

To: National Park Authority, 30 September 2022

From: Dr Simone Lowthe-Thomas, Director of Nature Recovery & Climate Change

Committee Report Template

| | | | |
|--------------------------|---|--------------------|----|
| Decision Required | YES <input checked="" type="checkbox"/> / NO <input type="checkbox"/> | Agenda Item | 10 |
|--------------------------|---|--------------------|----|

Recommendation

Endorse the direction of the income generation work, as outlined in the report and the presentation given at the meeting, including the need to build capacity and skill to deliver this work;

Approve the establishment of an Income Diversification Advisory Group (IDAG) as agreed within the Audit Wales Action Plan;

Approve Officers to begin the legal and administration work necessary a charitable arm to BBNPA and report back to the full Authority, with a fully costed plan for approval;

Delegate the Authority, in line with the Audit Wales Action Plan 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;

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.

Consultation

Audit and Welsh Government (WG) as part of the BBNPA Action Plan.

South Downs National Park Trust who shared their learning around establishing a Charity.

Brecon Beacons National Park Society to ensure they were aware of the proposal and our intent to engage fully with them as we progress the establishment of a Charity or Trust.

Key Messages

Prioritisation of our Income diversification strategy and delivery is essential, this is already agreed in the agreed Audit Wales Action Plan and a review area for Audit Wales during 22/23.

Two distinct thematic areas for income diversification; commercial (expanding the use of our assets – land, car parks, visitor centres, shops and services) and philanthropic/grants – increasing our gifts, donations and legacy income, grant and trust income.

This paper sets out recommended next steps for both aspects and the delegated authority required by Officers to progress.

Background

Brecon Beacons National Park Authority (BBNPA) is currently wholly reliant on national park grant (NPG), Local Authority levies and planning income to deliver core functions. As costs increase and with flat income in our core funding, this leaves less budget available for the delivery of specific project outcomes, we have been successful at achieving external grants e.g. Sustainable Landscapes Sustainable Places (SLSP), however many of these are still public sector, are restrictive and funders have intimated that these should not be relied upon and should be used as leverage to attract additional funding.

Our Audit Wales Action Plan sets out income diversification as a key action to enable us to deliver the ambitions of our emergent management plan and to rebuild the staff capacity and skills base required. This sets out three clear actions:

1. Establishment of an Income Diversification Advisory Group
2. Development of a Commercial Strategy (also within our Corporate Plan)
3. Review of the options available to us

BBNPA is now developing a clear vision of what we want to achieve over the next five years as set out in our emerging National Park Management Plan (NPMP) and subsequent Corporate Plans.

It is important, if BBNPA are to continue to deliver outcomes of a high quality within the National Park and meet the delivery requirements set out for us by WG in our remit letter, that we change the way we operate, putting a greater emphasis on finding and using other sources of funding to deliver our objectives whilst continuing to strive for efficiencies and the commercial management of our operations.

Income Generation Context

BBNPA currently attracts income from a few main sources: Welsh Government settlement, Local Authority levies, planning income, payments for service delivery (NRW and local Authorities for Rights of Way), public sector grants and some external grants. This is supplemented by some income from our visitor centres and car parks, provision of courses (education team), events and occasional gifts/legacy or donations.

The Executive Board have commenced a review of the options available to BBNPA across two main streams of income – commercial income and philanthropic giving.

An initial scoping of potential income sources has identified:

- Commercial opportunities – to build on our existing assets including the visitor centres, car parks and events.
- Private Sector investment – we are exploring options for aligning our messaging to Corporate Social Responsibility objectives to advance our work around education/widening access, research/technology, carbon mitigation/adaptation and nature recovery.
- Payments for Services – this might include exploring Payment for Ecosystem Services, carbon sequestration/storage models as well as expanding our range of courses and educational activities.
- Partnerships and collaborations – increasing the scope of our work with third and private sectors as well as increasing partnerships with the public sector with potential to explore social enterprise models in the future

- Grants and Trusts – exploring options for diversifying our income through applications for proactive programme delivery and fundraising
- Philanthropic Giving – promoting and making more accessible opportunities for donations, legacies and other gifts

Commercial income generation

Commercial/earned income is income that is generated by charging for goods and/or services. BBNPA is not looking to generate income for the sake of making surplus profit, but to support its work to deliver its mission and primary purposes.

Initial research and conversations show that there is great enthusiasm for this work within BBNPA, 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
- Need to consider partnership work
- Must apply an ethical and reputational filter

Developing assets such as car parks and visitor centres has proven to be the key driver of success in other National Parks. These can be developed within our current remit and governance structures.

Emerging markets such as Payment for Ecosystems Services, Nature Recovery and Carbon Capture/Storage may also offer income diversification opportunities provided they fit within our ethical and cultural framework and delivers the objectives set within our Management Plan and remit.

