grants to a national charity associated with the 15 National Park Authorities and their purposes. Furthermore, many companies have

indicated that it is company policy to only make donations to charitable organisations.

The group is now working towards presenting a proposal for the 15 Chairs of NPAs to agree at a meeting of the Executive of National Parks UK on 20th February 2018.

The Proposal

The proposal will be based on the following:

- The creation of a charitable entity that exists to support the family of 15 National Park Authorities. This is a tactical device to match the National Park offer to the needs of the market. It would enable NPP to pitch with confidence knowing it could channel potential financial support at a critical moment in the sales process. It would also enable NPP to differentiate between sponsorship and philanthropy propositions, widening National Parks' potential attraction to the corporate market;
- The charity will be a 'behind the scenes' entity and the only active solicitation for funds will be via NPP;
- The charitable entity would have a small board of trustees, a charity registration number and a bank account. It would have no paid staff. The only fundraisers for the body will be the employees and board of National Parks Partnership and trustees of the charitable entity, undertaken as part of their ongoing work to generate support via NPP. No promotional/marketing activity would take place for the entity, unless such activity was undertaken in partnership with a major funder;
- The charitable entity will not solicit funds from individuals, trusts or foundations, nor promote itself to such donors, unless a referral is made via an individual National Park. In this way it will not compete with the local fundraising efforts of individual National Park Authorities and/or their allied charities;
- The charitable entity will create a giving opportunity for those companies (or their customers) that wish to support National Parks, but who can only give support to a charity.

Financial Considerations

It is estimated that the cost of setting up and administering the charitable entity will be around £5,000 over the first three years. This money will come from the NPP budget and therefore the Authority will not incur any additional cost.

Risk Consideration

There are potential tensions around a new charity entering what is a competitive market to raise money for UK National Park Authorities and their purposes. Furthermore the necessary independence of a charity does offer the potential for tensions in relation to decision-making about where any funding raised will be spent.

Equality considerations

The charity will support the work of NPP. Welsh NPAs need to ensure NPP sponsorship and philanthropy activities assist them in meeting their public sector equality duty obligations under the Equality Act 2010 (including the Welsh specific duties.)

Welsh Language considerations

The proposal is to set up a charity structure without a public facing element therefore there will be limited issues relating to meeting the Welsh Language Standards. However, the charity will support the work of NPP who are required to enable the three Welsh NPAs to meet their obligations under the Welsh Language Standards.

Conclusion

The decision to set up a Charitable Trust will be taken at a meeting of National Parks UK to be held on 20th February 2018. The Authority will be represented at that meeting by the Chair and Chief Executive. Members are asked to delegate authority to the Chair to support the creation of a Charitable Trust by the 15 UK National Park Authorities.

RECOMMENDATION

To delegate authority to the Chair to support the creation of a Charitable Trust by the 15 UK National Park Authorities.

2. A change to the way that the National Parks Partnership is funded.

As noted above, initially NPP was set up with the aim of securing income for UK National Park Authorities. The company was set up by an initial donation of £10,000 from each NPA to cover the start-up costs and first year of operation. A further £10,000 from each NPA provides sufficient income for the company to function until October 2018.

With the initial business model being based on generating income, it was assumed that a proportion of this income would be used to cover the costs of NPP. However, with the initial deals agreed by NPP being based on in-kind support (i.e. clothing), there is a need to develop a different model of funding NPP in the future.

NPA Chief Executives have discussed this and agreed, subject to appropriate Member approval, to move to a subscription model, where each NPA pays £10,000 per year to cover the costs of NPP. It is expected that the in-kind support received through agreements signed via NPP will reduce the costs for each NPA by a sum greater than this amount.

It is proposed to trial this model for three years prior to undertaking a thorough review of NPP around 2020.

If a national charity was set up, as recommended above, and this charity was successful in generating income, then the subscription model would be reviewed.

Financial Considerations

This proposal will cost the Authority £10,000 per year. The NPP Business Plan for 2018-2020 sets a target of between £1m and £1.5million for income and benefits. Even at the lower end of the target there would still be a positive return on investment.

If a national charity is created then it is hoped that that the return would be closer to the higher level and also more likely to be in cash rather than in-kind.

