

# Public Document Pack

**Peak District National Park Authority**

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Aldern House, Baslow Road, Bakewell, Derbyshire. DE45 1AE



Our Ref: A.1142/1434

Date: 10 March 2016



## NOTICE OF MEETING



Meeting: **National Park Authority**

Date: **Friday 18 March 2016**

Time: **10.00 am**

Venue: **The Board Room, Aldern House, Baslow Road, Bakewell**

SARAH FOWLER  
CHIEF EXECUTIVE

## AGENDA

1. **Apologies for Absence**
2. **Chair's Announcements**
3. **Minutes of previous meeting 5 February 2016** (*Pages 1 - 2*) 5 mins
4. **Urgent Business**
5. **Public Participation**  
To note any questions or to receive any statements, representations, deputations and petitions which relate to the published reports on Part A of the Agenda.
6. **Members Declarations of Interest**  
Members are asked to declare any disclosable pecuniary, personal or prejudicial interests they may have in relation to items on the agenda for this meeting.

7. **Treasury Management Policy Statement and Annual Treasury Management and Investment Strategy (A1327/PN)** *(Pages 3 - 36)* 30 mins
- Appendix 1
- Appendix 2
- Appendix 3
8. **Commercial Development - Giving (SM)** *(Pages 37 - 86)* 50 mins
- Appendix A
- Appendix 1
- Appendix 2
- Appendix 3
- Appendix 4
- Appendix 5
- Appendix 6

### **Duration of Meeting**

In the event of not completing its business within 3 hours of the start of the meeting, in accordance with the Authority's Standing Orders, the Authority will decide whether or not to continue the meeting. If the Authority decides not to continue the meeting it will be adjourned and the remaining business considered at the next scheduled meeting.

If the Authority has not completed its business by 1.00pm and decides to continue the meeting the Chair will exercise discretion to adjourn the meeting at a suitable point for a 30 minute lunch break after which the committee will re-convene.

### **ACCESS TO INFORMATION - LOCAL GOVERNMENT ACT 1972 (as amended)**

#### **Agendas and reports**

Copies of the Agenda and Part A reports are available for members of the public before and during the meeting. These are also available on the website [www.peakdistrict.gov.uk](http://www.peakdistrict.gov.uk).

#### **Background Papers**

The Local Government Act 1972 requires that the Authority shall list any unpublished Background Papers necessarily used in the preparation of the Reports. The Background Papers referred to in each report, PART A, excluding those papers that contain Exempt or Confidential Information, PART B, can be inspected by appointment at the National Park Office, Bakewell. Contact Democratic Services on 01629 816200, ext 362/382. E-mail address: [democraticservices@peakdistrict.gov.uk](mailto:democraticservices@peakdistrict.gov.uk).

#### **Public Participation and Other Representations from third parties**

Anyone wishing to participate at the meeting under the Authority's Public Participation Scheme is required to give notice to the Director of Corporate Resources to be received not later than 12.00 noon on the Wednesday preceding the Friday meeting. The Scheme is available on the website [www.peakdistrict.gov.uk](http://www.peakdistrict.gov.uk) or on request from Democratic Services 01629 816362, email address: [democraticservices@peakdistrict.gov.uk](mailto:democraticservices@peakdistrict.gov.uk), fax number: 01629 816310.

## **Written Representations**

Other written representations on items on the agenda, except those from formal consultees, will not be reported to the meeting if received after 12noon on the Wednesday preceding the Friday meeting.

## **Recording of Meetings**

In accordance with the Local Audit and Accountability Act 2014 members of the public may record and report on our open meetings using sound, video, film, photograph or any other means this includes blogging or tweeting, posts on social media sites or publishing on video sharing sites. If you intend to record or report on one of our meetings you are asked to contact the Democratic and Legal Support Team in advance of the meeting so we can make sure it will not disrupt the meeting and is carried out in accordance with any published protocols and guidance.

The Authority uses an audio sound system to make it easier to hear public speakers and discussions during the meeting and to make a digital sound recording available after the meeting. The recordings will usually be retained only until the minutes of this meeting have been confirmed.

## **General Information for Members of the Public Attending Meetings**

Aldern House is situated on the A619 Bakewell to Baslow Road, the entrance to the drive is opposite the Ambulance Station. Car parking is available. Local Bus Services from Bakewell centre and from Chesterfield and Sheffield pick up and set down near Aldern House. Further information on Public transport from surrounding areas can be obtained from Traveline on 0871 200 2233 or on the Traveline website at [www.travelineeastmidlands.co.uk](http://www.travelineeastmidlands.co.uk).

Please note that there is no catering provision for members of the public during meal breaks. However, there are cafes, pubs and shops in Bakewell town centre, approximately 15 minutes walk away.

To: National Park Authority Members

Constituent Authorities  
Secretary of State for the Environment  
Natural England

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## MINUTES

**Meeting:** **National Park Authority**

**Date:** Friday 5 February 2016 at 10.00 am

**Venue:** The Board Room, Aldern House, Baslow Road, Bakewell

**Chair:** Cllr Mrs L C Roberts

**Present:** Mr P Ancell, Mrs F Beatty, Cllr D Birkinshaw, Cllr P Brady, Cllr C Carr, Cllr D Chapman, Cllr A R Favell, Mr Z Hamid, Cllr Mrs N Hawkins, Cllr Mrs G Heath, Mr R Helliwell, Cllr H Laws, Cllr Mrs C Howe, Ms S Leckie, Cllr J Macrae, Cllr A McCloy, Cllr C McLaren, Cllr Mrs K Potter, Mrs E Sayer, Cllr Mrs J A Twigg, Cllr F J Walton and Cllr D Williams

**Apologies for absence:** Mrs P Anderson, Cllr C Furness, Cllr D Greenhalgh, Cllr S Marshall-Clarke, Ms S McGuire, Cllr Mrs N Turner and Cllr G Weatherall.

### 1/16 CHAIR'S ANNOUNCEMENTS

The Chair reported that the meeting was being broadcast live over the internet for members of the public to hear.

It was noted that the Strategic Advisory Group meeting scheduled for today would be held directly after the Authority meeting.

The Chair then referred to the changes to the Leadership Team of the Authority and the Assistant Directors who were leaving – Jane Chapman, Rachel Gillis and Mary Bagley. The Assistant Directors were present at the meeting and were presented with cards and gifts from Members. On behalf of Members the Chair thanked them for their good work for the Authority and wished them all well in their futures.

### 2/16 MINUTES OF PREVIOUS MEETING 4 DECEMBER 2015

The minutes of the last meeting of the Authority held on 4 December 2015 were approved as a correct record.

### 3/16 URGENT BUSINESS

There were no items of urgent business to consider.

### 4/16 PUBLIC PARTICIPATION

No notice of public participation had been received.

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**5/16 MEMBERS DECLARATIONS OF INTEREST**

There were no Member declarations of interest.

**6/16 BUDGET 2016/17 (A137/PN)**

Members considered a report which presented the formal budget approval for 2016/17 following approval of the proposals presented to Members on the 18<sup>th</sup> September 2015 in the report by the Director of Corporate Resources, and in the Chief Executive's Strategic Framework at the same meeting.

Members emphasised the need to be cautious about becoming complacent in respect of the Defra settlement.

In response to Members' queries officers stated that they were now looking at the areas identified in paragraph 8 of the report and would be involving Members in that process via the Strategic Advisory Group and/or workshops for all Members. This would also include consideration of the restructuring reserve figure. It was noted that Members would prefer the proposals to be considered at a Strategic Advisory Group meeting, which was open to all Members to attend.

Mr Paul Ancell thanked all Members and officers who had worked on achieving the favourable settlement from Defra.

The recommendations as set out in the report were moved, seconded, voted on and carried.

**RESOLVED:**

1. That the base budget for the 2016/17 financial year shown in Appendix 1 and 2 of the report be approved.
2. That the financial position of the Authority in respect of planning for the following years be noted.

**7/16 EXEMPT INFORMATION S100 (A) LOCAL GOVERNMENT ACT 1972**

**RESOLVED:**

**That the public be excluded from the meeting during consideration of Agenda Item No. 9 to avoid the disclosure of Exempt Information under S100 (A) (4) Local Government Act 1972, Schedule 12A, Paragraph 3 "Information relating to the financial or business affairs of any particular person (including the authority holding that information)" and Paragraph 5 "Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings."**

**8/16 EXEMPT MINUTES OF 4 DECEMBER 2015**

The exempt minutes of the last meeting of the Authority held on 4 December 2015 were approved as a correct record.

The meeting ended at 11.00 am

## **7. TREASURY MANAGEMENT POLICY STATEMENT AND ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY (A1327/PN)**

### **Purpose of the report**

1. The purpose of this report is to meet the necessary statutory requirements governing Treasury Management functions by asking Members to approve:-
  - 1) An over-arching Treasury Management Policy Statement. (Appendix 1)
  - 2) An Annual Treasury Management and Investment Strategy. (Appendix 2)

Incorporated into 2) above is the requirement to set appropriate Prudential Code indicators and limits, and approve a Minimum Revenue Provision policy.

### **Key Issues**

2. Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as:-

“The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks”.

Because we are able to draw down National Park Grant in advance to meet our expenditure obligations when they arise, in practice this Authority has relatively uncomplicated requirements. They are predominantly the need to invest securely temporary cash balances until they are required, in exchange for a reasonable rate of return, and also to arrange appropriate loans for our limited borrowing exposure.

This document therefore asks Members to approve the framework, and limits, within which these arrangements are carried out by the Chief Finance Officer.

Our temporary cash balances are invested on our behalf by North Yorkshire County Council, which relies upon the Annual Investment Strategy of North Yorkshire County Council (Appendix 3) which was approved by their full Authority Meeting on 24<sup>th</sup> February 2016 – and which Members are asked to adopt.

### **Recommendations**

3.
  1. **That the Authority approves the Treasury Management Policy Statement in Appendix 1.**
  2. **That the Authority approves the Annual Treasury Management and Investment Strategy in Appendix 2, with specific approval of the Prudential Indicators and borrowing limits (paragraphs 5-13), and the policy on Minimum Revenue Provision (paragraphs 14-15), and adopts the Investment Strategy of North Yorkshire County Council (Appendix 3).**

### **How does this contribute to our policies and legal obligations?**

4. This report is produced in order to comply with the requirements of:
  - The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Services
  - The CIPFA Prudential Code for Capital Finance in Local Authorities

- The Department of Communities and Local Government (DCLG) Guidance on Local Government Investments and Minimum Revenue Provision

## **Proposals**

### **5. Borrowing**

The Authority finances its overall capital expenditure from a combination of use of capital receipts, capital grants from external bodies, direct revenue contributions, and borrowing. The ability to finance capital expenditure directly from revenue contributions has considerably reduced, so in the medium term the Authority is looking to maximise capital grant opportunities if they are available, and use a combination of capital receipts (from asset disposals) and borrowing to meet some of the capital investment challenges. Borrowing is only practical if the debt repayments can be achieved safely from income arising from the capital investments themselves.

The Authority approved a new Capital Programme and Capital Strategy in December 2015, with estimates of possible capital expenditure in the next Spending Review period of up to £3.6m, of which approximately £2.5m was estimated to be from borrowing, subject to individual business cases.

Borrowing therefore remains an important tool to allow the Authority to consider vital expenditure investments which could otherwise not be afforded, and the Prudential Code indicators have been set at levels which are mindful of the need to accommodate this higher level of potential expenditure.

One additional factor which may need to be taken into account in the above is the extent to which the new Spending Review figures for National Park Grant allow some one-off revenue financing for these capital projects to be used instead of capital funds or borrowing.

A decision to borrow leads to what is called the “Capital Financing Requirement (C.F.R)” which is the underlying need for the Authority to borrow to support the capital expenditure, assuming it is not financed by other means. The actual borrowing may or may not be taken out at the same time – currently it is more cost effective to use temporary cash funds because investment returns are so low, compared to the interest payment on an external loan. At March 31<sup>st</sup> 2015 the Authority’s C.F.R was £829,638 of which £657,076 was a Public Works Loan and the remainder, £172,572, is financed temporarily from internal cash funds.

One consideration in the use of Capital and Revenue funds might be a decision to reduce debt by repaying outstanding loan principals. This might be an option if the alternative capital expenditure proposals are not considered to produce a reasonable rate of return on capital. There is however a penalty in early repayment of Public Works Loan board debt, over and above the principal outstanding, as the repayment amount is calculated on current market rates. There is no such penalty where internal cash funds are used and this might be an option to consider.

Capital resources can be used for revenue purposes only if agreed by the Secretary of State (for Communities and Local Government - DCLG) by way of a Capitalisation Direction, which must be bid for if it is to be an allowable option. In the Autumn budget an announcement was made to allow Local Authorities to use some capital funds for expenditure which would otherwise be revenue in nature. DCLG have issued some draft guidance on this – “The Flexible Use of Capital Receipts” – which was circulated to Chief Finance Officers in December, although National Park Authorities have not been included in this correspondence. The letter does not list National Park Authorities as benefitting from this discretion – only Councils and Fire Authorities: - this will be queried as to whether it is an oversight or an



intended exclusion. The process as described has moved away from a competitive bid process and a central DCLG decision, towards one agreed by the Authority itself.

The flexibility referred to above allows a Local Authority some discretion to consider supporting innovative changes from current capital receipts: qualifying expenditure being any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility, and the basis for that decision appears to rest on its inclusion in an Efficiency Strategy approved by the Authority annually.

6. For any extension of borrowing the Prudential Code requires that explicit regard must be taken of option appraisal, asset management planning, and strategic planning. Capital expenditure and associated borrowing has a long term impact and therefore it is important to ensure that strategic plans have a longevity matching these underlying financial commitments. Some of the decision making methods which are used to help support these decisions are common accounting decision making tools such as net present value, profitability indices and Interest cover ratios.

7. Investing

Assuming the Investment Strategy is approved (Appendix 2 & 3) in this report, the Authority will invest its surplus cash resources with North Yorkshire County Council on a shared risk, and shared return basis. The 2016/17 budget has assumed that a rate of return of approximately 0.6% p.a. will be achieved, based on an assumption that base rates will remain at 0.5% for the majority, if not all, of the next financial year ( i.e interest receipts of £30,000 p.a.). N.Y.C.C's forecasts suggest that rates may improve slowly:- 0.9% in 2016/17, 1.5% in 2017/18 and 2.0% in 2018/19. These rates are based on information from their professional advisers and will be used in the Authority's own forward forecasts.

**Are there any corporate implications members should be concerned about?**

8. **Financial:** Financial issues are covered by virtue of the nature of the report
9. **Risk Management:** The Prudential Code indicators help to manage risks inherent in borrowing for capital expenditure. The Treasury Management and Investment Strategy manages and minimises the risks inherent in the Authority's investing activities.
10. **Sustainability:** The indicators include consideration of the sustainability of capital borrowing.

**Background papers**

North Yorkshire County Council Treasury Management Report (relevant extracts of full report 24/02/16)

**Appendices:**

1. Treasury Management Policy Statement
2. Annual Treasury Management and Investment Strategy
3. North Yorkshire County Council Investment Strategy

**Report Author, Job Title and Publication Date**

Philip Naylor, Chief Finance Officer, 10 March 2016

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## **APPENDIX 1 - TREASURY MANAGEMENT POLICY STATEMENT**

1. The Authority defines its Treasury Management activities as “The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks”.
2. The identification, monitoring and control of risk is the primary criterion by which the effectiveness of Treasury Management activities will be measured, with value for money an important but secondary objective.
3. The Annual Treasury Management and Investment Strategy sets out the means by which the above objectives will be achieved.
4. The Peak District National Park Authority has determined responsibilities for Treasury Management within its Standing Orders as follows:-

### **K. INVESTMENTS AND BORROWING**

- K1 The Authority maintains a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and adopts suitable Treasury Management Practices, setting out the manner in which the organisation will manage and achieve those policies and objectives.
- K2 The Authority receives reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close.
- K3 The Authority delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Budget Monitoring Group, and for the execution and administration of treasury management decisions to its Chief Finance Officer, who will act in accordance with the organisation’s policy statement and Treasury Management Practices, and CIPFA’s Standard of Professional Practice on Treasury Management.
- K4 The Authority nominates its Audit Resources and Performance Committee to be responsible for ensuring effective scrutiny of the Treasury Management strategy and policies.
- K5 The Authority’s borrowing limits will be approved annually at an Authority meeting based on the advice of the Chief Finance Officer.

