

Date: 27 November 2007

Report: EXTERNAL FUNDING STRATEGY

### **Purpose of the report**

1. For Members to approve the principles that will guide the Authority's efforts to secure a range of external funding over the next three years, in order to achieve the objectives set out in the Best Value Performance Plan.

### **Strategic Planning Framework**

2. The information and recommendation(s) contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework:

- ***Best Value Performance Plan objectives***

Plan and manage all aspects of the Authority's business so as to make the most consistent and effective use of our resources.

### **Background**

3. The Authority's funding comes from a variety of sources, which can be grouped into three broad categories:

- a) Defra grant (often referred to as 'core grant' or the 'financial settlement');
- b) Other grants, usually for specific projects;
- c) Sales, fees and charges (e.g. car park charges).

For the purposes of this report, external funding means everything in categories b) and c).

4. Members will be well aware that the Authority has been getting strong messages from Government that it can expect several years of tight financial settlements. At the same time, there is no lessening in the range of activities that we and Government wish to see the Authority engaged in.
5. The Authority has been promised – but has not yet received – a three-year financial settlement from Defra. In the absence of the settlement, we are continuing to work on the assumption that we will get a flat settlement (i.e. no increase) for at least the first of those years. If the Authority were to receive a flat settlement for all three years — and assuming inflation continues at around 2.5% — then by 2010/11, the Authority would

need to increase its external funding by around £330,000 just to maintain current levels of expenditure in real terms.

6. Through the Finance and Resources Committee, action is already in hand to look at ways in which the Authority can control its 'core' spending so as to keep resources available for projects. The main thrust of this approach is contained in the policy that seeks to ensure that the total spending on staff costs do not represent more than 70% of the total DEFRA grant.
7. However, if we are to maintain existing support to projects, and achieve the new objectives set in the National Park Management Plan, the Authority will also need to bring more in money from external sources into the Park.
8. A number of actions were identified in this year's Best Value Performance Plan to start to tackle this issue. These included running external funding workshops for staff, and improving the effectiveness of our relationship with the Yorkshire Dales Millennium Trust (achieved through a new Memorandum of Understanding, and providing the Trust with a clear list of our priorities for external funding).
9. The final action is to: "review current external funding performance and make recommendations on future external funding opportunities. Members have already fed directly into this process in a number of ways:
  - a) all Members had the opportunity to consider the issues and options in detail at two Policy Development Forum meetings (in April and October);
  - b) Kevin Lancaster (as 'Corporate and Democratic' Champion) and Ann Brooks (as Chair of Finance and Resources) have attended External Funding Group meetings
  - c) Carl Lis, William Weston, Steve Macaré and John Blackie were appointed by the Authority in July to work with officers to prepare proposals for optimising income from the Authority's retail services.

## **Consideration**

10. At the Policy Development Forum meeting in April, Members considered the Authority's overall financial position, and the role of external funding in helping to achieve the Authority's objectives (a summary of recent performance and the Authority's main sources of funding is at **Annex A**). Members indicated general support for the Authority taking a more proactive approach to generating income but subject to development of an overall 'funding strategy' to guide consideration of the range of external funding options.
11. A proposed funding strategy is attached at **Annex B**. It is intended to cover the next three financial years. The overall assumption behind the strategy is that the Authority should aim to secure at least enough external funding to maintain recent (2006/07) levels of expenditure in real terms over that period. While it may not sound it, this is likely to be a challenging target because:
  - a) tight financial settlements will require us to increase external funding just to 'stand still' in terms of expenditure;

- b) the Authority secured a relatively high level of external grant funding in 2006/07 – notably in relation to the Pennine Bridleway.

12. There are a number of general points for Members to note:

- a) It is intended to cover all elements of 'external funding' – from grants through to car park charges;
- b) It covers not only money coming directly through the Authority's books but also external funding secured by other bodies for projects initiated by or directly involving the Authority (for example the current 'Woodland creation', 'Hay Time' and 'Learning in Limestone Country' projects led by the Yorkshire Dales Millennium Trust)
- c) It contains a number of general principles to guide our overall approach;
- d) It also includes a number of more specific principles that apply to particular sources of income.

