

8. **COMMERCIAL STRATEGY 2019-24 (AKB)**

1. **Purpose of the report**

To set out for Member approval The Authority's commercial strategy to enable delivery of the corporate strategy (2019-24) and National Park Management outcomes

2.

Key issues

- Response to Internal Audit action
- Resetting (downwards) a more realistic corporate sustainable gross income target given current and likely trading conditions.
- Exposure of current portfolio to weather and visitor number risks

Recommendation

3. **1. Endorse and confirm the commercial strategy with responsibility for delivery delegated to the Heads of Engagement and Asset Management in consultation with the Head of Finance.**

How does this contribute to our policies and legal obligations?

4. The commercial strategy enables delivery of our two purposes; corporate strategy (2019-24) and National Park Management outcomes. It also contributes to PDNPA being an effective organisation.

Background

5. Commercial Income is an important and vital source of funding. This strategy was commissioned in response to an internal audit report published on 3 March 2020, (*agreed action 1:1: "A commercial strategy will be developed between the Director of Commercial Development and Engagement and the Chief Finance Officer*), approved by Members, to provide an Authority wide holistic approach in selecting commercial opportunities to help achieve the overall targeted level of £500k of sustainable gross income identified in the Corporate Strategy 2019-24.
6. The corporate strategy has subsequently been up-dated and refreshed in November 2020 to take account of some significant changes since it was adopted in December 2018. The revised target, (KPI 13), is to generate £255k of sustainable gross income by 31 March 2024.
7. This reflects a more realistic target with the existing portfolio given 2019 was the seventh wettest summer on record and the estimated losses, (£646k), incurred from closure of our visitor services including cycle hire, for the majority of 2020 as a consequence of the pandemic.
8. The new target assumes a return to 2018-19 trading figures in 2022. Nevertheless, this is subject to no further lockdowns and favourable weather. MINTEL market research are not predicting full recovery for business until 2023 at the earliest.
9. **The overall outcome** is to provide PDNPA members and internal audit confidence that our commercial approach for trading income and income generated by The Peak District Foundation, focuses on those areas likely to give the best returns, in a way that the portfolio contributes revenue for the delivery of our two purposes.

Proposals

10. To comment and endorse the commercial strategy recognising:
- It is the first document of its kind not only at PDNPA but across the National Park family which sets a strategic direction of travel for a portfolio approach to sustainable income generation;
 - Actions and delivery deliberately coincide with the corporate strategy (2019-24) timescales but the principles are more forward looking and pioneering that reflect future markets and opportunities.
 - The commercial strategy will be reviewed as part of the next iteration of the Corporate strategy.

Are there any corporate implications members should be concerned about?

11. **Financial:**
- Careful and regular monitoring and reporting of trading income and expenditure to inform timely decisions by The Senior Management Team to minimise losses from the pandemic.
 - A move towards reporting net income to reflect expenditure (pay and non pay costs) as a more informative indicator of sustainable revenue growth.
 - New ideas and continuous product and service improvement subject to appropriate existing governance and due diligence arrangements as determined by standing orders.
 - Seeking and implementing innovative Investment (including borrowing) solutions that take advantage of emerging green finance products to generate positive returns.
12. **Risk Management:**
Oversight and delivery of the strategy is reflected in KPI 13 and will be reported twice annually to Members.
- Risks and governance arrangements are detailed in the commercial strategy document (appended).
13. **Sustainability and Climate Change:**
Climate change aspirations and targets to be updated and negotiated as part of any associated commercial partnership agreement or contract.
14. **Background papers** (not previously published) – None
15. **Appendices** –
Appendix 1 – PDNPA Commercial Strategy 2019-24

Report Author, Job Title and Publication Date

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