### **Treasury Management Practices**

The Authority’s Chief Finance Officer will design, implement and monitor arrangements for the proper control of Treasury Management activities, within the constraints of the Annual Treasury Management and Investment Strategy approved by Members, categorised into the 12 “practices”, or subject areas, defined by the Code:-

#### **1 Risk Management**

Credit & Counter-party risk – The security of sums invested  
Liquidity Risk Management – working capital requirements  
Interest Rate Risk – exposure to fluctuations in interest rates (costs or revenues)  
Exchange rate risk – fluctuations in exchange rates  
Re-financing risk – terms of renewal

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Legal and Regulatory risk – compliance  
Fraud, error, corruption – suitable systems and procedures  
Market Risk – protection of principal sums invested

## **2 Performance Measurement**

Consideration of alternative methods of delivery and performance indicators

## **3 Decision Making & Analysis**

Maintenance of records of decisions

## **4 Approved Instruments, Methods & Techniques**

Subject to those approved in the Annual Strategy, or by specific resolution of committee

## **5 Organisation, Clarity and Segregation of Responsibilities and dealing Arrangements**

Responsibilities and procedures for transactions and staff handling of financial transactions

## **6 Reporting Arrangements**

Standing Orders Section K above sets out the respective Member and Officer responsibilities

## **7 Budgeting, Accounting and Audit Arrangements**

The cost of, and income arising from, Treasury Management activities will be reported in the annual Outturn report and to the Budget Monitoring Group

## **8 Cashflow Management**

Central control and aggregation of all cash flows to ensure liquidity

## **9 Money Laundering**

Verifying and recording the identity of counterparties

## **10 Training and Qualifications**

Experience and training in Treasury Management activities

## **11 Use of External Service Providers**

Monitoring and procurement of external advice

## **12 Corporate Governance**

Assessment of effectiveness of Treasury Management activities

## **Appendix 2 - Annual Treasury Management and Investment Strategy**

### **1. Borrowing**

The Authority may borrow for two reasons:

- (i) To fund its capital programme within the Prudential Code limits,  
and
  - (ii) temporarily pending the receipt of revenue monies.
2. The main source of any new long term borrowing will be from the Public Works Loans Board (PWLB). No other form of borrowing will be used except for "operating leases" approved mainly for the provision of vehicles and plant, if considered to be cost effective.
  3. Where the Authority is financing capital expenditure over a long term period (up to 25 years) the policy will be to seek fixed interest rate borrowing over the same time period in order to reduce overall interest rate risk in future budgets.
  4. The Prudential Code requires the Authority to agree and monitor a number of prudential indicators with the objective of controlling and managing the Authority's overall debt exposure. These indicators are mandatory, but can be supplemented with local indicators if this aids interpretation; no local indicators are currently used. The indicators cover affordability, prudence, capital expenditure and debt levels. The main benefit to the Authority is that there remains no external restriction on capital investment, subject to Government reserve powers to restrict borrowing for national economic reasons.
  5. Overview

Members approved the Authority's Capital Strategy in December 2015 and a Capital Programme (Appendix 2 of that report) was approved listing potential capital projects. The Capital Strategy outlined a number of principles and working assumptions which set out the approach to capital expenditure, and how it should be financed, of which borrowing was one component.

The Authority has used its borrowing powers primarily to guarantee value for money savings by investing in cost to save measures. To date, borrowing from the Public Works Loan Board has been restricted to the Aldern House refurbishment project and the replacement of vehicles. Amongst National Parks in England there has slower take up of borrowing powers than the Peak District, however recently more of the National Parks have started to expand their borrowing limits as the table below shows.

	<b><u>Authorised Borrowing Limit</u></b>	<b><u>NPG 2015/16</u></b>	<b><u>% vs NPG</u></b>
Peak District	3,000,000	6,257,122	47.9%
Northumberland	2,500,000	2,496,673	100.1%
New Forest	2,000,000	3,037,096	65.9%
Yorkshire Dales	910,000	4,070,398	22.4%

Norfolk Broads	500,000	3,188,952	15.7%
Lake District	500,000	5,218,491	9.6%
North York Moors	428,000	4,092,793	10.5%
Exmoor	100,000	2,999,762	3.3%
Dartmoor	0	3,573,586	0.0%
South Downs	0	9,794,737	0.0%
<b>Total</b>	<b>9,938,000</b>	<b>44,729,610</b>	<b>22.2%</b>

Members have delegated to officers decisions to borrow for capital projects under £150,000, subject to the Authorised Limit and an annual analysis of these decisions in this report. There have been no approvals this year.

Minute	Date	Approval	Reason	Amount financed from internal funds	Amount Borrowed from PWLB	Annual charge to budget	Ending
N/A	-	-	-	-	-	-	-

6. Actual and Estimate of Total Capital Expenditure to be incurred – these figures represent best estimates. As the title suggests, the figures include total expenditure on capital items, including assets financed from revenue, capital grants or use of capital receipts, as well as borrowing. The estimates for future capital expenditure tend to be aggregations of a number of capital projects already delegated to officers (e.g. refurbishment of tenanted properties, ICT expenditure etc) projects already approved by Members (e.g. the remaining minor works projects of £213,000 and environmental improvements of £250,000), plus the estimated impact of the recently approved Capital Programme, though the majority of these latter items will be subject to future decision.

	<b>Actual 2014/15 £</b>	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>	<b>Estimate 2018/19 £</b>
<b>Total Capital Expenditure</b>	<b>232,244</b>	<b>282,000</b>	<b>865,000</b>	<b>3,148,000</b>	<b>738,000</b>
Financed from Grants	(864)	(0)	(0)	(1,400,000)	(0)
Financed from revenue	(141,090)	(143,000)	(123,000)	(123,000)	(123,000)
Financed from capital receipts	(90,290)	(85,000)	(406,000)	(400,000)	(100,000)
<b>Net Total (financed from borrowing)</b>	<b>0</b>	<b>54,000</b>	<b>336,000</b>	<b>1,225,000</b>	<b>515,000</b>

Under current economic circumstances it is likely that a high proportion of the total to be financed from borrowing will be temporarily financed from cashflow as this is likely to be more cost effective in the short to medium term, as loan interest rates remain higher than interest received on cashflow surpluses.

7. **Actual and Estimate of Capital Financing Requirement (C.F.R)** – The underlying need to borrow for capital purposes, after all other sources of capital financing available in each year are taken into account (i.e. after direct support of capital expenditure from revenue, capital grants or use of capital receipts). The CFR will rise from 2016/17 onwards reflecting the Capital Programme projects, assuming they are viable when business cases are presented for approval.

	<b>Actual 2014/15 £</b>	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>	<b>Estimate 2018/19 £</b>
C.F.R	829,638	780,973	1,049,608	2,023,743	2,362,773

**Affordability**

8. **The ratio of financing costs to overall net revenue stream** – These indicators identify the proportion of financing costs measured against overall net revenue. Financing costs are the annual principal and interest payments on the estimated debt outstanding. Overall net revenue is the core National Park Grant.

	<b>Actual 2014/15 £</b>	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>	<b>Estimate 2018/19 £</b>
Borrowing Costs	138,266	126,094	98,853	311,577	246,853
Net Revenue	6,367,867	6,257,122	6,364,744	6,474,218	6,585,575
Percentage	2.17%	2.02%	1.55%	4.81%	3.75%

The ratio increases over the period reflecting the possible increase in capital investments mentioned above. The amounts are still considered to be affordable as the borrowing costs will be met largely from additional income sources and not National Park Grant.

#### **Prudence**

9. **Net Borrowing and the Capital Financing Requirement** – This indicates the net long term debt outstanding for the Authority, after accounting for the availability of any temporary invested sums, in the previous, current and next three financial years.

	<b>Actual 2014/15 £</b>	<b>Estimate 2015/16 £</b>	<b>Estimate 2016/17 £</b>	<b>Estimate 2017/18 £</b>	<b>Estimate 2018/19 £</b>
Capital Financing Requirement	829,638	780,973	1,049,608	2,023,743	2,362,773
Temporary investments	(3,022,840)	(3,000,000)	(2,500,000)	(2,500,000)	(2,000,000)
Net External Borrowing	(2,193,202)	(2,219,027)	(1,450,392)	(476,257)	362,773

The excess of investments over capital borrowing mainly reflect the quarterly claims of National Park Grant drawn down in advance of expenditure, to meet working capital needs. The level of borrowing is considered to be prudent.

10. **The Authorised Limit** – This represents the limit beyond which borrowing is prohibited, and needs to be set and revised if necessary by members. It is recommended that the limit is set at the following levels to reflect the Capital Financing Requirement, plus a margin to allow some flexibility within the estimated levels of capital expenditure. The limit for 2016/17 has been slightly increased by £200,000 from the 2015-16 level.

	2016/17	2017/18	2018/19
	£m	£m	£m
Borrowing	2.0	2.5	3.0
Other Long Term Liabilities	NIL	NIL	NIL
<b>Total</b>	<b>2.0</b>	<b>2.5</b>	<b>3.0</b>

11. **The Operational Boundary** – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year.

	2016/17	2017/18	2018/19
	£m	£m	£m
Borrowing	1.2	1.5	2.0
Other Long Term Liabilities	NIL	NIL	NIL
<b>Total</b>	<b>1.2</b>	<b>1.5</b>	<b>2.0</b>

**Actual External Debt** – This is actual borrowing plus actual other long-term liabilities at a certain point in time.

	Actual 2014/15	Actual 2015/16	Estimate 2016/17
	£	£	£
External Debt	657,067	559,170	1,000,000

12. **The Chief Finance Officer will monitor the application of these prudential indicators, as required by the Code, and will bring forward to the Authority any significant deviation. The CFO is required to bring a report specifically to the Authority if the Authorised Limit is likely to be breached, for the Authority to determine whether the limit should be raised, or whether alternative procedures to keep within the existing limit are appropriate.**
13. **Fixed and Variable Rate Exposures, Maturity Structures, Longer Term Investments**
- (i) **Interest Rate Exposures - Fixed Rate** – The Authority should set an upper limit on its fixed interest rate exposures for 2016/17, 2017/18 and 2018/19 of 100% of its net outstanding principal sums.
- (ii) **Interest Rate Exposures – Variable Rates** – The Authority should set an upper limit on its variable rate interest rate exposures for 2016/17, 2017/18 and 2018/19 of 100% of its net outstanding principal sums.
- (iii) **Maturity Structure of Borrowing – Upper and Lower Limits for Maturity Structure** – The Authority is likely to have most new debt at a maximum of 25 years, although in circumstances when the life of an asset is less the period may be shorter; to allow maximum flexibility there are no restrictions proposed on the maturity structure of debt.



**(iv) Total Principal Sum Invested for Period Longer than 364 Days**

Investment of sums for periods longer than 364 days is restricted to 20% of overall funds in line with NYCC's Investment Strategy.

**Minimum Revenue Provision**

14. The Minimum Revenue Provision is the amount Local Authorities are required to set aside each year from their revenue account, in order to ensure that provision is made annually for the repayment of outstanding loan principal as well as interest charges. The broad aim of this is to ensure that debt is repaid over a period reasonably commensurate with the period over which the capital expenditure provides benefits.
15. The Peak District National Park Authority has adopted the Asset Life Method, which ensures that the Revenue Provision is calculated based on the estimated useful life of the underlying asset. This method should help to ensure that budgetary provision for debt repayments is linked to the life of assets purchased, ensuring that funds are available for replacement of assets when the end of their useful life is reached. The actual MRP calculation is based on the annuity option so the MRP increases over the life of the underlying asset supported by the debt (the interest charge correspondingly decreasing, leaving the debt repayment value constant).
16. **Investing**  
  
This relates to the temporary loan of revenue funds/capital receipts pending their use. The timing of the main sources of the Authority's income are agreed with the Government with the aim of broadly matching expenditure, however, it is anticipated that the Authority will have surplus cash to lend.
17. Interest receipts are very sensitive to changes in interest rates and cash flows. Although cashflows are not expected to be affected significantly in 2016/17, base interest rates are currently 0.5% and the 2016/17 budget assumes base rates will remain at this level, although there is an expectation that the actual investment rate achieved will be up to 0.9% p.a., if market conditions improve.
18. It is recommended that surplus funds are invested only North Yorkshire County Council who will pay interest at an appropriate money market rate on this cash. This policy meets the Authority's objectives of ensuring a return on its surplus funds while minimising risk, and is consistent with DCLG guidelines on investment strategy.
19. The Authority's funds available for investment represent an average of about £3m during the year, whereas the investment framework for North Yorkshire County Council's portfolio encompasses nearly £700m of investment, supported by their in-house professional team and professional investment advice. The Authority's investments with North Yorkshire County Council are managed by way of a three year Service Level Agreement, subject to a six month notice period. This contract in 2016/17 will be in its third year of operation.
20. In order to ensure that investments made by NYCC on behalf of the Authority adhere to our own Investment Strategy, the Authority is required to adopt/adhere to the NYCC Investment Strategy and the approved 2014 NYCC Investment Strategy is appended, for adoption by this Authority, in Appendix 3. If Members wish to see the full NYCC Treasury Management report, a copy is available from the Head of Finance; the report contains economic data and forecasts which may be of interest.

21. **The Treasury Management Services to be provided by NYCC include, but is not limited, to the following:**
- (i) **A daily sweep of the Authority's bank accounts will be made to transfer the credit/debit balance on the accounts to/from NYCC**
  - (ii) **Funds transferred through the daily sweep facility will be invested together with funds of NYCC and those of other organisations for whom it provides a Treasury Management Service**
  - (iii) **Investment of sums in accordance with the agreed Treasury Management Strategy including the adherence to any procedures specified in the statement**
  - (iv) **The calculation of interest due to the Authority at a daily rate**
  - (v) **The transfer of interest earned to the Authority on a quarterly basis**
  - (vi) **Provision of quarterly details of interest earned to the Authority**
  - (vii) **Support and information on investment reporting as required**
22. **The Authority's funds are pooled with those of other bodies, and the arrangement therefore requires a joint sharing in the rates of return, but also a shared risk. The precise arrangements are as follows:-**
- (i) **NYCC collects all available balances from the Authority and other organisations using the NYCC Treasury Management service and pools with NYCC funds. These aggregated balances are then invested in accordance with the agreed Investment Strategy.**
  - (ii) **For practical purposes therefore every investment contains an element of each organisation's balances and no individual loan is earmarked as solely the funds of one particular organisation.**
  - (iii) **In the event of a default of an individual loan, each organisation using the NYCC Treasury Management service shall bear a consequential loss. The extent of that loss for the Authority and other organisations will be calculated based on the balances of the Authority and other organisations on the day of default. For example:**

**£1m defaulted loan**

	<i>Daily Balance £k</i>	<i>%</i>	<i>Share of Loss £k</i>
NYCC	175,000	86.5	865
PDNPA	5,000	2.5	25
Authority A	9,000	4.5	45
Authority B	3,000	1.5	15
Authority C	3,000	1.5	15
Authority D	<u>7,000</u>	<u>3.5</u>	<u>35</u>
Total	<u>202,000</u>	<u>100.0</u>	<u>1,000</u>

In addition, NYCC agrees that the Default Loan procedure will not apply if the actions of NYCC in the money market are clearly proven to have been contributory to any loss(es) of the Authority's funds managed under the terms of the Agreement.

23. NYCC calculates an average rate of interest earned on the total pooled investment on a monthly basis.

24. **Interest Rate Strategy**

Short term interest rates will impact on the interest earned by the Authority on its deposits with the County Council. The Authority has reduced the risk considerably in its revised approved 2016/17 Budget, with a low assumption of 0.6% for the year ahead.

Longer term interest rates are more relevant for the funding of the capital programme.

Any new longer term borrowing will be determined according to its availability and interest rate levels, within the authorised limits approved.

25. **Exchange Rate Strategy**

The Authority will manage its exposure to fluctuations in foreign exchange rates so as to minimise any detrimental impact on its budgeted income / expenditure levels. This may involve a hedging transaction (i.e. a forward exchange contract) with the specific intention only of reducing the organisation's exposure to an adverse exchange rate risk.

On 21st November 2014 the Budget Monitoring Group received a paper from the Chief Finance Officer on the Moorlife project, seeking approval of a forward contract for the final tranche of European grant, to protect the Authority from the volatility being experienced in the Euro Sterling exchange market. Approval was given and on the 16th January 2015, the Chief Finance Officer agreed a forward contract with Barclays Bank for the exchange of 1,350,000 Euros on the 29th January 2016 at an exchange rate of 1.3051 Euros to the £. The final claim was submitted in October 2015 and was signed off by the external auditors in that month. Payment is still awaited. As a result of payment not being received the contract on 16th January could not be concluded and was extended to the 29th April at a forward exchange rate of 1.3158 Euros to the £. This action was necessary to protect the final budget of the project from any further sterling appreciation which could lead to a project deficit, although the downside is that the recent sterling weakness has removed the opportunity for exchange rate gains from the final euro tranche of grant, as the current rate is in the region of 1.285.

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## **APPENDIX 3 - NORTH YORKSHIRE COUNTY COUNCIL INVESTMENT STRATEGY**

### **NORTH YORKSHIRE COUNTY COUNCIL**

### **ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2016/17**

#### **1.0 INTRODUCTION**

##### **1.1 Treasury Management is defined as**

“The management of the Council’s investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks”.

1.2 The Local Government Act 2003, and supporting regulations, require the Council to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

1.3 The Act also requires the Council to set out its **Annual Treasury Management Strategy** for borrowing and to prepare an **Annual Investment Strategy** (as required by Investment Guidance issued subsequent to the Act) which sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments. For practical purposes these two strategies are combined in this document.

1.4 This Strategy document for 2016/17 therefore covers the following

NB Shaded sections below have been deleted from this Appendix as they are specific to NYCC only

- treasury limits in force which will limit the treasury risk and activities of the Council (**Section 2**)
- Prudential indicators (**Section 3**)
- current treasury position (**Section 4**)
- borrowing requirement and borrowing limits (**Section 5**)
- borrowing policy (**Section 6**)
- prospects for interest rates (**Section 7**)
- borrowing strategy (**Section 8**)
- capping of capital financing costs (**Section 9**)
- review of long term debt and debt rescheduling (**Section 10**)
- minimum revenue provision policy (**Section 11**)
- annual investment strategy (**Section 12**)
- other treasury management issues (**Section 13**)
- arrangements for monitoring/reporting to Members (**Section 14**)
- summary of key elements of this strategy (**Section 15**)

- specified investments (**Schedule A**)
- non-specified investments (**Schedule B**)
- approved lending list (**Schedule C**)
- approved countries for investments (**Schedule D**)

## 12.0 ANNUAL INVESTMENT STRATEGY

### Background

- 12.1 Under the Local Government Act 2003 the Council is required to have regard to Government Guidance in respect of the investment of its cash funds. This Guidance was revised with effect from 1 April 2010. The Guidance leaves local authorities free to make their own investment decisions, subject to the fundamental requirement of an Annual Investment Strategy being approved by the Council before the start of the financial year.
- 12.2 This Annual Investment Strategy must define the investments the Council has approved for prudent management of its cash balances during the financial year under the headings of **specified investments** and **non specified investments**.
- 12.3 This Annual Investment Strategy therefore sets out
- revisions to the Annual Investment Strategy (**paragraph 12.4**);
  - the Investment Policy (**paragraph 12.5**);
  - the policy regarding loans to companies in which the Council has an interest (**paragraph 12.6**);
  - specified and non specified investments (**paragraph 12.7**);
  - Creditworthiness Policy - security of capital and the use of credit ratings (**paragraph 12.8**);
  - the Investment Strategy to be followed for 2016/17 (**paragraph 12.9**);
  - investment reports to members (**paragraph 12.10**);
  - investment of money borrowed in advance of need (**paragraph 12.11**);
  - investment (and Treasury Management) training (**paragraph 12.12**);

### Revisions to the Annual Investment Strategy

- 12.4 In addition to this updated **Investment Strategy**, which requires approval before the start of the financial year, a revised Strategy will be submitted to Council for consideration and approval under the following circumstances:
- (a) significant changes in the risk assessment of a significant proportion of the Council's investments;
  - (b) any other significant development(s) that might impact on the Council's investments and the existing strategy for managing those investments during 2016/17.