13. The strategy takes account of comments made by Members at the Policy Development Forum meeting in October. At that meeting, Members were supportive of translating the principle in paragraph 2 of the strategy into separate financial targets for:

- a) Grant funding secured by the Authority;
- b) Income, fees and charges secured by the Authority;
- c) Grant funding secured for Authority partnership projects

It is still the intention to set such targets. However, it is considered premature to do so now, in advance of the announcement of the three year grant settlement. It is, therefore, **recommended** that the financial targets be considered and approved by the Finance and Resources Committee once the settlement is known.

### **Specific sources of income**

14. As noted above, the proposed strategy contains a number of different approaches to different types of income generation. Particular points for Members to note are:

#### ***Car parking and toilets***

No change to the existing approach, most recently approved by Finance and Resources committee in February 2006 which includes a more rigorous approach to enforcement. However, at the Policy Development Forum, Members asked to reconsider whether the Authority should be charging coaches for using our car parks. A report on this issue is going to the Finance and Resources Committee on 3 December.

#### ***Retail***

In July 2007 members agreed that Carl Lis, William Weston, Steve Macaré and John Blackie work with officers to re-examine retail services and bring a further report to members. This group has met and developed five strategic principles for retail, which are incorporated into the External Funding Strategy. If approved, the member officer working group will reconvene to develop a business plan. There is a business case for retail services currently being produced as part of the Turntable Project and this will be reported to the member officer working group. At present the

business case for retail services is expected to be completed this financial year and the business plan will follow as soon as practicable after that.

***Charging other public bodies for carrying out delegated functions, use of facilities, provision of services etc***

Such income is relatively straight-forward to secure/manage, and is already providing a small but significant contribution to our finances. It is proposed that the Authority continue to pursue all such opportunities where they do not compromise the effective running of the Authority. Negotiations are currently taking place with the County Councils to try to secure a fair and reasonable contribution towards the cost of providing our delegated Rights of Way duties.

***Sponsorship***

Significant staff time resource would be needed to create and maintain sponsorship opportunities. There is also the need to ensure that we are not competing with the Yorkshire Dales Millennium Trust. It is, therefore, proposed that the Authority only pursue small-scale opportunities (as and when they arise). However, the Authority should also 'lobby' CNP, ENPA etc to explore the potential for larger scale corporate sponsorship of National Parks. The sponsorship ethics policy attached to the strategy is the one approved by Members in 2002, with an additional criterion (e.) to ensure that the Authority would not take up sponsorship where it might reasonably be seen to compromise its independence or decision making.

***Visitor contributions***

The Authority has previously shied away from visitor payback schemes, and there is an obvious risk of compromising some of the work of the Yorkshire Dales Millennium Trust. However, officers believe that there may be scope for a focused approach based specifically around the 'Three Peaks' area. An initial outline is attached at appendix C. It is **recommended** that, as part of the strategy, the Authority investigate in more detail the potential for such a project.

**Conclusion**

15. The proposed External Funding Strategy sets challenging but achievable goals for the next three years. Once the financial settlement is known, the overall principle (to maintain expenditure at least the 2006/07 level in real terms) can be translated into specific financial targets by the Finance and Resources Committee. The Committee will then have the key role in monitoring progress, as part of its overall budget management responsibilities.

**RECOMMENDATION**

16. That Members approve the attached External Funding Strategy, as the basis for setting detailed financial targets by the Finance and Resources Committee.

**Gary Smith**  
**Head of Conservation and Policy**  
19 November 2007

**A. RECENT TRENDS IN AUTHORITY INCOME (£000s)**

	2005/06	2006/07	2007/08	2008/09	Up
<b>Core Grant</b>	£4,707	£4,823	£4,951	£4,951	<b>5%</b>
<b>Sales/Fees/Charges</b>	£1,153	£1,115	£1,200	£1,184	<b>3%</b>
<b>Grants</b>	£892	£1,263	£1,100	£1,112	<b>25%</b>
<b>Total</b>	£6,752	£7,201	£7,251	£7,247	<b>7%</b>

**B. MAIN SOURCES OF INCOME 2006/07 (£000s)**

<b>Grants</b>	<b>£k</b>
Pennine Bridleway	630
SDF Funded Projects	200
Limestone Country	100
Planning Development Grant	77
Others	224
<b>Total</b>	<b>1,231</b>