Maximising commercial income will also mean having to change some aspects of organisational culture and ways of thinking. For example, trying new things to earn commercial income will likely involve some of those failing. The Authority needs to be prepared for that and be clear what its risk appetite is in relation to this work.

Recommendations and Next Steps for Commercial Options

Establishment of an Income Diversification Advisory Group and the governance and processes necessary.

Executive Board to develop a commercial policy and income strategy that will set out our vision, ambition, and risk register; governance and transparency processes; commercial culture; skills, resource, capacity and training requirements; parameters for decisions and options review.

Development of a Commercial Strategy (also within our Corporate Plan) which will outline our priorities and delivery plan based upon our policy.

Establish our Programme Board with the delegated powers to lead on delivery, reporting to the Executive Board.

Philanthropic income generation

To develop philanthropic income, BBNPA will need to invest in some new areas of competence and consider some internal changes in structure and processes to open-up new funding streams and to ensure donors receive the best possible experience.

Looking at other National Parks such as Pembrokeshire, discussion with South Downs National Park Trust and our own research leads us to the recommendation that BBNPA establishes a Charity or Trust.

By partnering with an independent charity, the BBNPA trust can run campaigns for fundraising, donations and gifts as well as seeking funding that the Authority cannot currently access.

A Charity would be able to create new partnerships, delivery models and potentially trading arms which the Authority cannot. This would enable the delivery of projects and programmes that would compliment and enhance our own delivery.

Sources for philanthropic funding are numerous and the recommendation of is that we initially focus on a few specific sources:

- trust and foundation funding
- individual donors
- a legacy programme
- a capital appeal, e.g. for our aspiring Education Accommodation Building Project.

Recommendations and Next Steps for Establishing a Charity

It is recommended that BBNPA should seek legal advice on the most practical way to create a complementary vehicle that can attain charitable status. This vehicle should not replicate or prevent or hinder the activities of the existing BBNP Society and we will engage with them fully to align, not duplicate, our interests.

The Executive Board seek permission from the Authority for officer officers begin the legal and administration work necessary to set up a charitable arm to BBNPA and report back to the full Authority for approval.

Relation to Authority Priorities

This action will secure income for the delivery of the Management Plan and priorities for BBNPA as set out in our remit letter. The diversification of income is agreed within our Wales Audit Action Plan and will be reviewed by Audit Wales this year as part of their annual review cycle. The proposed actions are in line with their recommendations and will meet the agreed actions.

Impact Analysis

Financial – Initial costs at this stage will primarily be allocation of existing staff time and internal legal advice. A full financial analysis of the costs and commitments to establish and support the Charity will be provided in the full proposal.

Legal – will require legal advice which will be determine as part of the planning stages proposed above.

Diversity – establishment of a charity may enable us to engage, partner and involve more widely. Consideration of recruitment of trustees and engagement of stakeholder about the role and objectives will be essential.

Human Resources – will require staff input during development stages. The establishment and operations of the charity will require extensive HR involvement and input which could include recruitment, modification of roles (which would also require consultation with the Staff Management Forum), this will be set out in the full recommendations paper to follow.

Sustainability – environment and conservation would be a core purpose and operations of the Charity, the Charity is being proposed to focus on income generation for nature and communities, it will enable us to expand our partnerships and collaboration which can support local economic and social regeneration and support.

Risk

Key internal challenges include:

- There is currently no staff resource or knowledge dedicated to income generation or fundraising.
- Any approach to fundraising will require support from senior staff and members, backed up by investment and commitment. If a campaign forms part of the strategy the investment could be considerable.
- Because of our lack of history in fundraising, there will need to be training around how to communicate the Case for Support.
- Commercial income generation, in addition to internal organisation culture challenges, may bring reputational and ethical issues that BBNPA would have to consider.

Key external challenges include:

- While WG funding to the National Parks is now expected to remain static in real terms over the next three years, the long-term trend is far from certain.
- There will be an existing belief among potential donors that BBNPA is fully government funded and does not need additional support. It will take time and effort to raise awareness of our need for funding against this accepted wisdom.
- The impact of this work on partners will need to be considered. We need to be clear about what motivates people to support BBNPA and how this differs from the motivation for supporting partner organisations and create a case for support that reflects this.

Conclusion and Next Steps

The proposed approach aligns with our Audit Wales Action Plan and will enable us to maintain and expand our delivery beyond statutory responsibilities to deliver our ambitions and responsibilities as set out within our Management Plan and Welsh Government remit letter.

The report sets out approaches to how we can develop and establish to distinct but complimentary pathways to income generation. This work will establish the framework for this and undertake the due diligence require to ensure that this work meets our legal, governance and ethical duties. It will provide the foundation and direction for all our future income generation work.