### Investment Policy

- 12.5 The parameters of the Policy are as follows:

- (a) the Council will have regard to the Government's Guidance on Local Government Investments as revised with effect from 1 April 2010, and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes;
- (b) the Council's investment policy has two fundamental objectives;
  - the security of capital (protecting the capital sum from loss); and then
  - the liquidity of its investments (keeping the money readily available for expenditure when needed)
- (c) the Council will also aim to seek the highest return (yield) on its investments provided that proper levels of security and liquidity are achieved. The risk appetite of the Council is low in order to give priority to the security of its investments;
- (d) the borrowing of monies purely to invest or lend and make a return is unlawful and the Council will not engage in such activity;
- (e) investment instruments for use in the financial year listed under **specified** and **non-specified investment** categories (see **paragraph 12.7**);
- (f) counterparty limits will be set through the Council's Treasury Management Practices Schedules.

#### **Policy regarding loans to companies in which the Council has an interest**

#### **12.6**

#### **Specified and non-specified Investments**

12.7 Based on Government Guidance as updated from 1 April 2010.

- (a) investment Instruments identified for use in the forthcoming financial year are listed in the Schedules attached to this Strategy under the **specified** and **non-specified** Investment categories;
- (b) all **specified** Investments (see **Schedule A**) are defined by the Government as options with "relatively high security and high liquidity" requiring minimal reference in investment strategies. In this context, the Council has defined Specified Investments as being sterling denominated, with maturities up to a maximum of 1 year meeting the minimum high credit quality;
- (c) **Non-specified** investments (see **Schedule B**) attract a greater potential of risk. As a result, a maximum local limit of 20% of "core cash" funds available for investment has been set which can be held in aggregate in such investments;
- (d) for both **specified** and **non-specified** investments, the attached Schedules indicate for each type of investment:-
  - the investment category
  - minimum credit criteria
  - circumstances of use
  - why use the investment and associated risks
  - maximum % age of total investments

} (Non-Specified only)

- maximum maturity period
- (e) there are other instruments available as Specified and Non-Specified investments which the Council will NOT currently use. Examples of such investments are:-

Specified Investments	<ul style="list-style-type: none"> <li>- Commercial Paper</li> <li>- Gilt funds and other Bond Funds</li> <li>- Treasury Bills</li> </ul>
Non-Specified Investments	<ul style="list-style-type: none"> <li>- Sovereign Bond issues</li> <li>- Corporate Bonds</li> <li>- Floating Rate notes</li> <li>- Equities</li> <li>- Open Ended Investment Companies</li> <li>- Derivatives</li> </ul>

A proposal to use any of these instruments would require detailed assessment and be subject to approval by Members as part of this Strategy. Under existing scrutiny arrangements, the Council's Audit Committee will also look at any proposals to use the instruments referred to above.

### **Creditworthiness Policy – Security of Capital and the use of credit ratings**

- 12.8 The financial markets have experienced a period of considerable turmoil since 2008 and as a result attention has been focused on credit standings of counterparties with whom the Council can invest funds.

It is paramount that the Council's money is managed in a way that balances risk with return, but with the overriding consideration being given to the security of the invested capital sum followed by the liquidity of the investment. The Approved Lending List will therefore reflect a prudent attitude towards organisations with whom funds may be deposited.

The rationale and purpose of distinguishing specified and non-specified investments is detailed in **paragraph 12.7** above. Part of the definition for a Specified investment is that it is an investment made with a body which has been awarded a high credit rating with maturities of no longer than 364 days.

It is, therefore, necessary to define what the Council considers to be a "high" credit rating in order to maintain the security of the invested capital sum.

The methodology and its application in practice will, therefore, be as follows:-

- (a) the Council will rely on credit ratings published by the three credit rating agencies (Fitch, Moody's and Standard & Poor's) to establish the credit quality (ability to meet financial commitments) of counterparties (to whom the Council lends) and investment schemes. Each agency has its own credit rating components to complete their rating assessments. These are as follows:

#### **Fitch Ratings**

- |           |   |
|-----------|---|
| Long Term | - generally cover maturities of over five years and acts as a measure of the capacity to service and repay debt obligations punctually. Ratings range from AAA (highest credit quality) to D (indicating an entity has defaulted on all of its financial obligations) |
|-----------|---|



- |            |   |
|------------|---|
| Short Term | - cover obligations which have an original maturity not exceeding one year and place greater emphasis on the liquidity necessary to meet financial commitments. The ratings range from F1+ (the highest credit quality) to D (indicating an entity has defaulted on all of its financial obligations) |
|------------|---|

### Moody's Ratings

- |            |  |
|------------|--|
| Long Term  | - an opinion of the relative credit risk of obligations with an original maturity of one year or more. They reflect both the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. Ratings range from Aaa (highest quality, with minimal credit risk) to C (typically in default, with little prospect for recovery of principal or interest) |
| Short Term | - an opinion of the likelihood of a default on contractually promised payments with an original maturity of 13 months or less. Ratings range from P-1 (a superior ability to repay short-term debt obligations) to P-3 (an acceptable ability to repay short-term obligations)   |

### Standard & Poor's Ratings

- |            |  |
|------------|--|
| Long Term  | - considers the likelihood of payment. Ratings range from AAA (best quality borrowers, reliable and stable) to D (has defaulted on obligations)  |
| Short Term | - generally assigned to those obligations considered short-term in the relevant market. Ratings range from A-1 (capacity to meet financial commitment is strong) to D (used upon the filing of a bankruptcy petition). |

In addition, all three credit rating agencies produce a Sovereign Rating to select counterparties from only the most creditworthy countries. The ratings are the same as those used to measure long term credit.

- (b) the Council will review the "ratings watch" and "outlook" notices issued by all three credit rating agencies referred to above. An agency will issue a "watch", (notification of likely change), or "outlook", (notification of a possible longer term change), when it anticipates that a change to a credit rating may occur in the forthcoming 6 to 24 months. The "watch" or "outlook" could reflect either a positive (increase in credit rating), negative (decrease in credit rating) or developing (uncertain whether a rating may go up or down) outcome;
- (c) no combination of ratings can be viewed as entirely fail safe and all credit ratings, watches and outlooks are monitored on a daily basis. This is achieved through the use of Capita Asset Services creditworthiness service. This employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies. The credit ratings of counterparties are then supplemented with the following overlays;
  - credit watches and credit outlooks from credit rating agencies
  - CDS spreads to give early warning of likely changes in credit ratings
  - sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:-

Colour	Maximum Investment Duration
Yellow	5 Years
Purple	2 Years
Orange	1
Blue	1 Year (UK nationalised / semi nationalised banks only)
Red	6 months
Green	100 days
No colour	No investments to be made

- (d) given that a number of central banks/government have supported or are still supporting their banking industries in some way, the importance of the credit strength of the sovereign has become more important. The Council will therefore also take into account the Sovereign Rating for the country in which an organisation is domiciled. As a result, only an institution which is domiciled in a country with a minimum Sovereign Rating of AA- from Fitch or equivalent would be considered for inclusion on the Council's Approved Lending List (subject to them meeting the criteria above). Organisations which are domiciled in a Country whose Sovereign Rating has fallen below the minimum criteria will be suspended, regardless of their own individual score/colour. The list of countries that currently qualify using this credit criteria are shown in **Schedule D**. This list will be amended should ratings change, in accordance with this policy;
- (e) in order to reflect current market sentiment regarding the credit worthiness of an institution the Council will also take into account current trends within the Credit Default Swap (CDS) Market. Since they are a traded instrument they reflect the market's current perception of an institution's credit quality, unlike credit ratings, which often focus on a longer term view. These trends will be monitored through the use of Capita Asset Services creditworthiness service which compares the CDS Market position for each institution to the benchmark CDS Index. Should the deviation be great, then market sentiment suggests that there is a fear that an institution's credit quality will fall. Organisations with such deviations will be monitored and their standing reduced by one colour band (**paragraph 12.8 (c)**) as a precaution. Where the deviation is great, the organisation will be awarded 'no colour' until market sentiment improves. Where entities do not have an actively traded CDS spread, credit ratings are used in isolation;
- (f) fully and part nationalised banks within the UK currently have credit ratings which are not as high as other institutions. This is the result of the banks having to have to accept external support from the UK Government. However, due to this Central Government involvement, these institutions now effectively take on the credit worthiness of the Government itself (i.e. deposits made with them are effectively being made to the Government). This position is expected to take a number of years to unwind and would certainly not be done so without a considerable notice period. As a result, institutions which are significantly or fully owned by the UK Government will be assessed to have a high level of credit worthiness;

- (g) all of the above will be monitored on a weekly basis through Capita Asset Services creditworthiness service with additional information being received and monitored on a daily basis should credit ratings change and/or watch/outlook notices be issued. Sole reliance will not be placed on the information provided by Capita Asset Services however. In addition the Council will also use market data and information available from other sources such as the financial press and other agencies and organisations;
- (h) in addition, the Council will set maximum investment limits for each organisation which also reflect that institution's credit worthiness – the higher the credit quality, the greater the investment limit. These limits also reflect UK Government involvement (i.e. Government ownership or being part of the UK Government guarantee of liquidity). These limits are as follows:-

Maximum Investment Limit	Criteria
£85m	UK "Nationalised / Part Nationalised" banks / UK banks with UK Central Government involvement
£20m to £75m	UK "Clearing Banks" and selected UK based Banks and Building Societies
£20m or £40m	High quality foreign banks

- (i) should a score/colour awarded to a counterparty or investment scheme be amended during the year due to rating changes, market sentiment etc., the Council will take the following action:-
- reduce or increase the maximum investment term for an organisation dependent on the revised score / colour awarded (in line with the boundaries and colours set in **paragraph 12.8(c)**)
  - temporarily suspend the organisation from the Approved Lending List should their score fall outside boundary limits and not be awarded a colour
  - seek to withdraw an investment as soon as possible, within the terms and conditions of the investment made, should an organisation be suspended from the Approved Lending List
  - ensure all investments remain as liquid as possible, i.e. on instant access until sentiment improves.
- (j) if a counterparty / investment scheme, not currently included on the Approved Lending List is subsequently upgraded, (resulting in a score which would fulfil the Council's minimum criteria), the Corporate Director – Strategic Resources has the delegated authority to include it on the Council's Approved Lending List with immediate effect;
- (k) a copy of the current Approved Lending List, showing maximum investment and time limits is attached at **Schedule C**. The Approved Lending List will be monitored on an ongoing daily basis and changes made as appropriate. Given current market conditions, there continues to be a very limited number of organisations which fulfil the criteria for non specified investments. This situation will be monitored on an ongoing basis with additional organisations added as appropriate with the approval of the Corporate Director – Strategic Resources.

#### **The Investment Strategy to be followed for 2016/17**

- 12.9 Recognising the categories of investment available and the rating criteria detailed above

- (a) the Council currently manages all its cash balances internally;
- (b) ongoing discussions are held with the Council's Treasury Management Advisor on whether to consider the appointment of an external fund manager(s) or continue investing in-house – any decision to appoint an external fund manager will be subject to Member approval;
- (c) the Council's cash balances consist of two basic elements. The first element is **cash flow derived** (debtors/creditors/timing of income compared to expenditure profile). The second, **core element**, relates to specific funds (reserves, provisions, balances, capital receipts, funds held on behalf of other organisations etc.);
- (d) having given due consideration to the Council's estimated level of funds and balances over the next three financial years, the need for liquidity and day to day cash flow requirements it is forecast that a maximum of £20m of the overall balances can be prudently committed to longer term investments (e.g. between 1 and 3 years);
- (e) investments will accordingly be made with reference to this core element and the Council's ongoing cash flow requirements (which may change over time) and the outlook for short term interest rates (i.e. rates for investments up to 12 months);
- (f) the Council currently has no non-specified investments over 364 days;
- (g) bank rate has been unchanged at 0.5% since March 2009 and underpins investment returns. It is not expected to start increasing until mid 2016;

The Council will, therefore, avoid locking into long term deals while investment rates continue to be at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within a 'low risk' parameter. Thus no trigger rates will be set for longer term deposits (two or three years) but this position will be kept under constant review and discussed with the Treasury Management Advisor on a regular basis.

Based on current bank rate forecasts, as outlined above, an overall investment return of about 0.75% is likely in 2016/17, 1.25% in 2017/18 and 1.80% in 2018/19.

- (h) for its cash flow generated balances the Council will seek to utilise 'business reserve accounts' (deposits with certain banks and building societies), 15, 30 and 100 day accounts and short dated deposits (overnight to three months) in order to benefit from the compounding of interest.

### Investment Reports to Members

12.10 Reporting to Members on investment matters will be as follows:

- (a) in-year investment reports will be submitted to the Executive as part of the Quarterly Performance and Budget Monitoring reports;
- (b) at the end of the financial year a comprehensive report on the Council's investment activity will be submitted to the Executive as part of the Annual Treasury Management Outturn report;
- (c) periodic meetings between the Corporate Director – Strategic Resources, the Corporate Affairs portfolio holder and the Chairman of the Audit Committee provide

an opportunity to consider and discuss issues arising from the day to day management of Treasury Management activities.

(see **Section 14** for full details).

### **Investment of Money Borrowed in Advance of Need**

- 12.11 The Borrowing Policy covers the Council's policy on Borrowing in Advance of Spending Needs (**paragraph 6.10**).

Although the Council has not borrowed in advance of need to date and has no current plans to do so in the immediate future, any such future borrowing would impact on investment levels for the period between borrowing and capital spending.

Any such investments would, therefore, be made within the constraints of the Council's current Annual Investment Strategy, together with a maximum investment period related to when expenditure was expected to be incurred.

### **Treasury Management Training**

- 12.12 The training needs of the Council's staff involved in investment management are monitored, reviewed and addressed on an on-going basis and are discussed as part of the staff appraisal process. In practice most training needs are addressed through attendance at courses and seminars provided by CIPFA, the LGA and others on a regular ongoing basis.

The CIPFA Code also requires that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny (i.e. the Audit Committee). An in-house training course for Members (which was also attended by officers) was provided by Capita Asset Services – Treasury Solutions on 30 September 2013. Further training will be arranged as required. The training arrangements for officers mentioned in the paragraph above will also be available to Members.

## **13.0 OTHER TREASURY MANAGEMENT ISSUES**

### **Policy on the use of External Treasury Management Service Providers**

- 13.1 The Council uses Capita Asset Services – Treasury Solutions as its external treasury management adviser. Capita provide a source of contemporary information, advice and assistance over a wide range of Treasury Management areas but particularly in relation to investments and debt administration.
- 13.2 Whilst the Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources, it fully accepts that responsibility for Treasury Management decisions remains with the authority at all times and will ensure that undue reliance is not placed upon advice of the external service provider.
- 13.3 Following a quotation exercise Capita Asset Services were appointed in September 2015 as a single provider of Treasury Management consultancy services for both the County Council and Selby District Council. The appointment is for three years, with the option for a further two year extension. The value and quality of services being provided are monitored and reviewed on an ongoing basis.

## **The scheme of delegation and role of the section 151 officer in relation to Treasury Management**

- 13.4 The Government's Investment Guidance (**paragraph 12.1**) requires that a local authority includes details of the Treasury Management schemes of delegation and the role of the Section 151 officer in the Annual Treasury Management/Investment Strategy.
- 13.5 The key elements of delegation in relation to Treasury Management are set out in the following Financial Procedure Rules (FPR):-
- (a) **14.1** The Council adopts CIPFA's "Treasury Management in the Public Services Code of Practice 2011" (as amended) as described in Section 5 of the Code, and will have regard to the associated guidance notes;
  - (b) **14.2** The Council will create and maintain as the cornerstone for effective Treasury Management
    - (i) a strategic Treasury Management Policy Statement (TMPS) stating the Council's policies, objectives and approach to risk management of its treasury management activities;
    - (ii) a framework of suitable Treasury Management Practices (TMPs) setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. The Code recommends 12 TMPs;
  - (c) **14.3** The Executive and the full Council will receive reports on its Treasury Management policies, practices and activities including, as a minimum an Annual Treasury Management and Investment Strategy and associated report on Prudential Indicators in advance of the financial year;
  - (d) **14.4** The Council delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to the Executive, and for the execution and administration of Treasury Management decisions to the Corporate Director – Strategic Resources (CD-SR), who will act in accordance with the Council's TMPs, as well as CIPFA's Standard of Professional Practice on Treasury Management;
  - (e) **14.5** The Executive will receive from the CD-SR a quarterly report on Treasury Management as part of the Quarterly Performance Monitoring report and an annual report on both Treasury Management and Prudential Indicators setting out full details of activities and performance during the preceding financial year;
  - (f) **14.6** The CD-SR will meet periodically with the portfolio holder for financial services, including assets, IT and procurement and such other Member of the Executive as the Executive shall decide to consider issues arising from the day to day Treasury Management activities;
  - (g) **14.7** The Audit Committee shall be responsible for ensuring effective scrutiny of the Treasury Management process;
  - (h) **14.8** The CD-SR shall periodically review the Treasury Management Policy Statement and associated documentation and report to the Executive on any necessary changes, and the Executive shall make recommendations accordingly to the Council;

- (i) **14.9** All money in the possession of the Council shall be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972 (i.e. the Corporate Director - Strategic Resources).