<b>Sales, fees and charges</b>	<b>£k</b>
Car Parks	470
Retail	237
Planning Fees and consultancy	150
Investment Income	115
Dales Countryside Museum	58
Farm Environment Plans	20
Office recharge	5
<b>Total</b>	<b>1,055</b>

# EXTERNAL FUNDING STRATEGY FOR THE YORKSHIRE DALES NATIONAL PARK AUTHORITY

## DEFINITION

'External funding' means any funding secured by the Authority, either for itself or for a partner organisation to spend on National Park purposes, other than core Defra grant".

For the purposes of this strategy it is useful to divide external funding into two categories:

- Funding sourced from external funding bodies and individuals for the implementation of specific projects (e.g. grants, legacies, corporate donations etc).
- Income generated through the application of charges for services, use of facilities or the Authority's name, or for the provision of Authority goods and services

## STRATEGIC PRINCIPLES

1. The Authority will aim to make the most effective use of external funding in order to deliver the objectives set out in the National Park Management Plan and Best Value Performance Plan.
2. In broad terms, the Authority will seek to secure levels of external funding that would enable it to:
  - keep its own total 'project' expenditure to at least the same level in real terms as in 2006/07;
  - work with and through the Yorkshire Dales Millennium Trust and others to secure further direct external funding for YDNPA-supported projects in the Park to at least the same level in real terms as in 2006/07.
3. The potential exists to secure external funding across all areas of the Authority's work (core costs and programmes) – no part of the organisation is exempt from the expectation to take reasonable steps to help to identify and secure external funding.
4. As a core part of the annual budget-setting process, and irrespective of the priority of the programme concerned, officers will be expected to show how external funding has been or will be sought in future.

## EXTERNAL FUNDING FOR PROJECTS

5. The Authority will take a planned approach to developing funding bids; identifying and listing those that are most important to achieving its objectives. Each year, the Authority will reconsider the list in light of changes to the priority of its programmes and progress in achieving its objectives. This will form the basis for advising YDMT.
6. Each year the Authority will consider whether any unallocated underspend from the previous financial year should be used to establish an 'Opportunities Fund', the main intention of which will be to support new projects that attract external funding.

7. What matters is getting money into the National Park to help achieve the NPMP objectives. In many cases, it will be appropriate for other bodies to lead and run projects with the Authority as a contributing partner. Projects led and funded by other bodies, to which the Authority is also contributing funds, are considered to be externally-funded just as much as if we were running the project ourselves. YDMT should be regarded as a strong option for the delivery of projects where they can draw in funding not available to the NPA.
8. External funding bids should be packaged, wherever appropriate, to achieve a range of objectives. This will increase their potential impact and reduce the resource input in preparing bids.
9. Initial proposals for major, externally-funded projects (i.e. those where the Authority's contribution is likely to exceed an average of £20,000 per year in cash or kind) must be signed off by SMT before resources are committed to developing the project in detail.
10. All major bids<sup>1</sup> for external funding (as above) must be signed off by SMT before submission. In doing so, SMT will have regard to the:
  - a. financial implications for the Authority;
  - b. degree of leverage and overall value of the project;
  - c. priority of the relevant work programme(s)
  - d. contribution to NPMP and BVPP objectives
  - e. impact on staff and existing and future workloads
  - f. potential risks and sensitivities (including legality).

## **INCOME GENERATION**

11. Levels of charges for services and facilities will be considered annually. Lead officers will be responsible for reviewing charges in light of this strategy, and then making any recommendations to Members as appropriate.

### ***Charges for car parks and toilets***

12. The Authority will continue to aim to optimise income from car park charges based on the following criteria:
  - Reasonable increases for inflation;
  - Charges made by similar organisations;
  - The need to provide income to support the costs of services provided.

### ***Retail***

13. The Authority will aim to maximise income from its retail operation in ways that are consistent with its statutory purposes and core values. This will be achieved by:

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<sup>1</sup> Or proposals to commit resources to an externally-funded project run by another body.

