

APSE Parks and Open Spaces Seminar

30 November 2017

**A Charitable Trust to protect, deliver
and develop Newcastle's parks?**

Parks and Allotments in Newcastle:

The worst of times, and the best of times

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Context

- Ongoing significant budget reductions since 2010/11 – a reduction of 91%.
- All of the council's budgets are under great pressure, with a further £70m to find 2017/18-2019/20.
- Even before the cuts quite so deeply, it was clear that we needed a new delivery model if we were to protect parks and green spaces for future generations.
- The Council was also looking for new delivery models which would support its Cooperative Council / community participation ambitions.
- Parks are not statutory but they are a priority – and high profile.

Parks generate a wide range of social and environmental benefits for Newcastle

Health & fitness



Greenspace **promotes activity** in all ages¹

Community value



57% of people use their park once a month

Wellbeing



90% say parks have a **positive impact on wellbeing**

Air quality



Reduce air pollution

Tourism



1/3 visitors to Ouseburn parks from **outside the city**

Flood prevention



Parks absorb **5x more water** than urban concrete

Newcastle parks and green spaces in 2027

- Vibrant, busy and popular, safe and well maintained, and with lots of activities orchestrated by managers and partners.
- Recognised destination venues / spaces for health and therapeutic activities, for people of all ages and abilities and backgrounds.
- Strategically important wildlife sites and green spaces across the city delivering ecological value and supporting diversity, in line with the Council's statutory duties under the Natural Environment and Rural Communities Act (2006).

Newcastle parks and green spaces in 2027

- Managed by an independent body with cooperative and mutual values, providing excellent opportunities for volunteers and stakeholders.
- Parks' users; friends of groups, and residents all integral to the delivery of the service.
- An enhanced parks service, with a culture of continuous improvement.
- Parks for all, and at the centre of the city's life – as was the original intention (our first municipal park – Leazes Park – opened in 1873).



Core Principles

1. **Council priority:** parks are not a statutory service, but their successful future is a high priority for the Council.
2. **Public ownership:** parks should remain in Council ownership.
3. **Safe and clean:** parks should be clean, and visitors should feel and be safe.
4. **Free access for all:** parks should be free to access and use but charging for some facilities/activities continues and grows.
5. **Existing groups:** integral – part and parcel of any new solutions.

Core Principles

- 6. Your Parks:** no decisions without engaging, listening, problem-solving (together), and feeding back.
- 7. One City:** equality of resources and enjoyment across all of the City's parks – no single park / individual solutions.
- 8. No Privatisation:** parks not transferred to a commercial entity but rather an entity with charity and community objectives, which preserves the parks and uses available income sources (including commercial), to run the parks.

Our transformation journey so far (2015 – 2017)

- 2014 budget ideas - a 'national trust for Newcastle' – a crackpot idea?
- Research into models, partner/expert advice, partner opportunities.
- Making sense of what we have – estate; legal titles and red lines; restrictions and opportunities; budgets and other resources.
- Project team and options appraisal, and identifying scope.
- Open conversations, nothing secret, but no wide ranging consultation to start with.
- Work with National Trust, Social Finance, Sheffield and Liverpool Councils.
- Considered various options with specialist support.
- Then a wide ranging engagement programme February/May 2017 – before we had a clear view on what the new model would look like.
- What do the community and partners think about it all?

Preferred Option – a Charitable Trust

- Independent from the Council therefore removed from the constraints imposed on local authorities.
- **Legally protects** parks for public use.
- Requires active involvement of the community, partners, stakeholders and staff (**civic/mutual values**).
- Potential for trading and enterprising (**social enterprise**).
- Secures the best human, environmental and social impacts.
- Maximises opportunities for income generation to sustain the enterprise (not purely for commercial gain).
- Unlocks new opportunities to access alternative funding sources.

Why did we engage before we confirmed a model?

- Developing a preferred solution, but....
- What we were suggesting would be a significant change to the way in which the Council has provided public parks in the past.
- Public and partners needed to know what work is going on, what may happen, and have the opportunity to tell us how they think parks might be run in the future.
- We wanted everyone's views on the future of parks to help shape a proposed delivery model.

We particularly wanted views on...