13.6 The Treasury Management reporting arrangements in relation to the above are covered in more detail in **section 14**.

13.7 In terms of the Treasury Management role of the Section 151 officer (the Corporate Director – Strategic Resources), the key areas of delegated responsibility are as follows

- recommending clauses, treasury management policies and practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports to Members
- submitting budgets and budget variations to Members
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers

#### **Operational Leasing**

13.8

#### **Other Issues**

13.12

#### **14.0 ARRANGEMENTS FOR MONITORING / REPORTING TO MEMBERS**

14.1 Taking into account the matters referred to in this Strategy, the monitoring and reporting arrangements in place relating to Treasury Management activities are now as follows:

- (a) an annual report to Executive and Council as part of the Budget process that sets out the Council's **Treasury Management Strategy and Policy** for the forthcoming financial year;
- (b) an annual report to Executive and Council as part of the Budget process that sets the various **Prudential Indicators**, together with a mid year update of these indicators as part of the Q1 Performance Monitoring report submitted to the Executive (see **(d)** below);
- (c) **annual outturn reports** to the Executive for both Treasury Management and Prudential Indicators setting out full details of activities and performance during the preceding financial year.
- (d) a quarterly report on Treasury Matters to Executive as part of the **Quarterly Performance and Budget Monitoring** report;

- (e) **periodic meetings** between the Corporate Director – Strategic Resources, the Corporate Affairs portfolio holder and the Chairman of the Audit Committee to discuss issues arising from the day to day management of Treasury Management activities;
- (f) copies of the reports mentioned in (a) to (d) above are provided to the **Audit Committee** who are also consulted on any proposed changes to the Council's Treasury Management activities.

#### 15.0 SUMMARY OF KEY ELEMENTS OF THIS STRATEGY

- (f) a limit of £20m of the total 'core' cash sums available for investment (both in house and externally managed) to be invested in Non-Specified investments over 364 days;

GARY FIELDING  
Corporate Director – Strategic Resources  
19 January 2016



## SCHEDULE A

### NORTH YORKSHIRE COUNTY COUNCIL ANNUAL INVESTMENT STRATEGY 2016/17 – SPECIFIED INVESTMENTS

Investment	Security / Minimum Credit Rating	Circumstances of Use
<b>Term Deposits</b> with the UK Government or with UK Local Authorities ( as per Local Government Act 2003) with maturities up to 1 year	High security as backed by UK Government	In-house
<b>Term Deposits</b> with credit rated deposit takers (Banks and Building Societies), including callable deposits with maturities less than 1 year		In-house
<b>Certificate of Deposits</b> issued by credit rated deposit takers (Banks and Building Societies) up to 1 year	Organisations assessed as having “high credit quality” plus a minimum Sovereign rating of AA- for the country in which the organisation is domiciled	Fund Manager or In-house “buy and hold” after consultation with Treasury Management Advisor
<b>Forward deals</b> with credit rated Banks and Building Societies less than 1 year (i.e. negotiated deal plus period of deposit)		In-house
<b>Money Market Funds</b> i.e. collective investment scheme as defined in SI2004 No 534 ( <i>These funds have no maturity date</i> )	Funds must be AAA rated	In-house After consultation with Treasury Management Advisor Limited to £20m
<b>Gilts</b> (with maturities of up to 1 year)	Government Backed	Fund Manager or In-house buy and hold after consultation with Treasury Management Advisor
<b>Bonds</b> issued by a financial institution that is guaranteed by the UK Government (as defined in SI 2004 No 534) with maturities under 12 months ( <i>Custodial arrangements required prior to purchase</i> )		After consultation with Treasury Management Advisor

## SCHEDULE B

## NORTH YORKSHIRE COUNTY COUNCIL ANNUAL INVESTMENT STRATEGY 2016/17 – NON-SPECIFIED INVESTMENTS

investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
<b>Term Deposit</b> with credit rated deposit takers (Banks & Building Societies), UK Government and other Local Authorities with maturities greater than 1 year	A) Certainty of return over period invested which could be useful for budget purposes  B) Not Liquid, cannot be traded or repaid prior to maturity  Return will be lower if interest rates rise after making deposit  Credit risk as potential for greater deterioration of credit quality over a longer period	Organisations assessed as having “high credit quality”	In-house	100% of agreed maximum proportion (20%) of core cash funds that can be invested for more than 1 year (estimated £20m)	£5m	2 years subject to potential future review with a maximum of no longer than 5 years
<b>Certificate of Deposit</b> with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year <i>Custodial arrangements prior to purchase</i>	A) Attractive rates of return over period invested and in theory tradable  B) Interest rate risk; the yield is subject to movement during life of CD which could negatively impact on its price	Plus  A minimum Sovereign rating of AA- for the country in which an organisation is domiciled	Fund Manager or In-house “buy & hold” after consultation with Treasury Management Advisor	25% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	£3m	
<b>Callable Deposits</b> with credit rated deposit takers (Banks & Building Societies) with maturities greater	A) Enhanced Income – potentially higher return than using a term deposit with a similar maturity  B) Not liquid – only borrower has the right to pay back the deposit; the lender does not have a similar call		To be used in-house after consultation with Treasury Management Advisor	50% of agreed proportion (20%) of core cash balance that can be invested for	£5m	

investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
than 1 year	Period over which the investment will actually be held is not known at outset  Interest rate risk; borrower will not pay back deposit if interest rates rise after the deposit is made			more than 1 year (£12.5m)		
<b>Forward Deposits</b> with a credit rated Bank or Building Society > 1 year (i.e. negotiated deal period plus period of deposit)	A) Known rate of return over the period the monies are invested – aids forward planning  B) Credit risk is over the whole period, not just when monies are invested  Cannot renege on making the investment if credit quality falls or interest rates rise in the interim period	Organisations assessed as having “high credit quality” Plus A minimum Sovereign rating of AA- for the country in which an organisation is domiciled	To be used in-house after consultation with the Treasury Management Advisor		£3m	2 years subject to potential future review
<b>Bonds issued by a financial institution that is guaranteed by the UK Government</b> (as defined in SI2004 No534) with maturities in excess of 1 year  Custodial arrangements required prior to	A) Excellent credit quality  Relatively Liquid  If held to maturity, yield is known in advance  Enhanced rate in comparisons to gilts  B) Interest rate risk; yield subject to movement during life of bond which could impact on price	AA or Government backed	In-house on a “buy and hold” basis after consultation with Treasury Management Advisor or use by Fund Managers	25% of greed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	n/a	with a maximum of no longer than 5 years

investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
purchase						
<b>Bonds issued by Multilateral development banks</b> (as defined in SI2004 No534) with maturities in excess of 1 year  Custodial arrangements required prior to purchase	A) Excellent credit quality  Relatively Liquid  If held to maturity, yield is known in advance  Enhanced rate in comparison to gilts  B) Interest rate risk; yield subject to movement during life of bond which could negatively impact on price				£3m	
<b>UK Government Gilts</b> with maturities in excess of 1 year  Custodial arrangements required prior to purchase	A) Excellent credit quality  Liquid  If held to maturity, yield is known in advance  If traded, potential for capital appreciation  B) Interest rate risk; yield subject to movement during life if the bond which could impact on price	Government backed	Fund Manager	25% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	n/a	2 years subject to potential future review with a maximum of no longer than 5 years
<b>Collateralised Deposit</b>	A) Excellent credit quality  B) Not liquid, cannot be traded or repaid prior to maturity  Credit risk as potential for greater deterioration of credit quality over a longer	Backed by collateral of AAA rated Local Authority LOBO's	In-house via money market broker or direct	100% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£20m)	£5m	

investment	<b>A) Why use it?</b> <b>B) Associated Risks?</b>	<b>Security /</b> <b>Minimum</b> <b>Credit Rating</b>	<b>Circumstances</b> <b>of Use</b>	<b>Max % of</b> <b>overall</b> <b>investments or</b> <b>cash limits in</b> <b>cash category</b>	<b>Maximum</b> <b>investment</b> <b>with any one</b> <b>counterparty</b>	<b>Maximum</b> <b>Maturity</b> <b>Period</b>
	period					

**APPROVED LENDING LIST 2016/17**

Maximum sum invested at any time (The overall total exposure figure covers both Specified and Non-Specified investments)

	Country	Specified Investments (up to 1 year)		Non-Specified Investments (> 1 year £20m limit)	
		Total Exposure £m	Time Limit *	Total Exposure £m	Time Limit *
UK "Nationalised" banks / UK banks with UK Central Government involvement					
Royal Bank of Scotland	GBR	85.0	364 days	-	-
Natwest Bank	GBR				
Bank of Scotland	GBR	85.0	6 months	-	-
Lloyds	GBR				
UK "Clearing Banks", other UK based banks and Building Societies					
Santander UK plc (includes Cater Allen)	GBR	40.0	6 months	-	-
Barclays Bank	GBR	75.0	6 months	-	-
HSBC	GBR	30.0	364 days		
Clydesdale Bank (trading as Yorkshire Bank)	GBR	30.0 (Shared with NAB)	Temporarily suspended	-	-
Goldman Sachs International Bank	GBR	40.0	6 months		
Nationwide Building Society	GBR	40.0	6 months	-	-
Leeds Building Society	GBR	20.0	6 months	-	-
High quality Foreign Banks					
National Australia Bank	AUS	30.0 (Shared with Clydesdale)	364 days	-	-
Commonwealth Bank of Australia	AUS	20.0	364 days		
Canadian Imperial Bank of Commerce	CAN	20.0	364 days	-	-
Deutsche Bank	DEU	20.0	Temporarily suspended	-	-
Nordea Bank Finland	FIN	20.0	364 days	-	-
Credit Industriel et Commercial	FRA	20.0	364 days	-	-
BNP Paribas Fortis	FRA	20.0	6 months	-	-
Nordea Bank AB	SWE	20.0	364 days	-	-
Svenska Handelsbanken	SWE	40.0	364 days	-	-
Local Authorities					
County / Unitary / Metropolitan / District Councils		20.0	364 days	5.0	2 years
Police / Fire Authorities		20.0	364 days	5.0	2 years
National Park Authorities		20.0	364 days	5.0	2 years
Other Deposit Takers					
Money Market Funds		20.0	364 days	5.0	2 years
UK Debt Management Account		100.0	364 days	5.0	2 years

\* Based on data as 8 January 2016

## APPROVED COUNTRIES FOR INVESTMENTS

Based on the lowest available rating

<b>Sovereign Rating</b>	<b>Country</b>
AAA	Australia Canada Denmark Germany Netherlands Singapore Sweden Switzerland
AA+	FinlandUK USA
AA	Abu Dhabi (UAE) France Qatar
AA-	Belgium

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## **8. COMMERCIAL DEVELOPMENT - GIVING (SM)**

### **Purpose of the report**

1. This report provides the strategic context to the earlier Giving Strategy report presented to the Audit, Resources and Performance Committee on 22 January 2016 (Appendix A).

### **Recommendations**

#### **That:**

2.
  1. **The Authority approves the Giving Strategy.**
  2. **The Authority approves the budgets and broad activity plan contained within the first report.**
  3. **The Authority notes the intention to develop a strategic commercial development plan within which to develop and manage the strategy further.**
  4. **The Authority notes the strategic context in which the work on voluntary giving will be further developed and implemented.**

#### **How does this contribute to our policies and legal obligations?**

3. See original report's reference to meeting the strategic objectives to grow support and income. This supporting report provides confidence that resources will be invested wisely with due regard to maximising return on investment.

### **Background**

4. The Authority has taken the strategic decision to diversify its income streams in order to maximise its ability to protect and enhance the National Park. To achieve this it has recognised the requirement for a step change in how engages with a wide range of audiences to win their support.
5. The core elements of the current 'giving strategy' will provide a good foundation from which to start the work. Establishing roles with specific skills and focus on this particular initiative – plus the processes and systems to support CRM and campaign management – will help us to understand the propensity of supporters to give to the cause. It will help identify the best channels for acquisition, techniques for retention and, most importantly, the likelihood of converting donors into committed givers.
6. The Authority is entering this new arena against the backdrop of a cluttered, competitive and increasingly connected world where more charities, campaign groups and individuals are clamouring for attention in the spheres of conservation, culture and heritage. Communication channels are multiplying and 'people power' is no longer simply a slogan, it is standard operating procedure. At the same time, organisations with longer histories and more experience are still learning how to do data-driven marketing and will not sit passively when another proposition enters the market. The Charity Brand Index, a benchmark of the top 100 UK charities in terms of awareness, perceptions and attractiveness to donors, indicates that giving patterns are relatively entrenched and the barriers to entry relatively high.
7. How we navigate this terrain – as a new entrant with little experience – will determine our ability to achieve our vision. An integrated commercial development plan will be

developed to maximise the chances of the giving strategy to deliver. That plan will be underpinned by the strategic principles of simplification and integration (and wider organisational design work).

8. **Commercial development and outreach objectives:**

- Build awareness
- Develop understanding
- Increase active supporters/advocates
- Grow income (*to invest back into the National Park*).

9. To meet these objectives the Authority will develop competence in:

Strategic marketing

Benefit: greater direction and flexibility to support strategic priorities and improve efficiency.

Supporter/market insight

Benefit: deeper understanding to inform long-term decisions and ability to grasp near-term opportunities.

Brand management

Benefit: clearer positioning (based on compelling differentiated narrative) around which to formulate all our fundraising, site experience, engagement activities.

Merchandise planning

Benefit: better product ranges (and licensing opportunities) that match the lifestage/lifestyle and preferred trading channels of supporters.

Digital communications

Benefit: Easier engagement by supporters, more targeted messages, co-created content and development of a channel that best reflects our special qualities.

10. This list is not exhaustive but indicative of the areas of development needed to deliver on the Authority's wider commercial aspirations.

11. **Conclusion**

To improve our performance across these areas will require a step-change in our **data-driven marketing**. The giving strategy represents an important step in this process. By placing the supporter at the heart of our thinking we can be clearer on key performance indicators such as activity rates, recruitment costs and the efficiency of contact strategies. It will support better visitor experience planning and the future development of legacy marketing and other giving models. It will add value to our wider outreach activity plus engagement with corporate partners.

12. There will be work undertaken during the next phase of the initiative to finesse the plan, identify key testing opportunities and revisit some of its assumptions. In the meantime, making these investments now will enable the Authority to integrate its entry into voluntary giving within the three-year strategic plan and wider corporate reshaping exercise.

**Proposal**

13. The Director of Commercial Development and Outreach, having reviewed the proposals as per the request from Audit, Resources and Performance Committee,

recommends that the Authority:

- Approves the Giving Strategy paper; and
- Notes the intention to develop a strategic commercial development plan within which to develop and manage the strategy further.

**Are there any corporate implications members should be concerned about?**

14. **Financial:**

None further than those set out in the original report.

15. **Risk Management:**

To attract voluntary income may require, in the longer-term, a review of processes and governance structures to meet fundraising codes and standards of practice and potential tax efficiencies.

16. **Sustainability:**

None further than those set out in the original report.

17. **Background papers** (not previously published) – None

**Appendices**

Appendix A – Giving Strategy Report (Mary Bagley)

**Report Author, Job Title and Publication Date**

Simon Malcolm, Director of Commercial Development & Outreach, 10 March 2016

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**REPORT TO AUDIT, RESOURCES AND PERFORMANCE COMMITTEE MEETING ON  
THE 22 JANUARY 2016**

**GIVING STRATEGY REPORT (MB)**

**Purpose of the report**

1. This report recommends to members that the Authority adopts a Giving Strategy to grow our supporters and giving opportunities and to maximise our brand as the first National Park in Britain.

2. **Key issues**

Our Corporate Plan describes our three main roles, as a regulator, influencer and deliverer, as key to our work going forward. We will support our influencing and delivery roles through the Defra grant, but to a lesser extent than previously, and we will have a programme to secure funding from income generation, external funding, and donations to resource these roles effectively. This will ensure the investment of government funding will lever at least an equal investment from other sources. One of the potential areas of diversification and growth is from donations or giving. The development of a Giving Strategy is intended to guide the Authority's actions in this area. The Authority's strategic financial framework includes developing a fund raising programme of activities.

The long-term sustainability of the National Park depends on fostering strong relationships with a range of supporters - individuals, communities and organisations. This relationship is the basis for support and may take the form of offering valuable intellectual support, giving time and/or money for the conservation or enjoyment and understanding of the National Park.

The implementation of a Giving Strategy will require a significant investment of time and money, and the cumulative nature of giving means it may take a number of years to achieve the return on this investment although the return could be considerable in the long-term. This report provides information to inform our decision making around the investment and action required, and the return on this investment.

Our agreed performance and business plan focus for 2015/16 is to have a clear plan for the future to give ourselves strategic certainty and beyond. This report shows how we can ensure we have some key foundations in place to create a thriving organisation and support the Corporate Strategy going forward.

The Giving Strategy in this report draws on the external evidence provided by Peter Stone (see the Appendix 1) and sets out where we are starting from, what we want to achieve and our approach to getting there.