Risk Consideration

There is a risk that NPP will not deliver benefits of over £10,000 per year. NPP is a new company working in a competitive market. It has recently signed its first agreement which brings significant benefits to the Authority. There are also another two agreements that we expect to be concluded over the coming months.

A thorough review of NPP is proposed in 2020, where we consider that it will be possible to evaluate its success.

Equality considerations

Welsh NPAs need to ensure NPP sponsorship and philanthropy activities assist them in meeting their public sector equality duty obligations under the Equality Act 2010 (including the Welsh specific duties.)

Welsh Language considerations

NPP is required to work in a way that enables the three Welsh NPAs to meet their obligations under the Welsh Language Standards.

Recommendation

Members support a change to funding NPP by the subscription model outlined above.

3. Creation of a local charitable entity to support work in the Pembrokeshire Coast National Park.

As the public funding received by the Authority is being reduced year on year, with a strong indication that these cuts will continue for the foreseeable future, there are ever growing funding pressures for the Authority to generate income from other areas.

In July 2017 the decision was taken to appoint an External Funding Manager. The purpose of this new role was to undertake activities to generate and manage funding from a variety of different sources to support the work of the Authority.

A review by the External Funding Manager has concluded that in order to generate income from a broad range of sources, a charitable trust to support work in the Pembrokeshire Coast National Park would need to be set up. This would deliver the following benefits:

- The ability to apply to a much wider range of charitable trusts and foundations than we currently are able to as a Local Authority;
- A charitable trust can be registered for Gift Aid, which will enhance the value of a range of donations from members of the public;
- A charitable trust would give a degree of separation and independence that donations are not ‘funding Government activity’, and thus, potentially generating additional support; and
- A charitable trust can register for other giving schemes like “Give as you Live”, Payroll giving or “Remember a charity”.

Proposal

To set up a charitable trust to support work in the Pembrokeshire Coast National Park to enable funding to be generated from a broader range of sources.

For the charitable trust’s purposes to be aligned with the Authority’s purposes.

Financial Considerations

The initial resource costs to set up the charity are expected to be minimal. The application to the Charities Commissioner in England and Wales can be undertaken by existing Authority staff.

It is also anticipated that initial administration can be absorbed within the existing resources of the Authority. The legal and accounting costs attributed to setting up the charity are estimated as £3,000.

Should the charity’s establishment be a successful catalyst for receipt of significant financial donations, then forward resourcing can be considered at that point, with the benefit of any finances raised being made available to support any additional costs incurred.

Risk Considerations

There is a risk that the local charitable trust won’t generate sufficient funds to justify the investment initially made by the Authority, i.e. the appointment of the External Funding Manager. This outcome is unlikely as the investment from the Authority is minimal in terms of financial cost.

Equality Considerations

The Charity will have a legal duty to comply with the Equality Act 2010. The Charity will need to ensure processes for the selection of trustees complies with equality legislation and best practice and that a clear code of conduct is in place for trustee members.

In developing the selection process and structure for trustees, consideration should be made of how to attract people from underrepresented groups . The Charity Commission notes ‘A diverse board is more likely to contain a broader range of skills, knowledge and experience than one which is more narrowly based. When preparing to recruit new trustees, a charity should, in general, seek to increase or at least maintain the diversity of its trustee board. Having a diverse trustee board can also help to ensure that the charity is fair and open in all its dealings, for example, in its grant giving or delivery of services. The commission believes that the governance of charities will be improved where trustees are recruited from a wide range of backgrounds. This includes trustees from parts of the community which have traditionally not played a large part in charities, such as young people, people from minority and ethnic communities and people with disabilities. Creating a diverse board can also help to increase accountability and public confidence.’ (Charity Commission – Finding new trustees:
<https://www.gov.uk/government/publications/finding-new-trustees-cc30/finding-new-trustees#trustee-recruitment-at-a-glance>)

Welsh Language Considerations

All communications and marketing relating to the charitable trust would be bilingual. Donor’s language preferences would be sought, noted and adhered to. The public interface would comply with the Welsh Language Standards.

RECOMMENDATION

For Members to approve, in principle, the setting up of a local charitable trust, subject to legal documentation and a memorandum of understanding being agreed by Members, prior to the application to the Charity Commission is submitted.