

North York Moors National Park Authority

23 March 2015

Establishment and Membership of National Parks Partnerships Ltd

1. Purpose of the Report

- 1.1 To seek Member approval to join the company National Parks Partnership Ltd in order to develop opportunities for commercial sponsorship at a national level, and to authorise the Chief Executive, in consultation with the Chairman, to complete the necessary documentation to enable the NYMNPA to become a member of the proposed company.

2. Background

- 2.1 Members will be aware of the considerable efforts being undertaken to increase income generation within the North York Moors National Park Authority. As has previously been explained, these efforts are being supported at a national level (England and UK), by major initiatives to bring in additional grant and sponsorship to the 'family' of National Park Authorities. This has been factored into the Income Strategy at Item 23 on this agenda.
- 2.2 By the end of this Parliament the Authority will have seen a real terms reduction in its central government funding of over 40%. The Autumn Statement 2013 made it clear that what was originally a six year 'squeeze' on public sector spending will now be a minimum eight year squeeze. There is a projected further reduction in government spending in 2015/16 – 2017/18. If the Government continues to protect certain Departmental budgets (as appears likely given recent announcements about health expenditure) then the cuts to unprotected budgets (i.e. Defra) will be considerably higher.
- 2.3 The Government is encouraging National Park Authorities (NPAs) in England to look at other sources of income including commercial sponsorship/income from business. At a UK level these efforts build on recent initiatives with international companies Merrell and Airwick, in promoting the national park brand and bringing in commercial sponsorship. The Chief Executives of the 15 NPAs spent considerable time over the last two years investigating how this work could best be expanded in scope and income, and took external advice as part of this process.
- 2.4 Last year the Chairs of the UK NPAs asked officers to develop proposals for a 'delivery vehicle' to take forward this agenda and develop the 'Britain's Breathing Spaces/National Park brand' for the collective benefit of all 15 NPAs across the UK. The Chairs gave a clear steer that the new body needs to be:
- for the collective and equal benefit of all 15 NPAs with net income being returned to the Authorities in equal share;
 - efficient and effective – able to take decisions in a timely manner without the need to report back to all 15 Authorities but also protecting the National Park brand;
 - involve outside experts as necessary to get its work done.
- 2.5 Work on the new structure has been led by the Chief Executive of Northumberland NPA who commissioned Ward Hadaway, Solicitors to advise on structures and governance.

3. National Parks Partnerships Ltd

- 3.1 It is proposed to establish a company limited by guarantee, incorporated and registered in England and Wales, to be known as National Parks Partnerships Ltd. The members of the company (equivalent to shareholders) will be the 15 NPAs in England, Wales & Scotland.
- 3.2 The company will be run by a Board of Directors, with not less than three and not more than nine Directors. The Board will be appointed by the Members (the NPAs) and will be accountable to the Members.
- 3.3 It is proposed that the majority of Directors shall be appointed from Members of NPAs (although not necessarily NPA Chairs). The mechanism for appointment is not yet finalised, though it has been agreed that Jim Bailey will be one of the three Chairs who determine the 'NPA' Directors. These Directors will not be paid. It is accepted that there is a need for suitably qualified directors with sound business acumen rather than specific representation requirements.
- 3.4 It is further proposed that up to 3 Directors will be "independent" Directors, appointed for their knowledge, skills, experience and connections with a view to bringing that expertise into the company. These Directors will be remunerated at a level agreed by all Members but will not be able separately to enter into contracts with the company.
- 3.5 The key purpose of the company will be to seek, negotiate and secure sponsorship and financial support, in order to pass the proceeds back to the NPA members. The current Articles anticipate company profits being distributed to NPA members in equal shares. Members will be expected to help ensure that publicity for National Parks arising from the work is fairly distributed between them.
- 3.6 One of the main assets available to the new company will be the "Britain's Breathing Spaces" brand which Dartmoor NPA trademarked on behalf of all UK NPAs in 2014. It is proposed that Dartmoor NPA retains ownership of the brand but licences the new company to use it in return for a licence fee. This would appear to be a tax effective mechanism to maximise the financial benefits of any commercial sponsorship. Any revenue from a licence fee paid to Dartmoor NPA would be divided equally amongst all 15 UK NPAs.
- 3.7 Clearly the venture is not without risks. The main risks which have been considered are:
 - Inability to agree company structure & membership (*company cannot be formed – this appears close to resolution*)
 - Insufficient people to be appointed as NPA Directors (*company formed but cannot constitute Board - ditto*)
 - No suitable candidates to serve as Independent Directors (*NPA Board members overstretched; Board may be ineffective*)
 - Insufficient start-up funding to bring an effective company into operation (*company ineffective – NPAs have all agreed to find funds to do this – is in NYMNPA's budget for 15/16*)
 - Board employs staff and takes on premises but cannot secure sponsorship revenue to meet costs after year 1 (*initial investment lost and insolvency*)
 - Failure of the company to achieve sponsorship (*venture fails*)

3.8 Despite these risks, it is believed that the company structure affords reasonable safeguards, and the financial risk of each National Park Authority will be limited to the initial £20,000 maximum investment. Close monitoring in the early months of the company will enable an evidence-based assessment of whether the venture represents good value for money and a valuable opportunity to pool UK NPA resources and present a coherent approach to seeking sponsorship and financial support for National Park purposes.

4. **Financial and Legal Implications**

4.1 The business case for the new company (prepared with external input from a consultant with sponsorship expertise) indicates that contributions will be required from each NPA in year 1 but that from the end of year 1 positive cash balances should be generated which will be the source of funding for the company's costs with net income distributed to the NPAs. The business case suggests a profit of £1.4m should be achievable by the end of year 4.

4.2 On the basis of the business case presented at the NPUK annual general meeting in June 2014, an allocation of £20,000 to be paid in two instalments of £10,000 with the second only being approved for payment if progress is satisfactory. Members have approved the allocation of funding this within the budget setting processes.

4.3 Officers are satisfied that the legal implications of this venture have been appropriately assessed as part of the consultation and planning process, with all concerns raised having been adequately addressed.

5. **Recommendation**

That Members approve:

- (i) the establishment of a new Company Limited by Guarantee (CLG), 'National Parks Partnerships Limited' to oversee the development of commercial sponsorship on behalf of the National Park Authorities in the UK;
- (ii) that the Authority should become a signatory to the Members' Agreement, which binds all 15 of the UK National Park Authorities in respect of the new Company Limited by Guarantee;
- (iii) that the Authority sign the agreement with Dartmoor National Park Authority in respect of the equal distribution of licence fees from use of the Britain's Breathing Spaces brand

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Background documents to this report

File Ref.