3. **Recommendations:**

**3.1 The Authority adopts the Giving Strategy Programme for years 1, 2 and 3 (2016-2019).**

**3.2 On the basis of an expected protected Defra settlement RMT recommends an additional £58k is allocated in 2016/17 to support the strategy -making a total of £100k in the baseline subject to the Authority agreeing the full budget in February. Further costs will be considered alongside other investment needs and a review of our current three year financial plan during March- June.**

**3.3 The Authority agrees that the focus for our first major campaign should be the Trails, with smaller campaigns based around our other properties and corporate plan.**

**3.4 The Giving Strategy progress will be monitored and reviewed by the Enterprise+ Programme Board and, on a quarterly basis, by the authority's performance and financial monitoring meetings.**

**3.5 A report on progress with the strategy is brought back to Members to review Year 1 and to report on how Years 2 and 3 should be taken forward in Spring 2017.**

**4. How does this contribute to our policies and legal obligations?**

The Giving work is key to our mission 'By inspiring millions of people, together we will protect and care for the national park for the enjoyment of all' and particularly the corporate objectives below:-

**Shift 2. Connect people to the Place, the Park.** Enabling everyone, especially those who currently don't benefit, to connect with the National Park so that they value and support the Park

2.1 Build support for the Park through a range of approaches to enable people to give time, money or valued intellectual support

**Shift 4. Grow our income and our supporters.** Diversifying and growing our funding, building on our valued government grant

4.1 Increase our income from giving

Increasing giving and fundraising will support the delivery of projects and programmes across the organisation which drives the delivery of all corporate objectives and management plan outcomes.

**5. Background**

We commissioned consultant Peter Stone to develop a Giving Strategy for the Authority. Peter's work has reported into a core team in the Authority and the Enterprise+ Programme Board. The consultant's brief was to 'help guide, shape and facilitate the Giving Strategy for the Peak District National Park Authority'. The aim of the strategy was to maximise financial giving to the PDNPA to fulfil our statutory purposes and align with the National Park Management Plan, Mission and Corporate Strategy.

We aimed to:

- Have strategic certainty about what needs to be put in place to maximise giving for the Authority.
- Know what the likely amount of giving is from each source.
- Transform the Authority's modest first steps to achieve a reliable, sustainable and growing 'giving' proportion of its income generation.
- Know what platform the Authority needs to put in place in terms of mechanisms, culture and structure to achieve this.
- Have a resourced action plan to put this in place.

This report uses the information from Peter Stone's report (see Appendix 1) and offers the Senior Management Team's steer on the focus and phasing for the development of giving opportunities for the Peak District National Park Authority.

6. **Proposals: Giving Strategy Summary:**

6.1 **Where are we now in relation to giving?**

The Authority has a long history of seeking and securing support from various sources both individuals and organisations. It has taken various approaches, with differing levels of success over the years. Currently there are mechanisms through which individuals can make donations to the Authority. These only yield relatively small amounts compared to our overall income, although it has increased over the last three years. Please see Appendix 2 Existing Giving to the Authority. Other National Park Authorities also receive small percentages of their overall budget as sponsorship and giving, the highest percentage received is c. 2% of their total budget, with most receiving 1% or less of their total budget from giving. As can be seen in Appendix 2 our existing giving has been increasing year on year and particularly through the start of small projects supported through existing resources.

We know that there is a great amount of support in the form of willingness to donate time to the National Park as we can evidence this by the number of volunteers that we currently have (400+ generating 8000+ days' a year).

The level of uncertainty in the amount of giving the authority will receive is currently high because the authority has not got a track record of investing in, or planning for, giving/fundraising.

**Where do we want to be in relation to giving?**

6.2 This report details the first three years of a longer term strategy which will include the baseline support needed to enable us:

**To have financial certainty from our Giving Portfolio.**

The Authority will establish when it will be able to give certainty to sources and values of income from giving to inform its financial planning and to carry out projects, for example conservation or outreach projects (that otherwise might not be possible), and to support corporate and external funding priorities around our assets. Certainty for financial planning purposes is not anticipated until Year 3 of this Giving Strategy.

**To enable people, communities and organisations to give to the authority and to build our relationships with the supporters.**

The Authority will be clear on the 'causes' for giving i.e. why people wish to give money, in what way and for what purpose and to enable the Giver to have confidence in their actions, and during the first years of the strategy the Giver will know that all their giving will be reinvested into these causes.

The National Park Authority has a huge task being responsible for conserving and enhancing and promoting enjoyment and understanding of the special qualities of 555 sq. miles of diverse upland landscapes at the heart of England. The special qualities and their upkeep, enjoyment, understanding and promotion are the basis for good causes and where people may wish to donate.

The Giving Strategy will help the Authority to understand the greatest needs in the interests of the National Park and shape creative opportunities/mechanisms for people to help support the National Park. This strategy starts to identify initial priority cases as well as suggesting how this element of the strategy could evolve. The early years approach will be ensure that all the financial giving will go directly back into the projects and the causes they are supporting.

### **How do we intend to get there?**

6.3

Our approach aims to incrementally create certainty through phasing development and building in a strong monitoring and review approach. Following Year 1 of the strategy there will be a review and a report back to ARP in Spring 2017 to inform the next 2 years' programme. During Year 3 of the strategy we propose a more comprehensive review, given the greater understanding we will have gained, to consider our giving income for the future and predict more confidently our potential return on investment.

In order to focus our efforts, direct our resources and maximise the return we will need to have a dedicated staff resource for the full three year period to take this work forward.

The strategy makes a series of recommendations about the best way for the Authority to develop its giving activity. It is based on evidence from Peter Stone's report (in Appendix 1) of a wide range of possible giving approaches and recommends that the Authority should seek to develop a basket of interconnected giving areas simultaneously. There are some clear reasons for piloting a number of areas at once:

- The basic work of developing giving takes a number of years so it is critical that the Authority starts basic work now if it is to optimise giving returns as quickly as possible.
- Like many organisations with little history of promoting giving, the Authority cannot be certain, at this stage, which areas will perform best and it needs to gain this knowledge quickly in order to maximise on specific high achieving mechanisms.
- A number of the Giving activities are interlinked in terms of requiring the same resources e.g. recruitment of staff and the implementation of a new supporter process. Doing them simultaneously will give efficiencies and also ensure the authority is maximising the available opportunities.
- Developing our supporter base will be the bedrock for our strategy and these supporters may wish to support us in a variety of ways. The way we grow and nurture this will be crucial to our longer term success.

The proposals set out below recommend we concentrate our efforts on developing:

- A high profile fundraising campaign on the trails that will attract a large number of supporters and donations. Along with 3 or 4 smaller campaigns that will be focussed more tactically on other special quality and property led causes.
- Event fundraising, with a pilot event on the trails
- A supporter programme with spontaneous donations and giving
- A Visitor Pay Back Scheme

This approach supports our external funding strategy and demonstrates our commitment to new ways of securing match funding and creating a sustainable funding future for our programmes.



## **The Giving Strategy in more detail:**

### **Our 'causes'.**

6.4

We will be guided by the Corporate Strategy. We will review the areas as part of our corporate planning cycle so that we can ensure that resources are directed at the most needed areas and we learn from our actions. However, in the first instance the long list of causes that are being identified to receive funds from giving activity are as follows:

- Multi-user trails and heritage structures
- Stanage North Lees
- Warslow Estate
- Access work
- South West Peak Programme
- Moors for the Future Programme
- Landscape, cultural heritage restoration, habitat and species work especially linked to properties and landscape scale approaches
- Outreach programmes especially linked to properties and programmes
- Upkeep of visitor infrastructure to enable people to enjoy the National Park's special qualities

The above broad causes include a mixture of natural and built heritage as well as places where the special qualities need to be looked after and can be experienced; connecting people to the park. Our key focus in the first 3 years will be the Trails.

### **Giving activities.**

6.5

A number of areas of potential giving activity are described in the report (Appendix 1) from Peter Stone. The activity is outlined along with a description of the actions required and the potential cost and income. These are helpfully brought together into a tabular analysis on page 3 of the report. The table shows the overall cost, and return on investment (ROI). In addition the recommended 'stretch targets' that would be set for the recruited personnel are shown to demonstrate the potential of each area. Three columns then show speed of delivery (S), relative scale of return (R) and relative cost of return (C) using RAG ratings. Finally priority (P) shows the author's recommended priority order of development where 1 is highest priority.

The Management Team has considered the table referred to above and have given thought to the activities described in more detail and used this to make choices on the details of the proposed strategy for the Authority. In recognition of the amount of resources needed to robustly underpin the development of the new capability and activity and the significance of building in monitoring, evaluation and review into the strategy a phased approach is proposed. As a result the strategy will focus around a 3 year approach.

### **Three Year Approach:**

6.6

We are proposing a three year programme to allow us to develop, invest and learn. Further consideration of each of the main activities is considered below:

### **Explore the opportunities to develop committed giving through a Supporter Programme**

- 6.7 We will explore the opportunities and options to develop a supporter programme, the early stages of this will include what this might look like, how we might do it and whether we do this in partnership. This will help us with the development of a 'relationship management' approach with potential and actual supporters. The term 'supporter' is a short-hand for a somebody who has a positive relationship with the National Park which can be achieved by enabling more people to enjoy the National Park, to understand the National Park, and seek opportunities to become involved and so become a supporter of the National Park.

The benefit of a supporter programme is that supporters might start with an initial one-off donation and then be willing to move to more regular donations. Resources will need to be organised around this progression activity to establish the basis of a life-long relationship with the National Park.

To enable this the development of a database of supporters and a clear programme of engagement with offers of donation opportunities through targeted campaigns needs to be included as an early activity in the Giving Strategy. The development of a database of supporters will allow the Authority to maintain a regular dialogue with all of those individuals, convert them to committed giving and encourage the deepening of their relationship with the National Park. Supporters could give one off donations, regular donations and/or back one of our specific campaigns. It will be an effective way to reach out to communities and individuals and enhance our relationships and brand. A spin off from this work should also come with some people wanting to give time rather than money for the National Park. This database will be developed in conjunction with the Moors for the Future Partnership to maximise opportunity and efficiencies.

It is expected that careful use of branding and marketing will enable the Authority to create a distinct identity for the Peak District National Park, to create a vehicle which members of the public will choose to support. Face to face contact would take place through Visitor Centres and cycle hire initially. Years 1 and 2 will include the development of marketing materials, social and other media, online through our website and staff training. In time it may be possible to have on the ground supporter recruiters through volunteers. Relationships with other projects will be developed, for example in future 'supporter volunteers' could be connected with our proposed Ambassador Project and will be a key priority for the Visitor Service Manager and part of the medium term financial plan.

In order to develop a supporter programme and database it will be necessary to ensure that the Authority has the staffing to proactively develop a relationship with supporters and the software and staff capable of managing the associated data and promotional materials (i.e. resources for promotional activity). This will involve the Authority acquiring CRM (Customer Relationship Management) software or Campaign Management System to manage such a project.

The recently launched Stand Up for Stanage sticker scheme is our nearest experience of developing a supporter scheme. This experience has shown that there is a body of natural supporters for the Peak District National Park and they are willing to contribute financially where they know their contribution is going direct to a cause.

## **Campaigns**

- 6.8 The use of campaigns is proposed as key part of the strategy and the focus in the first instance will be on the Trails and the Trails Structures.

A key activity in the first phase will to develop a clear marketing programme for our campaign approach. In the first instance, this is likely to encompass a series of planned activities about a particular cause. Different campaigns may use different mediums (formal

promotional techniques or less formal, such as social media, web based, demonstrations, talks, and interactive techniques or even word of mouth). What is important here is that they are planned and executed to have effect rather than being a haphazard series of communications and can work in tandem with the development of a supporter programme.

To focus effort and resources it's recommended to have one high profile long term campaign (albeit this could be soft-launched in the first instance to build support). The Trails Structures seem to be the most relevant for this due to high visitor numbers, iconic structure - Millers Dale, Viaduct etc, corporate/external funding priority and the need to develop a sustainable funding future for the trails. The recent structural survey and maintenance costs provide a sound basis for costing out the financial needs of the trails structures in order to produce a campaign financial target. Others will be short term and more tactical and based around our ambitions for our landscape scale partnerships and properties South West Peak Partnership, Warslow, Moors for the Future Partnership and Stanage/North Lees.

### **Spontaneous/Oppportunistic Donations**

6.9 The Authority currently offers several mechanisms for ad hoc donations such as collecting tins and online mechanisms etc. These do not currently generate large and the proposal is to increase in the level of donations through a variety of approaches, including the following:

- A strong initial social media approach will be adopted to complement traditional collection, this will include 'impulse buttons' on the web.
- Staff in Visitor Services and Cycle Hire Services will initially be trained in suggesting a donation.
- Visitor Centres and Cycle Hire Centres will also need higher profile donation facilities and the ability to communicate campaigns
- Higher profile donation boxes will be developed wherever it is considered safe and cost effective to do so.
- Donations will be sought on-line as part of the development of the events system where the ability to seek donations is to be incorporated (these have been budgeted under the 'Events' heading).
- Donations button on the website and Facebook page; QR codes on trails etc. Interpretation and marketing materials to provide links to giving opportunities.

### **Event Fundraising**

6.10 Events that are organised and delivered by the Authority are an important opportunity to develop and build a relationship with potential and actual supporters. Consideration of how to do this should be built into all planning for any event the organisation is running. The Authority's focus for a new event in 2016/17 will be on the Trails, with the Trails event that will take place as a pilot in August 2016.

Attending other events can be used to assist this overall strategy. The proposal is for a team to attend events relevant to the National Park and where we can reach our potential supporters, e.g. Sheffield City Council's "Cliffhanger" event, Agricultural Shows and L'Eroica and we will develop an event marketing package to use for such events. This

includes the use of existing staff and volunteers, providing training and support for existing staff and volunteers as well as marketing materials and a budget for engagement at events (eg using a focal attractor and 'give away' initiatives).

We have also developed an event notification approach in partnership with others to encourage responsible event management for large scale events that are run by other parties in the National Park. As well as encouraging notification of an event and responsible event management there is a visitor payback element (i.e. a financial contribution/donation from either the event organiser or directly from event participants). This would give them the ability to indicate that they were supporting the Peak District National Park.

### **Develop a visitor payback scheme.**

- 6.11 Visitor payback schemes are voluntary payments made by visitors towards conservation or the management of the places they visit. In theory there is huge potential to generate revenue from visitor pay back but in practice this is not always realised. Consideration of administrative costs, compelling focused cause based projects; competition and the propensity of holidaying visitors to make a payment are factors to be considered. Nevertheless, visitor payback can be an important tool in a destination's approach to responsible tourism. Nurture Lakeland is the most established and best known UK example. There are different ways that contributions can be collected from visitors but they often rely on intermediary businesses who become the collection point through another visitor cash transaction such as accommodation, food, travel or an attraction, through either opt in or opt out schemes.

There are links between a visitor pay back scheme and other giving activities but a visitor pay back scheme could also operate independently through a local business network. There is scope for a trial (once a prototype scheme and brand material is developed) through a soft launch with a membership body such as Visit Peak District. The main items of cost relate to marketing materials and the staffing costs of building and continually maintaining relationships with the business distribution network.

### **Longer term opportunities**

- 7 As we develop and learn from the above earlier stages, we will look to start to give a greater focus on developing schemes for High Net Worth Giving; Legacies/In Memoriam; and exploration of gift aid and charitable status.

Please note that this Giving Strategy does not encompass the potential for Corporate Giving. The Authority will seek to develop its existing relationships with corporate supporters and will seek to establish a number of new relationships. This is a separate activity from this Giving Strategy and will be done in line with the Corporate Sponsorship Policy and Due Diligence arrangements already agreed.

### **High Net Worth Giving**

- 7.1 This is a potentially significant area for development but one that will take several years to yield results and takes the Authority into some very new territory and is therefore not being prioritised for action in the early phases. It is envisaged that the learning from the earlier stages will significantly inform this approach.

### **Legacies and In Memoriam Donations**

- 7.2 The very nature of legacies and their promotion requires a long term fundraising approach but with profile of visitors who are enjoying the area it is an important area of giving to grow.

### **Potential Charitable Trust**

- 7.3 Further development work is required to scope this potential option. This development work will include a report to members on progress and options in Year 3. Such a charitable trust could enable the Authority to undertake a number of things that it cannot currently undertake, such as apply to a wider range of charitable trusts and foundations; apply to be registered for Gift Aid to enhance the value of a range of donations into the charity; register for other giving schemes e.g. Give as you Live.

### **Costs**

- 8 Costs (one-off and recurring) please see Appendix 5

### **Database – development and management**

- 8.1 An Options Appraisal for a business case for the organisation to acquire and operate a full customer relationship management system or a campaign management system, that will meet the needs of a supporter programme and campaign management as well as those of the Moors for the Future Partnership, will need to be developed in the context of our Corporate Strategy and Information Management Strategy. This will need an options appraisal in Year 1 so all alternatives can be assessed.

Purchase cost for a CRM, or equivalent, application - £25k to £30k. A campaign management system will be a cheaper option and will be evaluated.

This is an estimate and the cost could vary once the system has been specified to meet the organisations' needs and the decision to purchase this will be under delegated authority following a business case in Stage 2).

Annual Support cost of application - £5k to £6k

This is vendor level support for the application and includes regular updates and maintenance of the software. Again similar to our existing applications we rely on the vendor for third line support for 'off the shelf' products.

### **Marketing and Communications**

- 8.2 All the activities rely on well thought out and creatively designed marketing content. Investment in the core materials that can be used in a range of activities should provide both value for money and inspirational messages that can be used consistently over time. The Giving message will be an integral part of the 3 year marketing plan focused on the Corporate Strategy.