- a) developing a retail 'brand', built on the 'Britain's Breathing Spaces' work and incorporating aspects of: connecting to the landscape; the special qualities of the Park; getting back to nature; health; spirituality; sustainability; climate change; and, the loyalty people feel towards the Yorkshire Dales;
- b) improving the retail offer in NPA outlets in ways that will add to the visitor experience and increase the attractiveness of the area as a destination — thus helping to make the whole area more economically viable;
- c) making the best of the existing retail resource before planning any further major expansion. We will, however, also be opportunistic and take advantage of chances for organic growth;
- d) investing in the retail operation, in accordance with an agreed 'business plan' that will set clear targets for future income generation;
- e) stocking a range of different products to satisfy our diverse customer base but focusing primarily on a wider range of quality and genuinely useful items.

### ***Charging for carrying out delegated functions***

14. The Authority will seek to secure a realistic contribution to carrying out delegated functions that directly help to achieve National Park purposes.

### ***Use of Authority facilities***

15. The Authority will aim to maximise income from the use of its office space by other organisations where this is compatible with the Authority's objectives and would not compromise the effective running of the Authority.

### ***Providing services to or for other bodies***

16. The Authority will seek to optimise income from providing services to or for other public bodies in ways consistent with the effective and efficient running of the organisation.

### ***Sponsorship***

17. The Authority will continue to investigate small-scale commercial sponsorship opportunities for individual project areas, in accordance with the attached 'Sponsorship Ethics Policy'.

### ***Visitor contributions***

18. The Authority will investigate the potential for developing a project to secure 'visitor payback' to assist in the conservation and management of the 'Three Peaks' area. As part of that investigation, discussions will be held with local communities and businesses, the Yorkshire Dales Millennium Trust, Craven District Council, and Natural England.

## **Roles and responsibilities**

**Members** will set the Authority's objectives and the relative priority of its various work programmes.

**Senior Management Team** will ensure that external funding proposals are realistic, deliverable, fully-resourced, and in line with the NPA's objectives and priorities and this strategy.

- **Heads of Department** will ensure that project proposals are developed in line with the Authority's guidance on project management, including ensuring that staff have consulted appropriately both internally and externally in developing any funding bid.

**Section Heads** will keep themselves apprised of appropriate sources of funding and develop detailed project proposals for SMT.

**All officers** will help, as appropriate, to identify potential sources of external funding for the Authority's work. Specific targets will be set as part of the annual appraisal process.

**External Funding Group** will identify and advise on ways in which the Authority could increase and improve the effectiveness of the external funding being brought into the National Park.

## **Review**

This strategy will be reviewed in 2010. Progress will be considered each year by the Finance and Resources Committee.

## **SPONSORSHIP: ETHICS POLICY**

This ethics policy is intended to give members and officers guidance from the outset as to what sources of commercial sponsorship are acceptable to the Authority. The Yorkshire Dales National Park Authority identity and reputation are amongst the most valuable assets the Authority possesses. As they are formed through everything people see and hear about us and through the company we choose to keep, it is imperative that we ensure that nothing negative arises from sponsorship arrangements.

There should be a presumption in favour of accepting company support unless:

- a. the company is in direct conflict with, or will otherwise compromise, one of the National Park's aims;
- b. acceptance of support is likely to cause substantial controversy among stakeholders (members/officers/volunteers/customers);
- c. acceptance of sponsorship is likely to damage our reputation or to damage existing relationships with other entities;
- d. the company is in direct competition with our own activities;
- e. acceptance of sponsorship might reasonably be seen as compromising the Authority's independence or decision-making.

The Authority will operate a vetting process, to ascertain (a) that the potential sponsor was not involved in activity contrary to the purposes of the Authority, and (b) that the Authority would not suffer detrimental publicity from association with the sponsor. This process will involve the departmental head responsible for the potential sponsorship opportunity (including specialist officers as required), the Media Officer, the Head of Finance & Resources, and the Chief Executive. Approval for any sponsorship opportunities will be sought from Members (via the Finance & Resources Committee).

## POTENTIAL VISITOR DONATION PROJECT: 'THE THREE PEAKS'

### Description

Visitor Payback can be defined as “the process of visitors choosing to give money (or other help) to assist in the conservation or management of places they visit”. This can take various forms, for example donations, membership of a specific group or supplements added to goods/ services.