- The opportunities for parks in supporting public health, and parks' relationship with nearby hospitals.
- The role of parks in delivering a sustainable city - delivering ecological value and supporting diversity.
- Volunteers: roles; recruitment; training; health and safety.
- The governance of the Charity
- The development of destination parks, and the role of neighbourhood parks.
- Events.
- Income generation.

The National Trust



- Started out as an informal link through the HLF/Nesta project.
- Sheffield and Liverpool unable to proceed. So by default, Newcastle has become the national pathfinder.
- At present, the National Trust is acting as an advisor to the Council, helping us to look at the future from a third sector perspective.
- As we proceed, the National Trust will become an advisor to the new Parks Charitable Trust.

Parks and health – partnerships and benefits

- Supporting pathways to work for people with learning and physical difficulties through parks maintenance and management.
- Providing part of the city's network of health check provision and 'health trainer support', (working closely with "Ways to Wellness" and other parts of the health improvement network).
- Being skilled in supporting rehabilitation pathways for a variety of conditions including mental health recovery, cardiac rehabilitation, peripheral vascular disease, hypertension, pre-diabetes and diabetes; support and coordinate a network of volunteers, involved in these functions.
- But not just hospitals without a roof.

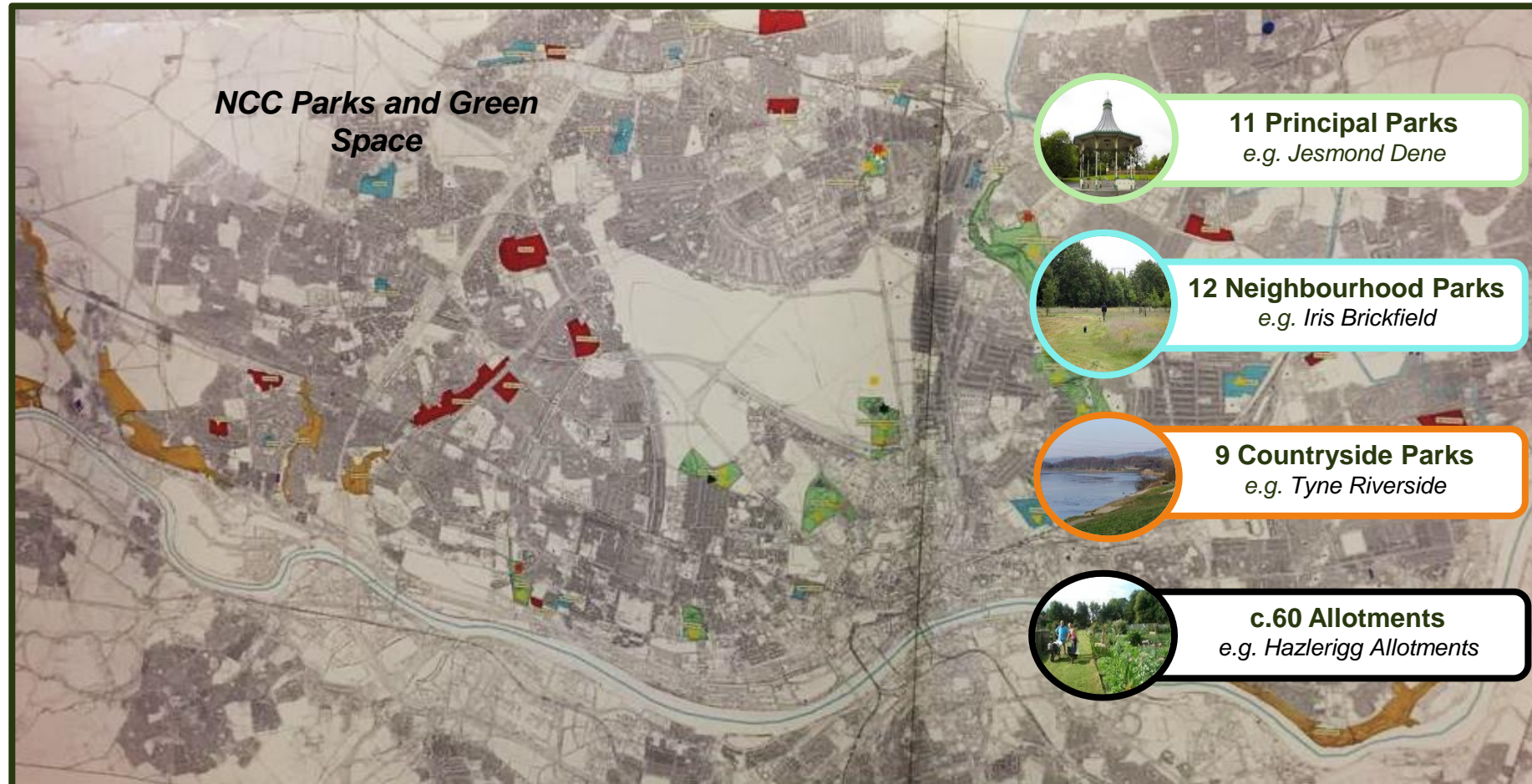
Politicians

- Close working with the political leadership.
- Regular briefings with back benchers and opposition group.
- Involvement in some of the workshop activity.
- Briefings also for local MPs.
- Messaging is crucial (those core principles again).
- High profile and external communications are critical.
- Briefings and briefings, and then more briefings.

Where are we now?

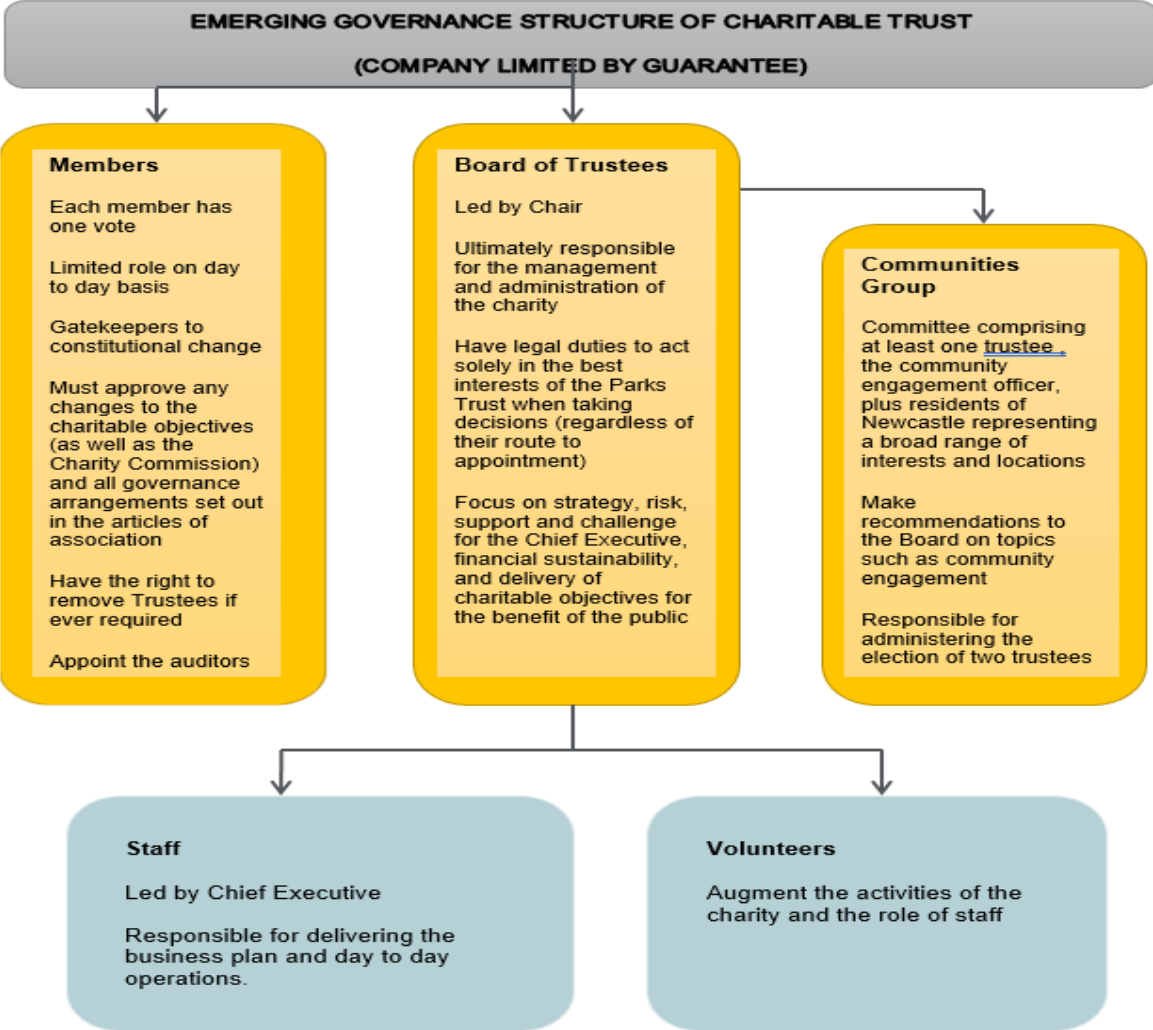
- Cabinet agreed to set up the Charitable Trust 20 November 2017.
- Currently working through Scrutiny discussions and potential call in.
- Once we navigate these stages, and have delivered a further round of engagement/feedback we move into implementation.
- **So what are we implementing.....and how?**