In the first instance social media represents a critical entry level approach, which has a potentially high reach with low costs. Funding may be needed to cover booster campaigns and carrying out analytical and design work but this is more affordable than other promotional activity.

Once campaigns are agreed they should become a feature in the relevant supporter activity, any event push and any normal marketing and communication activity like ParkLife – an integrated approach.

Face to face (F2F) can be a key aspect of giving strategy and because we are place based organisation with several sites, there is merit in this approach and the approach can be extended to our event attendance. We would need to invest in appropriate kit for example, trailer/shelter, portable materials etc. There is scope though to combine such investment with a commercial trading approach. If the trails are selected as our first major

campaign this also provides us with the opportunity of large F2F contact opportunities, with over 100,000 visitors to the Monsal trail and 390,000 visitors per annum at our visitor centres. An estimated investment of £15,000 for the mobile event kit to grow our supporters through direct contact in Phase 2 will help to build our supporter base and get our brand out in an appropriate manner.

## Staff

- 8.3
1. A **Co-ordinator post** for this Giving Strategy will be required as a first step to get this work developed and programme managed. (£53,600 including on costs). However, in addition to a dedicated post(s) other staff could take on giving responsibilities within the scope of their jobs as part of a wider organisational development activity.
  2. Staff will be needed to support the data management associated with developing a campaign approach and a supporter programme. These would be:
    - a) A **fixed term business analyst post** – 1FTE – circa 18 months (£30-£35K + on costs)  
This post would:
      - i. Determine and map out existing customer data related activities and data stores
      - ii. Determine the required processes to allow compliant use of customer data for direct marketing (including appropriate changes to any current activity within the organisation to provide a unified approach to management of customer data and the activities that use that data)
      - iii. Liaise with the wider information management service (at the appropriate time) to investigate where technology can be used to support the desired process
      - iv. Be required shortly after the recruitment of the giving coordinator post
    - b) A **'Customer data steward'** post – 0.5FTE (Approx. £15K )  
This post would:
      - i. Manage the interaction of customer data between operational systems and any marketing/campaign/CRM system defined as part of 2 above.
      - ii. Be technical in that it uses database technology to match customer records from multiple sources and feed information between marketing systems and operational systems.
      - iii. Perform the data matching during data cleansing exercises (such as deceased lists, TPS/MPS cleansing etc. that would be required as part of management of marketable customer data)
      - iv. Not be required until a suitable point in the business analysis work carried out by 2 above.
    - c) Extend current Social Media and Digital Marketing Officer Post to full time from 1 April 2016 £15,000.
      - i. Currently all giving campaign and digital marketing work has been completed in extra hours funded from various budgets
      - ii. A recent decision (after 8 months of extra hours illustrating the demand) was to extend the current contract temporarily until March 31 2016.
      - iii. Without the additional hours there would be very little support from marketing and communications to delivery on campaigns (small or large).
    - d) A **campaign officer** post – size of post to be determined by complexity of

processes defined from above and number of campaigns desired  
This post would not be required until the process, technology and customer data is in a fit state that it could be used for marketing purposes in a compliant way and will be reviewed when this is in place.

In addition to the above the process would need to be supported by the existing information and records manager post to provide a framework and set of policies to control how customer data is to be used, stored, managed and disposed of to remain compliant with the data protection act (particularly as a new version of this legislation is likely to come into force next year with significant alterations that must be adhered too).

There may be wider implications if other staff are to be allocated roles in our giving activity for example training and development implications, attendance at shows and events etc. and these will be key considerations as part of the wider organisational development.

- 8.4 Costs across the first three phases can be seen in Appendix 5. and the estimated return in investment detailed in Appendix 6.

## 9 **Performance indicators to measure the results of the strategy**

It is proposed that the following indicators are used to measure performance of the strategy and help inform changes and updates.

- Number of new donors recruited
- Number of recruited donors converted to regular giving pattern
- Total number and value of regular donors
- Total net value of donations (from all sources and from each of the main activities)
- Value of donations per campaign (against target)
- Cost of acquisition and maintenance of donations
- ROI

## 10 **Risk Management:**

Actively following a strategy of pursuing personal donations does carry some risks for an organisation such as a National Park Authority. The main risks are as follows:

- The long term nature of any potentially significant returns means that several years of investment will be needed before costs are recovered
- Data quality requirements will be stringent and critical to reputation as well as avoiding any penalties, rigorous processes will be needed and this will need resourcing
- The success of the approach could have unintended consequences for the partner relationships
- The success of the approach could have unintended consequences for other grant funding sources that the Authority receives now.

## 10 **Sustainability:**

This giving strategy is based on the three strands of sustainability i.e. looking after the special qualities of the national park, as well as how they are enjoyed by people and generating a new source of income to help secure the financial sustainability of this important work.

11      **Consultations:**

Management Team, Heads of Service for Finance, Legal, IT and Marketing & Communications.

12      **Background papers** (not previously published)

Peter Stone's report in Giving.

13      **Appendices**

Appendix 1. Peter Stone's Reports on Giving.

Appendix 2. Existing Giving to the Authority

Appendix 3. Details of the 3 Year Giving Programme

Appendix 4. Campaign and marketing cost break down

Appendix 5. Years 1, 2 and 3 Giving Programme Costs.

Appendix 6. Income forecast.

14      **Report Author, Job Title and Publication Date**

**Mary Bagley Assistant Director, 14 January 2015**



“Appendix 1: report to the Peak District  
National Park Authority outlining a  
potential Giving Strategy for the Authority”

# Peak District National Park

## A Strategy for Giving 2015

V1.9



**PEAK  
DISTRICT  
NATIONAL  
PARK**

# PEAK DISTRICT NATIONAL PARK – A STRATEGY FOR GIVING

## 1. Scope of Strategy

*Aim: To maximise financial giving to the PDNPA to fulfil our statutory purposes and align with the National Park Management Plan, Mission and Corporate Strategy.*

The Park is seeking to:

- *Have strategic certainty about what it needs to put in place to maximise giving for the Authority.*
- *Know what the likely amount of giving is from each source.*
- *Transform the Authority's modest first steps to achieve a reliable, sustainable and growing 'giving' proportion of its income generation.*
- *Know what platform the Authority needs to put in place in terms of mechanisms, culture and structure to achieve this.*
- *Have a resourced action plan to put this in place.*

## 2. Background

The PDNPA has a long history of seeking, and securing, support from external partners and both individuals and organisations. A number of projects to increase the level of giving from such sources have been undertaken over recent years with varying degrees of success. The Authority started the process of testing out a number of pilot projects in 2014/15 with respect to looking at new ways of increasing giving. These have included seeking donations at Ranger events, larger events giving and the Access Fund. The results of these projects are detailed in the companion document to this Strategy.<sup>1</sup>

## 3. New Directions

With its core grant being reduced the PDNPA has produced a bold strategic response to developing its business over a transitional year.<sup>2</sup> This Plan lists four key Directional Shifts including S1: '*Develop strong commercial and fundraising programme of activities.*' This, in turn has three areas of delivery namely the development of Giving, Income Generation and Fundraising from external sources. This Strategy delivers the first of those areas of development.

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<sup>1</sup> PDNPA Giving Strategy Research & information Report, *Peter Stone Consulting Limited*, 2015

<sup>2</sup> PDNPA Performance & Business Plan 2015/16, *PDNPA*, 2015

## 4. Peak District National Park – A Giving Strategy

### 4.1 Summary

This strategy makes a series of recommendations about the best way for the Authority to develop its giving activity. It reviews a wide range of possible giving areas and recommends that the Authority should seek to develop a basket of giving areas simultaneously. There are two clear reasons for piloting a number of areas at once. Firstly, like many organisations with little history of promoting giving, the Authority cannot be certain, at this stage, which areas will perform best and it needs to gain this knowledge quickly. Secondly the basic work of developing giving takes a number of years so it is critical that the Authority starts basic work now if it is to optimise giving returns as quickly as possible.

A number of areas of giving activity are described in detail in this Strategy; the following table indicates the potential of each. The overall cost, return and return on investment (ROI) are shown. In addition the sort of recommended 'stretch targets' that would be set for the recruited personnel are also shown to demonstrate the potential of each area. Three columns then show speed of delivery (S), relative scale of return (R) and relative cost of return (C) using RAG ratings. Finally, priority (P) shows the author's recommended priority order of development where 1 is highest priority.

Area	Cost	Return	ROI	Stretch	ROI	S	R	C	P
Supporters	49 <sup>3</sup>	297	6.1:1	400	8.2:1				1
Campaigns	27	98	3.6:1	200	7.4:1				2
Visitor Payback	21	70	2.6:1	100	4.8:1				7
Donations	8	75	9.4:1	75	9.4:1				3
Legacies/In Mem <sup>4</sup>	4	10	2.5:1	25	8.3:1				4
Events	15	63	4.2:1	75	5:1				6
Corporate	3	51	17:1	60	20:1				8
High Net Worth giving	12	100	8.3:1	100	8.3:1				9
Gift Aid/Charity	5	80	16:1	109	18.2:1				5
Staffing	389	0	-	0	-				
<b>Total</b>	<b>516</b>	<b>844</b>	<b>1.6:1</b>	<b>1,319</b>	<b>2.6:1</b>				

It is important to note that the costs of delivery exclude staffing costs; these are critical to all areas of delivery and the costs will be relevant to all of the above areas. At this stage it is assumed that the costs are spread evenly across all areas of delivery and can therefore be excluded.

### 4.2 Areas of Giving

#### 4.2.1 Supporters

The development of a supporter scheme is pivotal to the development of the Giving Strategy. The development of a database of supporters will allow the Park to maintain a regular dialogue with all of those individuals to seek their ongoing support and to encourage the deepening of their relationship with the National Park. The exact rates to be charged will require further discussion but it is likely that

<sup>3</sup> Includes data base costs

<sup>4</sup> No income included for legacies

the Authority could charge similar (or slightly lower until awareness develops) rates to those used by Friends of the Peak District, the Wildlife Trusts and others. These will be something along the lines of:

- Individual: £25 per annum
- Joint: £30 per annum
- Family: £35 per annum

It is expected that careful use of branding and marketing will be able to create a distinct identity for the Peak District National Park (as opposed to the Authority) to create a vehicle which members of the public will choose to support. Recruitment would take place through Visitor Centres (utilising both high profile literature and the training of staff) and online (through the website). In time it may be possible to have on site recruitment using volunteer recruiters (as the National Trust does at Longshaw, for example).

In order to develop a supporter database it will be necessary to ensure that the Park has the staffing and the software capable of handling subscriptions as they are generated. This will involve the Authority acquiring CRM (Customer Relationship Management) software to manage such a project. The costs of such software can vary significantly depending on the complexity of the tasks it will need to undertake and the number of users it will need to support but a budget of £20,000 is suggested as being required. Such software will enable the Park to record its customer history with every supporter and will allow e-mailings and postal mailings to be tailored to the giving history of each individual. There will also be a requirement for a recruitment drive to generate supporters and this will involve the production of publicity and marketing materials and the training of relevant staff in selling the benefits of being a Park supporter. Finally there will be a need to ensure that the PDNPA has sufficient staff time to undertake all of the tasks around recruitment and development of supporters.

Year	Description	Income	Cost
2015/16	Activity: Scheme establishment Resources: Scheme design, Staff training, Literature	£0	£5,000
2016/17	Activity: 400 supporters recruited; primarily through CST personnel Resources: Staff training, Literature	£12,000	£8,000
2017/18	Activity: 1,500 supporters recruited through wider marketing campaign and CST/OST personnel Resources: Press activity, web presence, staff training, literature	£45,000	£4,000
2018/19	Activity: 3,000 supporters recruited through wider marketing campaign and CST/OST personnel Resources: Press activity, web presence, staff training, literature	£90,000	£4,000
2019/20	Activity: 5,000 supporters recruited through wider marketing campaign and CST/OST personnel Resources: Press activity, web presence, staff training, literature	£150,000	£4,000

**Key dependencies:** Acquisition of database, technical support for the CRM, staff in post and trained in its use, CST/OST staff promoting the campaigns

**Key risks:** Delays in specifying and acquiring the database delay the development of supporter recruitment and other areas, potential competition with other organisations, need to ensure tax efficient system of membership is arranged

#### 4.2.2 Campaigns

In tandem with the development of a supporter database the Authority would launch campaigns for specific projects/causes and appeal to its supporters (as well as the public in general) for their donations to those campaigns. The Park will look carefully at its strategic priorities as well as the areas of work which it intends to undertake and will determine which of these is most urgent and/or would be most likely to be supported by supporters and the general public. There are many causes and areas of activity for which such appeals might be made – whether these are location based, such as the trails (and their structures), moors or edges, or theme based such as birds, education or walking. A strong appeal subject will be developed along with detailed creative treatments and these will then be launched to both the general public and to the growing supporter database. Donations would be logged on line, email feedback to supporters would be issued and further, follow up, requests for support might be made if the target was close to being achieved. There would need to be a clear process for the determination of the campaign subjects linked to the Park's 3 year business plan (current examples might be the Trails infrastructure, North Lees Estate and Access in general). Close integration with general marketing and PR support would also be essential.

Year	Description	Income	Cost
2015/16	Activity: Initial appeal subject determined. Agency briefed to design appeal/campaign Resources: Staff time	£0	£3,000
2016/17	Activity: Launch of appeal to supporters and the public, responding to appeal Resources: Staff time, appeal costs	£3,000	£600
2017/18	Activity: Residual donations to first appeal. Second appeal developed and launched to the public; responding to appeal support Resources: Staff time, marketing materials	£13,500	£4,650
2018/19	Activity: Continued activity on second appeal including mailing to supporters; responding to appeal support Resources: Staff time, marketing materials	£20,000	£8,500
2019/20	Activity: Third appeal developed and launched; responding to appeal support Resources: Staff time, marketing materials	£40,000	£10,500

**Key dependencies:** Supporter recruitment programme starting on time, staff in post, relevant staff being trained, CST/OST staff promoting the campaigns

**Key risks:** Campaigns cannot be effectively launched until database acquired and supporters recruited, initial campaigns will therefore generate a poorer rate of return

### 4.2.3 Visitor Payback

The Authority has already made some real progress in developing an events coordination system which encourages a contribution from event organisers and thus develops 'visitor payback'. Models elsewhere in the country show what can be done with such payback schemes – in the Lake District the 'Nurture Lakeland' project raised £111,674 in 2013/14. The intention is that there would need to be initial discussions with both Nurture Lakeland and Love the Broads to determine if there could be a possibility of using the materials that they have already produced or, alternatively, if either organisation could run the PDNPA's scheme under a license agreement. In addition it will be necessary to ensure that any other interested parties in the area are also consulted about the launch of a scheme to ensure that only one such scheme is developed.

Working on the basis that the PDNPA would develop a standalone scheme it is envisaged that it would operate on a similar basis to the Nurture Lakeland one – that local businesses would be recruited to promote the scheme and to seek donations from their visitors. A combination of accommodation owners, visitor attractions and local producers would be recruited to the scheme. Evidence is that when asked, the number of visitors willing to make such donations can be very high indeed (95% in the case of accommodation providers in Cumbria). At this stage all the financial forecasts are based on accommodation providers alone since it is envisaged this would be launched first.

Year	Description	Income	Cost
2015/16	Activity: Discussions with other potential scheme providers, design and development of scheme and literature Resources: Staff time	£0	£5,000
2016/17	Activity: Launch of scheme, recruitment of businesses Resources: Staff time, publicity and marketing	£2,500	£3,000
2017/18	Activity: Continued marketing of scheme, widening out to different types of payback Resources: Staff time, publicity and marketing	£7,500	£3,000
2018/19	Activity: Continued marketing of scheme Resources: Staff time, publicity and marketing	£20,000	£7,000
2019/20	Activity: Continued marketing of scheme Resources: Staff time, publicity and marketing	£40,000	£3,000

**Key dependencies:** Staff in post, marketing

**Key risks:** Competing VP schemes discussed/launched

### 4.2.4 Donations

The Park will seek an increase in the level of donations it receives through a variety of approaches:

- Visitor Services CST and OST staff will be trained in requesting that people consider making a donation whenever they seek advice or guidance at Visitor Centres (as well as asking people to consider becoming supporters)



- Visitor Centres will also need higher profile donation facilities to advise of the ongoing need for donations from visitors
- Higher profile donation boxes will be developed wherever it is consider safe and cost effective to do so
- Donations will be sought on-line as part of the development of the events system where the ability to seek donations is to be incorporated (these have been budgeted under the 'Events' heading)

Year	Description	Income	Cost
2015/16	Activity: Continued promotion of donations generally, staff training, development of donation facilities Resources: Staff time, donation facilities, marketing	£11,500	£1,500
2016/17	Activity: Continued promotion of donations generally, staff training, development of donation facilities Resources: Staff time, marketing	£13,500	£1,500
2017/18	Activity: Continued promotion of donations generally, staff training, development of donation facilities Resources: Staff time, marketing	£15,000	£1,500
2018/19	Activity: Continued promotion of donations generally, staff training, development of donation facilities Resources: Staff time, marketing	£17,000	£1,500
2019/20	Activity: Continued promotion of donations generally, staff training, development of donation facilities Resources: Staff time, marketing	£18,000	£1,500

**Key dependencies:** Relevant personnel trained, promotion of donation facilities around the Park

**Key risks:** Need to ensure that cash security and other financial procedures are up to date

#### 4.2.5 Legacies and In Memoriam Donations

This area has great potential for the Authority. The very nature of legacies and their promotion requires a long term fundraising approach but with so many older people enjoying the area it is an important area of giving to start to develop. A legacy and In Memoriam donations campaign will be developed to promote the benefit of leaving a legacy to the Park. The general benefits of leaving a legacy for the future will be stressed in such a campaign as will the more tangible benefits of In Memoriam donations.