Members considered a ‘Visitor Payback’ scheme for the Three Peaks area in 2000 but decided not to pursue the proposals.

Since that time the Authority has not itself initiated any visitor payback schemes but has been involved in partnership with others in various projects:

- We worked with the Joint Promotions Initiative (now the area tourism partnership) on a visitor payback pilot in the Hawes and Bolton Abbey areas with a few specific business outlets. This pilot ceased when the 2001 foot and mouth outbreak threw all dales tourism/farming activity into chaos.
- The Yorkshire Dales Millennium Trust is currently running two ‘payback’ schemes ‘Donate to the Dales’ and the ‘Tree Planting Scheme’.
- In addition the Authority is working on a small scale with ‘Conservation Cumbria’, which runs a visitor payback scheme that will potentially supply some funding for projects within the NP.

More recent thinking about visitor payback has again focussed on the 3 Peaks area at a recent External Funding Workshop and order to focus our discussions, it seems sensible for this paper to consider the options for the 3 Peaks area and the potential for tapping into sources of funding to maintain the 3 peaks route and to enhance the businesses in the area. The area is highly visited, receives the bulk of the organised charity ‘events’ held in the Dales, has a number of tourism business outlets and the local community has in the past been involved in other fund raising exercises for maintenance of the 3 peaks routes.

Since 1986 the Yorkshire Dales National Park Authority has worked with a number of partners on ‘3 Peaks Projects’ including, English Nature, Countryside Agency, Sports Council as well as a number of different funding bodies Sports Lottery Trust, Yorkshire Dales Millennium Trust and European Agencies with the NPA being extremely successful in attracting funding during the 80s and 90s, resulting in many of the routes becoming sustainable but requiring ever increasing maintenance to keep them this way.

However, the projects have often been one dimensional seeking to rectify the issues through physical works and have not addressed the social and economic benefits the natural landscape brings to the area, local community and businesses. Projects have also tended to be time limited (1 or 2 years) in addition these are becoming increasingly difficult (next to impossible) to attract funding as competition has increased and that work is often viewed as a statutory duty.

The External Funding Workshop identified the possibility of developing a much broader project, addressing some of the issues above and involving Local Community, businesses as well as the YDMT, Craven District Council, Natural England and others. The workshop

identified a myriad of potential opportunities and subsequently, a small officer group has met to explore the merits of each and identify those ideas which appear to be priorities for further consideration. From these there were deemed to be three specific areas which were worth considering in the first instance.

## **Examples**

### ***Friends of the Three Peaks***

This is potentially a catch all but could be based on a general Membership Scheme but could then have specific themes within/alongside it, for example, 'Adopt a Metre of Path, Badge/Certificate Scheme' potentially this could raise significant and sustainable funding on an annual basis. A 'friends' based scheme could also incorporate the following suggestions or they could stand alone.

### ***Events***

This is a sensitive issue not only in the Three Peaks but across the park, as the vast majority are charitable events raising money for good cause, both local and national. There is also the impact events have on an area such as Horton in Ribblesdale where the main area of event activity is currently concentrated. However, organisers in the past are very appreciative of the work that goes into maintaining routes and the benefits they receive from funding raised from the area for their own particular cause. Many events are long standing, occur on an annual basis and have indicated a willingness to put something back financially. Potentially any scheme would be relatively easy to administrate and would also provide opportunities to contact participants.

### ***Merchandise/Business Support***

This potentially is another area which requires further investigation the Three Peaks is potentially a very strong and attractive brand. There are also potential sponsorship elements which could be explored and it is seen as vital that any proposed scheme/s in this area has business support. This is an area of expertise which in the past has not always been recognised or tapped into.

## **Realistic annual revenue**

It is very difficult at this stage to calculate the potential annual revenue and further work is required on how, as an Authority and in partnership, we could progress in this area.

## **Impact on the Authority**

The development of a 'Friends of the 3 Peaks' project incorporating an element of visitor payback would require a significant amount of officer time to investigate although there are other expert resources that could be utilised, for example YDMT and business input, which could add new dimensions to the development of the project and management of the area. The Authority currently commits significantly both in staff time and maintenance works in the area and these resources could contribute to project development and used a potential platform for attracting further funding.