The Charitable Trust is a city-wide solution for all types of park



Potentially 409 hectares – 15.5% of the city's green/open spaces

Emerging Governance Structure of Charitable Trust

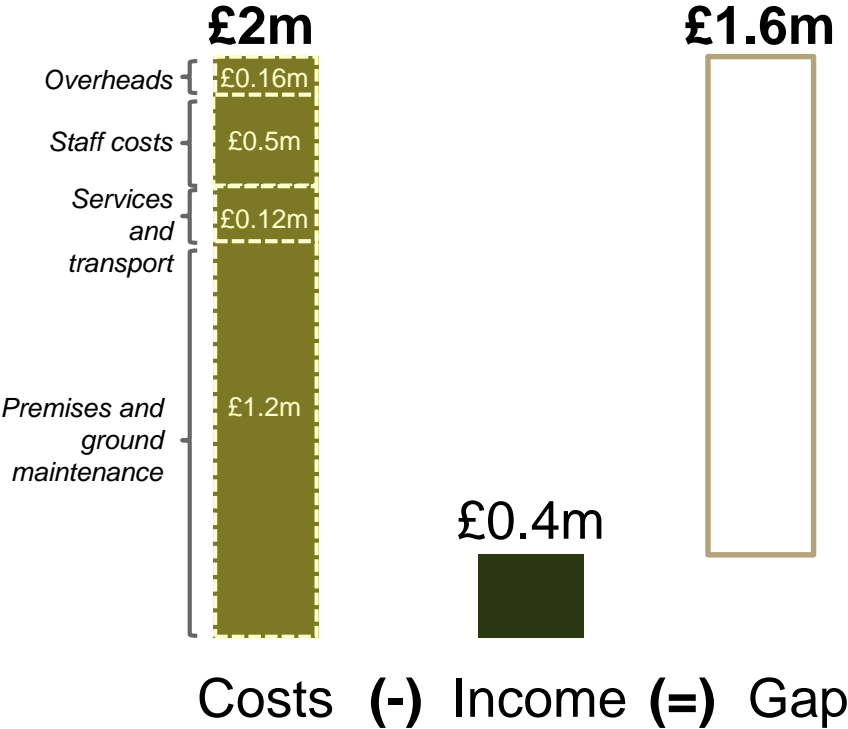


The Financial Model

- The financial contribution to the Trust proposed at July Cabinet was estimated at £9.7m over ten years, front loaded over the first 4-5 years.
- A revenue budget was noted as required to fund the out of scope elements. This did not include Recreation Grounds at the time.
- Officers have continued carrying out a rigorous sensitivity analysis, challenging income levels and reviewing sensitive areas (e.g. increased car parking in terms of pollution concerns).
- This analysis has resulted in reducing income projections where we have concerns but also maximising other opportunities and expenditure efficiencies.