The Authority will define how far it is willing, and able, to develop a range of opportunities with which people could associate their In Memoriam donations. This may take the form of donating a set level of funds to pay for a specific item such as a bench, a gate or plaque or a length of footpath or trail. It will be critical that such a level of fees covers the costs of the item, the staff time to erect it and makes a surplus for the Authority. In addition, a set fee to allow the scattering of ashes and the planting of a memorial tree will be developed and included within the campaign's marketing. In future years work around developing a specific project such as a 'buy a brick'/plaque schemes for sites such as Millers Dale and other properties will be assessed.



Because of the inherent difficulty in predicting when legacies will be received no income has been assumed from this source. Once the Authority has a track record of, it is suggested, at least five years' active promotion of legacies then it will become possible to rely on some fairly small recurrent amount of legacy income. In terms of In Memoriam donations it is assumed that around £500 p.a. will come in place of funeral flowers. The remainder has been estimated as being a number of different attribution opportunities (such as plaques associated with tree plantings or gates, etc.) at an average income of £250 per opportunity (and cost of £50).

Year	Description	Income	Cost
2015/16	Activity: Continued receipt of legacy and in mem donations. Development of future legacy/in mem materials Resources: Staff time, printed/web materials	£1,000	£2,100
2016/17	Activity: Promotion of legacies and in mem donations. Administration of pledges. Installation of plaques. Resources: Staff time	£2,000	£300
2017/18	Activity: Promotion of legacies and in mem donations. Administration of pledges/donations. Installation of plaques. Resources: Staff time, printed and web materials	£2,000	£300
2018/19	Activity: Promotion of legacies and in mem donations. Administration of pledges/donations. Installation of plaques. Resources: Staff time, printed and web materials	£2,000	£300
2019/20	Activity: Promotion of legacies and in mem donations. Administration of pledges/donations. Installation of plaques. Resources: Staff time, printed and web materials	£3,000	£500

**Key dependencies:** Staff in post, agreement on permitted types of attribution, staff time to erect plaques, etc.

**Key risks:** Care required to ensure that National Park character is maintained by careful decision-making on objects/projects to be sponsored

#### 4.2.6 Events

Through its events booking system the Park will work with all event organisers and attendees to seek donations. A clear price list is being established to ensure that all attendees are given the opportunity to donate a set amount on top of any attendance/booking fee. In addition event organisers need to be encouraged to make a donation in proportion with the scale and vision of their event – this would give

them the ability to indicate that they were supporting the Peak District National Park and would allow them to associate themselves via the use of the PDNPA logo and an agreed form of wording.

The Park will also work with the organisers of future events to help make these events successful and to create new and original events. Such events might include Trails marathons or cycle rides and may come from the potential organisers of such events – or from the Park’s staff developing the concept of such events and then tendering for potential partners. There will be considerable potential to generate fees both from working with the organisers of such events in return for a fee and from the participants in terms of a payback donation.

Year	Description	Income	Cost
2015/16	Activity: Holding of events for partners, development of donations facility Resources: Staff time	£3,500	£0
2016/17	Activity: Continued holding of events for partners, receipt of donations, promotion of PDNPA engagement in events generally Resources: Staff time, publicity	£4,500	£0
2017/18	Activity: Continued holding of events for partners, receipt of donations, promotion of PDNPA engagement in events generally Resources: Staff time, publicity	£7,000	£0
2018/19	Activity: Continued holding of events for partners, receipt of donations, promotion of PDNPA engagement in events generally Resources: Staff time, publicity	£18,000	£5,000
2019/20	Activity: Continued holding of events for partners, receipt of donations, promotion of PDNPA engagement in events generally Resources: Staff time, publicity	£30,000	£10,000

**Key dependencies:** System rolling out on time, system being as successful in ‘asking’ for donations, continued interest from third parties in Peak based events

**Key risks:** Events organisers choose not to support the Park, relatively high workload for return

#### 4.2.7 Corporate Support

The Authority will seek to develop its existing relationships with corporate supporters and will seek to establish a number of new relationships. Where the Authority has existing relationships it will continue to ensure that it maintains the best relationships with the relevant corporate personnel. Care will be taken to maintain relationships between the Authority and the companies at all levels to ensure that they recognise the value of their support to the Authority.

In terms of new corporate supporters a ‘hit list’ of potential companies with an appropriate synergy with the Authority and its work which could support the organisation will be developed. In tandem with this work a range of opportunities where corporate support is required will also be developed for discussion with these organisations. These opportunities may include areas where gifts in kind would be useful (for example labour and/or materials) and those where a donation would allow the authority to undertake the work required. Once this work has been undertaken contact would need to be made with the companies and visits made to ‘sell’ the projects to them. Close liaison would be needed

throughout the project to ensure that companies got good communication, value for money and payback – to ensure future support.

Year	Description	Income	Cost
2015/16	Activity: Management of existing relationships Resources: Staff time	£0	£1,000
2016/17	Activity: Production of hit list of potential partners and opportunities for support, start to contact potential partners Resources: Staff time	£5,000	£0
2017/18	Activity: Continued recruitment of potential partners, delivery of relevant programmes Resources: Staff time	£12,000	£1,000
2018/19	Activity: Continued recruitment of potential partners, delivery of relevant programmes Resources: Staff time	£17,000	£0
2019/20	Activity: Continued recruitment of potential partners, delivery of relevant programmes Resources: Staff time	£17,000	£1,000

**Key dependencies:** No significant dependencies but reference to the UK National Parks work, sponsorship policy and the Due Diligence panel

**Key risks:** Companies continue to have restricted sponsorship/support budgets

#### 4.2.8 High Net Worth Giving

It is likely that PDNPA staff or members already have links with a number of ‘high net worth individuals’. These are individuals with access to significant disposable income which could, if conditions were satisfactory, be turned into significant donations for the Authority. A significant amount of work will be required to determine the relationships which already exist and to develop those relationships to the point where it might be possible to seek funding. The steps that will be followed are:

- *Gathering of information from members, staff and others about who they know of who might have a love of the Peak District (based in the Peak District or elsewhere) who might fall into the HNW category and the depth of any relationship they may have with them*
- *Desk research into the background of these individuals, their interests and possible routes to get in touch with them*
- *The development of occasions for the Chair and/or Chief Executive to meet some of these key individuals*
- *The gradual building up of relationships with these individuals so that they are more fully aware of the work of the Authority*
- *Eventually, the seeking of donations for specific causes close to the hearts of these potential donors*

At this early stage of development it is suggested that a relatively minor amount of funding from this source should be anticipated. With a long development period and an unproven population of HNWs it is suggested that a small target of, say, £100,000 should be set for this area over the life of this

strategy. Because of that long development period this income has all been budgeted in the final two years of the Strategy.

Year	Description	Income	Cost
2015/16	Activity: Information gathering starts Resources: Staff time	£0	£1,000
2016/17	Activity: Information gathering, desk research, development of initial approaches Resources: Staff time	£0	£1,000
2017/18	Activity: Continued approaches, start of events/tours Resources: Staff time, costs of events	£0	£3,000
2018/19	Activity: Continued approaches and events/tours, start of asking process Resources: Staff time, cost of events	£50,000	£4,000
2019/20	Activity: Continued approaches, events/tours and asking Resources: Staff time, cost of events	£50,000	£3,000

**Key dependencies:** Adequate flow of information about likely HNWs, willingness of personnel to engage with HNWs in this manner, Due Diligence panel

**Key risks:** Failure to attract support of relevant parties, failure to make the case for large donations adequately, possible perception of compromising Park purposes and duty if not handled transparently and with sensitivity

## 5. Establishment of a Separate Charitable Entity

A key way to optimise the funds the Authority receives could revolve around the establishment of a charitable ‘arm’. Such an arm could enable the Authority to undertake a number of things that it cannot currently undertake:

- *Apply to a much wider range of charitable trusts and foundations than it can at present and thus generate a significant level of funds from this source*
- *Apply to be registered for Gift Aid to enhance the value of a range of donations into the charity*
- *Ensure that the charity is a separate entity and that donations are not ‘funding Government activity’ and thus, potentially, generate additional support*
- *Register for other giving schemes e.g. Give as you Live*

There are two main models which might be adopted. The first would be a simple charitable organisation established to facilitate the first two of the above points in particular. The most desirable situation would be for the Authority to be the sole corporate trustee (as many local authorities are with properties under their control). It is not currently clear whether a National Park has the powers to fulfil such a role and this will need to be clarified. Under the second model the Park would establish a charitable structure which would have a larger number of trustees and which would be substantially independent of the Park – similar to that operated in Cumbria under the ‘Nurture Lakeland’ brand.

A key issue would be that an independent charity would be able to fund any relevant work in its area meaning a potential loss of control over the funding received. The Charity Commission are likely to favour an arrangement whereby the majority of trustees are not taken from the Authority. No income has been ascribed to this area other than an estimate of the Gift Aid which might be secured (see 6 - Income and Expenditure) although the creation of such an entity would facilitate additional grant applications.

The issue has also been raised around whether the PDNPA might consider a trading subsidiary instead of/as well as a charitable entity. The decision to create such a body would not benefit the organisation's giving *per se* – it would merely create a vehicle through which all relevant trading could be routed and might well have tax benefits. This would require separate consideration.

Year	Description	Income	Cost
2015/16	Activity: Discussions with Charity Commission, registering of new entity Resources: Staff time, establishment costs	£0	£5,000
2016/17	Activity: To be determined depending on vehicle Resources: To be determined	£0	£0
2017/18	Activity: To be determined depending on vehicle Resources: To be determined	£0	£0
2018/19	Activity: To be determined depending on vehicle Resources: To be determined	£0	£0
2019/20	Activity: To be determined depending on vehicle Resources: To be determined	£0	£0

**Key dependencies:** No significant dependencies

**Key risks:** Charity Commission response uncertain, potential time and cost involved in multiple applications, potential lack of desired control over trustee/Board composition

## 6. Resources Required

### 6.1 Staffing

As well as the direct expenditure required to facilitate the development of all of the areas of giving there will be a need for additional personnel. The posts envisaged at this stage are as follows:

- *Post One – Giving Manager (f/t, suggested salary £45k gross, w.e.f. 01/01/2016) - A senior post which would be responsible for undertaking a lot of the detailed implementation and planning in 2015/16 and beyond. This work would include specifying the database, developing events/campaigns and liaison with other teams*
- *Post Two – Giving Coordinator (p/t, suggested salary £20k gross pro rata, w.e.f. 01/01/2016 moving to f/t 01/07/2016) - This post would be responsible for research and administration across all areas of giving*

- *Post Three – Support Manager (f/t, suggested salary £32k gross, w.e.f. 01/04/2017) - a dedicated post designed to develop the Visitor Payback and Corporate Support areas in particular*

In addition to the above paid posts, further consideration of the use of volunteers – and in fundraising in particular – will be needed. Their effective use would minimise staffing costs and would optimise delivery. Although it is understood that any new posts will need to go through the job evaluation process it is important to note that a premium may well have to be paid in the area of fundraising/giving posts.

## 6.2 Training

It will be important to consider training and development opportunities for existing staff through this process. It has been assumed that any new post will be filled with someone with the right blend of skills for the role. Existing staff (including CST and OST personnel) will also need training but, again, this will depend on which staff are asked to handle which roles. Obvious areas where staff may require training will include:

- *Visitor Centre staff – training in handling donations, subscriptions and promotion*
- *Rangers – training in how best to ask for support and donations*
- *I.T. staff – integration of CRM and other Park software*

## 7. Finance

### 7.1 Income and Expenditure

The Authority has little track record in generating funds through giving and estimating the level of funds which might be secured from any source is not straightforward. There are a number of factors which could affect the success of any activity including: the degree to which the Park is seen as separate from Government; competition; quality of activity; delivery of services and so on. It is the author's judgement that the targets in this giving strategy should be viewed as very achievable and able to be exceeded – hence the inclusion of 'stretch targets' at the beginning of this document. Industry norms for this sort of activity suggest that, when mature, such activities might be expected to generate a 3: 1 or 4:1 return on investment. The average across all areas in this document (if the stretch targets are achieved) would be 2.6:1 which could be considered a good return on investment. In future years' experience would suggest that the return on investment would get better still as the giving areas 'mature'. The income and costs are described in detail at Appendix One. A summary is as follows:

INCOME	2015/16	2016/17	2017/18	2018/19	2019/20
Supporters	0	12,000	45,000	90,000	150,000
Campaigns	0	7,000	20,500	25,000	45,000
Visitor Payback	0	2,500	7,500	20,000	40,000
Donations	11,500	13,500	15,000	17,000	18,000
Leg/In Mem	1,000	2,000	2,000	2,000	3,000
Events	3,500	4,500	7,000	18,000	30,000
Corporate	0	5,000	12,000	17,000	17,000
High Net Worth Giving	0	0	0	50,000	50,000
Gift Aid	1,438	4,375	11,000	25,250	37,875
<b>TOTAL</b>	<b>17,438</b>	<b>50,875</b>	<b>120,000</b>	<b>264,250</b>	<b>390,875</b>

EXPENDITURE	2015/16	2016/17	2017/18	2018/19	2019/20
Supporters	5,000	8,000	4,000	4,000	4,000
Campaigns	3,000	600	4,650	8,500	10,500
Visitor Payback	5,000	3,000	3,000	7,000	3,000
Donations	1,500	1,500	1,500	1,500	1,500
Leg/In Mem	2,100	300	300	300	500
Events	0	0	0	5,000	10,000
Corporate	1,000	0	1,000	0	1,000
High Net Worth Giving	1,000	1,000	3,000	4,000	3,000
Separate charitable entity	5,000	0	0	0	0
Other (includes staffing)	41,250	69,000	101,000	101,000	101,000
<b>TOTAL</b>	<b>64,850</b>	<b>83,400</b>	<b>118,450</b>	<b>131,300</b>	<b>134,500</b>

<b>Surplus/Deficit</b>	<b>(47,412)</b>	<b>(32,525)</b>	<b>1,550</b>	<b>132,950</b>	<b>256,375</b>
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## 7.2 Strategic Certainty

The Authority is seeking to understand the strategic financial certainty that could be anticipated from a giving portfolio and the timescales for the delivery of this certainty. With little track record to go on – and a very crowded marketplace in terms of the number of calls on people’s funds – it is difficult to be definite about the level of return that will be generated until the activities have been tested. It may be considered prudent to assume a lower level of giving even though somewhat pessimistic forecasts have been made of income generation. At present the estimate of certainty of any income source coming in has been assumed to be in the region of 66% (based on previous experience of this type of approach). This gives the following figures:

	2015/16	2016/17	2017/18	2018/19	2019/20
Forecast Income	17,438	50,875	120,000	264,250	390,875
Forecast Expenditure	64,850	83,400	118,450	131,300	134,500
<b>Certainty</b>	<b>11,509</b>	<b>33,578</b>	<b>79,200</b>	<b>174,405</b>	<b>257,978</b>
<b>Surplus/(Deficit) over Certainty</b>	<b>(53,341)</b>	<b>(49,822)</b>	<b>(39,250)</b>	<b>43,105</b>	<b>123,478</b>

It is important to note that it is expected that the Forecast Income figures these figures are, as has been said, fairly pessimistic and it should be very possible to exceed them – hence the suggestion of ‘stretch’ targets on Page 3.

## 7.3 Key Performance Indicators

Once the strategy has been adopted it will be necessary to refine and expand the implementation plan in order to reflect the decisions which will have been made around investment, timescales and priorities. For each of the key areas of activity it would be desirable to create a series of Key Performance Indicators which will allow the Authority to measure the success of each major area of development. Such indicators are likely to include:

- *Return on Investment (£s raised per £ spent)*
- *Deadline (date achieved vs. date planned)*
- *Percentage growth (% increase over time)*
- *Numerical growth (actual increase in £/activity over time)*

- *Satisfaction levels of donors*
- *Brand awareness levels*
- *Numbers of supporters recruited*



## APPENDIX ONE – Income and Cost Forecasts

<b>INCOME</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>Supporters</b>	<b>0</b>	<b>12,000</b>	<b>45,000</b>	<b>90,000</b>	<b>150,000</b>
Number	0	400	1,500	3,000	5,000
Fee	0	30	30	30	30
<b>Campaigns</b>	<b>0</b>	<b>7,000</b>	<b>20,500</b>	<b>25,000</b>	<b>45,000</b>
Campaign One – public donations	0	5,000	5,000	0	0
Campaign One - supporter donations (20% response @ £25)	0	2,000	5,500	0	0
Campaign Two – public donations	0	0	10,000	10,000	0
Campaign Two - supporter donations (20% response @ £25)	0	0	0	15,000	10,000
Campaign Three – public donations	0	0	0	0	10,000
Campaign Three- supporter donations (20% response @ £25)	0	0	0	0	25,000
<b>Visitor Payback</b>	<b>0</b>	<b>2,500</b>	<b>7,500</b>	<b>20,000</b>	<b>40,000</b>
Number of Businesses	0	25	50	100	200
Average number of nights/donations p.a.	0	50	75	100	100
Donations per night	-	2	2	2	2
<b>Donations</b>	<b>11,500</b>	<b>13,500</b>	<b>15,000</b>	<b>17,000</b>	<b>18,000</b>
Donations to Volunteers Service	5,000	5,000	5,000	5,000	5,000
Car Parks	500	500	1,000	1,000	1,000
Visitor Centres/Trails Donations	2,000	3,000	4,000	5,000	6,000
Ranger-led Events/Guided Walks	4,000	5,000	5,000	6,000	6,000
<b>Leg/In Mem</b>	<b>1,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>3,000</b>
Legacies	0	0	0	0	0
In Memoriam	1,000	2,000	2,000	2,000	3,000

<b>INCOME</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>Events</b>	<b>3,500</b>	<b>4,500</b>	<b>7,000</b>	<b>18,000</b>	<b>30,000</b>
Events for Partner Organisations	3,000	3,000	4,000	4,000	5,000
Event Participants' Payback	500	500	1,000	1,000	2,000
Organisers' Donations/Fees	0	1,000	2,000	3,000	3,000
PDNPA Events	0	0	0	10,000	20,000
<b>Corporate</b>	<b>0</b>	<b>5,000</b>	<b>12,000</b>	<b>17,000</b>	<b>17,000</b>
Sponsorship	0	3,000	5,000	10,000	10,000
Gifts in Kind	0	1,000	5,000	5,000	5,000
Donations	0	1,000	2,000	2,000	2,000
<b>High Net Worth Giving</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,000</b>	<b>50,000</b>
Donations	0	0	0	50,000	50,000
<b>Gift Aid (assume average of 50% of Supporters, Campaigns, VP, Donations income attract GA at 25%)</b>	<b>1,438</b>	<b>4,375</b>	<b>11,000</b>	<b>25,250</b>	<b>37,875</b>
<b>TOTAL</b>	<b>17,438</b>	<b>50,875</b>	<b>120,000</b>	<b>264,250</b>	<b>390,875</b>

<b>EXPENDITURE</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>Supporters</b>	<b>5,000</b>	<b>8,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>
Recruitment Campaign Design	2,000	0	0	0	0
Recruitment Literature	2,000	2,000	2,000	2,000	2,000
Staff Training (2 days @£500)	1,000	1,000	1,000	1,000	1,000
Press/Social Media Activity	0	0	1,000	1,000	1,000
Development of Online Supporter Recruitment	0	5,000	0	0	0
<b>Campaigns</b>	<b>3,000</b>	<b>600</b>	<b>4,650</b>	<b>8,500</b>	<b>10,500</b>
Campaign Design	2,000	0	2,000	2,000	0
Campaign Literature and Banners	1,000	0	1,000	2,000	0
Appeal Packs (@£1.50)	0	600	1,650	4,500	10,500
Press/Social Media Activity	0	0	0	0	0
Development of Online Presence	0	0	0	0	0
<b>Visitor Payback</b>	<b>5,000</b>	<b>3,000</b>	<b>3,000</b>	<b>7,000</b>	<b>3,000</b>
Literature Design and Production	5,000	1,000	1,000	5,000	1,000
Press/Social Media Activity	0	2,000	2,000	2,000	2,000
<b>Donations</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>
Donation Boxes/Facilities	1,000	1,000	1,000	1,000	1,000
Literature	500	500	500	500	500
<b>Leg/In Mem</b>	<b>2,100</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>500</b>
Literature	2,000	0	0	0	0
Plaques, etc.	100	300	300	300	500
<b>Events</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>10,000</b>
PDNPA Events	0	0	0	5,000	10,000

EXPENDITURE	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Corporate</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>
Literature and Materials	1,000	0	1,000	0	1,000
<b>High Net Worth Giving</b>	<b>1,000</b>	<b>1,000</b>	<b>3,000</b>	<b>4,000</b>	<b>3,000</b>
Materials, Research, etc.	1,000	1,000	0	1,000	0
Events and Tours	0	0	3,000	3,000	3,000
<b>Establishment of a separate charitable entity</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Legal Advice	5,000	0	0	0	0
Costs of Registration	0	0	0	0	0
<b>Other Costs</b>	<b>41,250</b>	<b>69,000</b>	<b>101,000</b>	<b>101,000</b>	<b>101,000</b>
Giving Manager	11,250	45,000	45,000	45,000	45,000
Giving Coordinator	5,000	20,000	20,000	20,000	20,000
Support Manager	0	0	32,000	32,000	32,000
Database Purchase and Associated Costs	20,000	1,000	1,000	1,000	1,000
General Training	5,000	3,000	3,000	3,000	3,000
<b>TOTAL</b>	<b>64,850</b>	<b>83,400</b>	<b>118,450</b>	<b>131,300</b>	<b>134,500</b>

  

SURPLUS/(DEFICIT)	2015/16	2016/17	2017/18	2018/19	2019/20
	(47,412)	(32,525)	1,550	132,950	256,375

## APPENDIX TWO: Implementation Plan

		2015/16				2016/17				2017/18				2018/19				2019/20				2020/21			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
<b>Supporters</b>	Detailed supporter offer, rates and management approaches finalised																								
	Recruitment campaign developed and launched																								
	Supporters start to be recruited																								
	Ongoing supporter management commences																								
<b>Appeals &amp; Campaigns</b>	Initial appeal subject agreed																								
	Creative agency briefed to design appeal/campaign																								
	Campaign promoted to public																								
	Appeal promoted to supporters																								
	Second major appeal/campaign determined																								
	Creative agency briefed to design appeal/campaign																								
	Campaign promoted to public																								
	Appeal promoted to supporters																								
<b>Donations</b>	Agreement over location of additional donation facilities reached																								
	Development of new donation boxes/facilities																								

		2015/16				2016/17				2017/18				2018/19				2019/20				2020/21			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
	Installation of new donation boxes/facilities																								
<b>Visitor Payback</b>	Detailed discussion held with Nurture Lakeland and Love the Broads about using their models of Payback																								
	Detailed discussions with other PD based organisations interested in Payback schemes to ensure that only one scheme is launched in the area																								
	Development of all materials for a PD Payback Scheme																								
	Launch promotion of PD Visitor Payback Scheme																								
<b>Events</b>	Launch of booking system																								
	Generation of increased donations from event organisers/attendees starts																								
	Development of new raft of potential PD events which could be tendered out																								
	Tendering of new events																								
	Possible launch of new events																								
<b>Legacies/In Mem.</b>	Internal discussion around what can be offered (in attribution terms) under an In-Mem campaign																								

		2015/16				2016/17				2017/18				2018/19				2019/20				2020/21			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
	Development of joint Legacy/In-Mem campaign																								
	Development of marketing materials																								
	Launch/maintenance of campaign																								
<b>Corporate support</b>	Ongoing management of existing relationships																								
	Development of hit list																								
	Development of corporate support opportunities																								
	Corporate visits																								
	Increased corporate support received																								
<b>HNW donors</b>	Information gathering on potential HNWs																								
	Desk research into HNWs																								
	Development of HNW events/programme																								
	Development of relationships																								
<b>Separate Trust</b>	Detailed research into the ramifications of a separate charitable trust undertaken																								
	Proposal prepared and considered within the PDNPA																								
	Development of separate entity																								
	Launch of separate entity																								
	Development of Gift Aid claims																								
<b>Database</b>	Specified and purchased																								

		2015/16				2016/17				2017/18				2018/19				2019/20				2020/21			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
	Trialled and installed																								
<b>Staffing</b>	Recruitment of Admin post																								
	Recruitment of Giving Manager																								
	Recruitment of Supporter and Appeals Manager																								
<b>Training</b>	Database training for staff undertaken																								
	Supporter recruitment/management training for relevant staff undertaken																								
	Training of relevant staff in seeking donations																								



## Appendix 2. Existing Giving to the Authority

<b>Nature of giving</b>	<b>2012/13 £</b>	<b>2013/14 £</b>	<b>2014/15 £</b>	<b>2015/16 £ Q3</b>
Memorial Bequests	979	8,421	1,931	1620
Next Steps Walks	46	45	32	51
Donations to Volunteers Service	2,075	3,865	5,226	3,760
Donations to Footpaths team	470	75		0
Donations for car park usage	313	247	154	0
Donations, North Lees			365	961
Donations, Trails			1,992	55
Donations, Learning Team	40		204	144
Donations, Access fund			60	1,137
Donations to Guided walks	50	84	9,679	2,482
Guided walks - charges			1,921	2,634
Bequests			30,000	5,942
Miscellaneous donations	195	608	927	9,996
Events			330	5,334
Sponsorship	450	3,000	0	0
<b>Total</b>	<b>4,618</b>	<b>16,345</b>	<b>52,821</b>	<b>34,116</b>

Note: 2015/16 is the data from Quarter 3.

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### **Appendix 3. Headline Activities for the 3 Year Giving Programme.**

#### **Year 1 ( 2016/17). Set up stage – shaping the foundation stones of the work on which future growth will be dependent.**

- Recruit staff to lead the programme of work:
  - Appoint full time giving co-ordinator - job description development, grade confirmation, recruitment. It will be imperative to get the right person in post with the skills and competencies to lead and deliver this new activity
  - Appoint fixed term business analyst post (following the fundraising coordinator's recruitment) circa 18 months
  - Extend social media post
- Giving co-ordinator to develop detailed project plan for delivery of priorities.
- Commission campaign and giving messages/design material. Plan and design first campaign on the trails to soft launch our giving approach
- Development and initiation of the staff and volunteers, technology and marketing dimensions of the new activity. Key will be the development of customer relationship management, marketing and programme management systems.
- Developing our expertise in Event Fundraising with an event pilot on the Trails August 2016 "A Walk in the Park"
- Implement easy enhancements to spontaneous donation using social media e.g. including 'Impulse buttons' and video clips on our website
- Business plan a customer relationship management process including information management and database procurement (Campaign Management System or full Customer Relationship Management System – tbc) - specification and business case for investment developed (taking advantage of any organisation-wide opportunities), with delegated approval secured. Data policy implications scoped
- Explore and develop a Peak District Visitor Payback Scheme.
- Continue existing programmes of giving supported e.g. the Access Fund, guided walk programme, volunteers and visitor centres.
- Establish programme management system and performance reporting
- Review of first year programme.
- Report to ARP Spring 2017 on performance, lessons learned and the suggested next two years' programme.

#### **Year 2. (2017/18) Continued development and delivery**

- Design and launch a Year 2 Campaign for the trails and structures built on the lessons learned from Year 1
- Develop and deliver our event and face to face resource package including the volunteer events team.
- Developing a Supporter Programme through which committed giving will be established with customer relationship management process in place
- Enhancing opportunities for ad hoc Spontaneous Donations (especially using social media)
- Appoint to a 'Customer data steward' post – 0.5FTE
- Appoint to a campaign officer post
- Implement customer relationship management process including configuration and data upload

- Further consideration of the use of volunteers – and in recruiting donors in particular – will be needed. Their effective use would minimise staffing costs and would optimise delivery.
- Design on-going fundraising events programme building on the lessons learned from the “Walk in the Park” event

**Year 3. (2018/19) Review of Years 1 and 2 and exploration/development of new initiatives.**

- Develop an enhanced approach to Legacies/In Memoriam and giving from High Net Worth individuals.
- Continuing to expand our campaign and supporter programmes and potentially launch a major campaign.
- Further development work to be considered on gift aid/charity.
- Review and lessons learned with next three year programme taken to ARP.

#### Appendix 4 Campaign and marketing cost break down (2016/17 – 2019/20)

Campaign size	Campaign activity	Activity cost	Total	Total for 3 years
Campaign small £10,000 (used Boma Bike as model)	Banner Pull ups Postcard / bike tags Launch and thank you event Social media (1 staff day) Press (1 staff day)	£100 £200 £150  £100 £150 £150		
			£850 (x3 a year)	<b>£2,550</b>
Campaign medium £100,000	Creative agency Marketing materials Social media (5 staff days) Press (5 staff days) Advertising	£5,000 £2,000  £750 £750 £2,500		
			£11,000 (1 per year)	<b>£33,000</b>
Campaign large £1 million +	Creative agency	£20,000 -1 off		<b>£20,000</b>
	Marketing/ creative feature	£15,000		
	Social media and digital marketing (2 days a week for a year)	£15,000 (staff cost)		
	Press (2 days month for a year)	£3,600		
	Advertising	£5,000		
			£58,600 x 3 (1 over 3 years)	<b>£115,800</b>
<b>Campaign marketing total for 3 years</b>				<b>£171,350</b>
<b>Supporter costs based on ParkLife (this is likely to be introduced 2017/18 phase two)</b>	<b>Supporter magazine (20,000 print and distribution)</b>	<b>£4,000 for print £7,500 distribution Design £1,100</b>	<b>£12,600 x 2</b>	<b>£25,200</b>

**Assumptions:** 1. Customer relationship management process costs are separate and would be available for any direct mail campaigns  
2. Supporter programme is separate apart from annual report / magazine and would help with giving campaigns  
3. Giving coordinator, business analyst and full time social media a digital marketing officer are in place and supporting campaigns with fundraising and a calendar programme of activities that feeds social media and press  
4. Events held to support campaigns  
5. Ability to group agency cost for a combined purchasing – value of total contract would allow a better agency and better creative support (3 year value contract).

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## Appendix 5 Years 1-3 Costs with on costs.

Baseline				
	Activity	Year 1	Year 2	Year 3
	Fundraising co-ordinator post	£53.600	£53.600	£53.600
	Medium campaign	£11.000	£11.000	£11.000
	Comms. and design support	£0.850	£0.850	£0.850
	Social media post	£15.000	£15.000	£15.000
	Application Support IT		£5.000	£5.000
	Customer database post		£15.000	£15.000
	Supporter magazine			£12.000
	Campaign officer		£31.000	£31.000
	<b>Sub total</b>	<b>£80.450</b>	<b>£131.450</b>	<b>£143.450</b>
One off				
	Business analyst	£42,400	£21,200	£0.000
	Event kit		£15.000	£0.000
	CRM		£30.000	
	Large campaign			£100.000
	<b>Sub total</b>	<b>£42,400</b>	<b>£66.200</b>	<b>£100.000</b>
<b>Total</b>		<b>£122.850</b>	<b>£197.650</b>	<b>£243.450</b>

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## Appendix 6 Annex – Income Forecast from Peter Stone + our observations

INCOME	2016/17	2017/18	2018/19	2019/20
<b>Supporter Programme</b>	<b>12,000</b>	<b>45,000</b>	<b>90,000</b>	<b>150,000</b>
Number of supporters	400	1,500	3,000	5,000
Amount	30	30	30	30
<b>Campaigns</b>	<b>7,000</b>	<b>20,500</b>	<b>25,000</b>	<b>45,000</b>
Campaign Round One – public donations	5,000	5,000	0	0
Campaign Round One - supporter donations (20% response @ £25)	2,000	5,500	0	0
Campaign Round Two – public donations	0	10,000	10,000	0
Campaign Round Two - supporter donations (20% response @ £25)	0	0	15,000	10,000
Campaign Round Three – public donations	0	0	0	10,000
Campaign Round Three- supporter donations (20% response @ £25)	0	0	0	25,000
<b>Spontaneous Donations</b>	<b>13,500</b>	<b>15,000</b>	<b>17,000</b>	<b>18,000</b>
Donations to Volunteers Service	5,000	5,000	5,000	5,000
Car Parks	500	1,000	1,000	1,000
Visitor Centres/Trails Donations	3,000	4,000	5,000	6,000
Ranger-led Events/Guided Walks	5,000	5,000	6,000	6,000
<b>Visitor Payback</b>	<b>2,500</b>	<b>7,500</b>	<b>20,000</b>	<b>40,000</b>
Number of Businesses	25	50	100	200
Average number of nights/donations p.a.	50	75	100	100
Donations per night	2	2	2	2
<b>Event Fundraising</b>	<b>4,500</b>	<b>7,000</b>	<b>18,000</b>	<b>30,000</b>
Events for Partner Organisations	3,000	4,000	4,000	5,000
Event Participants' Payback	500	1,000	1,000	2,000
Organisers' Donations/Fees	1,000	2,000	3,000	3,000
PDNPA Events	0	0	10,000	20,000
<b>Subtotal</b>	<b>39,500</b>	<b>95,000</b>	<b>170,000</b>	<b>283,000</b>

<b>Leg/In Mem</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>3,000</b>
Legacies	0	0	0	0
In Memoriam	2,000	2,000	2,000	3,000
<b>Corporate</b>	<b>5,000</b>	<b>12,000</b>	<b>17,000</b>	<b>17,000</b>
Sponsorship	3,000	5,000	10,000	10,000
Gifts in Kind	1,000	5,000	5,000	5,000
Donations	1,000	2,000	2,000	2,000
<b>High Net Worth Giving</b>	<b>0</b>	<b>0</b>	<b>50,000</b>	<b>50,000</b>
Donations	0	0	50,000	50,000
<b>Gift Aid (assume average of 50% of Supporters, Campaigns, VP, Donations income attract GA at 25%) will depend on Charitable Status</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(37,875)</b>
<b>TOTAL</b>	<b>46,500</b>	<b>119,000</b>	<b>239,000</b>	<b>390,875</b>

Observations on the income for phases 1 and 2 (primarily for 216/17 and 2016/18): **Income**

**Major campaigns** – the 20% response rate from supporters is predicated on recruiting 400 supporters – it is unlikely that these will be recruited early enough in the year to achieve this target.

**Spontaneous donations** – the donations to the North Lees boxes have risen since new branding has been applied so the link to the brand on the ground project will probably be critical here. The use of ‘impulse buttons’ on line will assist the target.

**Visitor payback** – the recent offer of a donation from Derbyshire Country Cottages is an example of visitor giving that indicates that the 2016/17 target could be realistic if resources can be found to explore and develop a scheme.

**Event Fundraising** –Eroica 2015 generated c. £3,000 donations from event participants which makes the estimates look realistic (possibly under playing the potential) Our own Trails event “A Walk in the Park” will be the pilot for 2016/17 and will inform future predictions.

**Supporter programme** – the learning from the recruitment target of 400 supporters in 2016/17 will provide the basis for adjusting the forecasted income when the process of recruitment is properly understood and costed. The donation of £30 is used as the basis for calculations but in practice there is likely to be a range of donations, however, £30 will be taken as the average.