Budget constraints highlight the need for a new operating model that can attract external capital

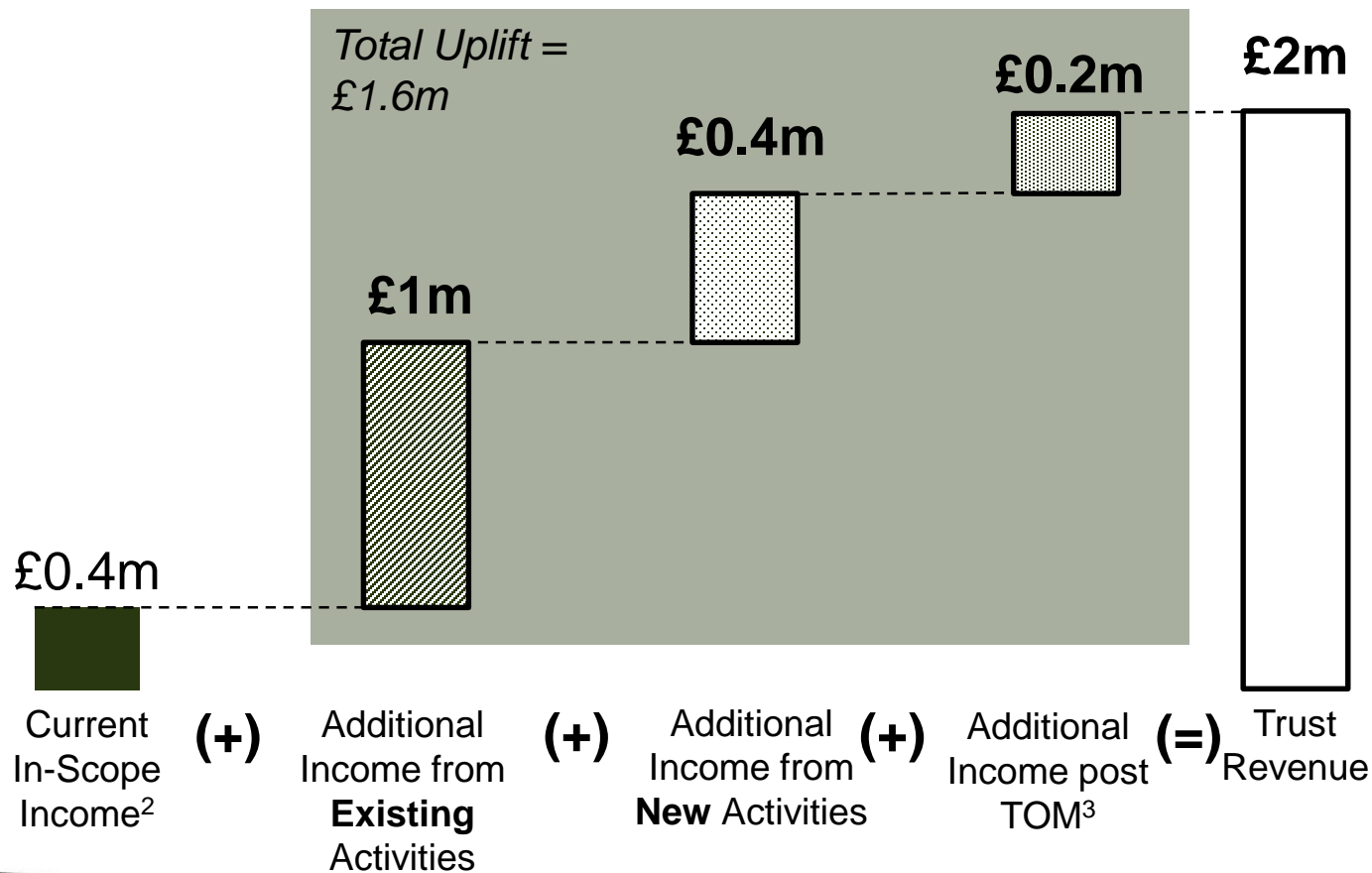
Newcastle Parks & Greenspace – Financial Position in 2017



- The current¹ “gap” that would enable Newcastle Parks to breakeven is **£1.6m p.a**
- This is partly covered by a £1m Public Health subsidy, **which is subject to change** from April 2020, a centralised base budget provision for Grounds Maintenance and a small base budget provisions for parks
- Because of **reduced budgets**, continuing high levels of maintenance will be a challenge

Income growth is driven by both existing and new activities...

Newcastle Parks & Greenspace – Income Bridge (Year 0 – Year 10)¹

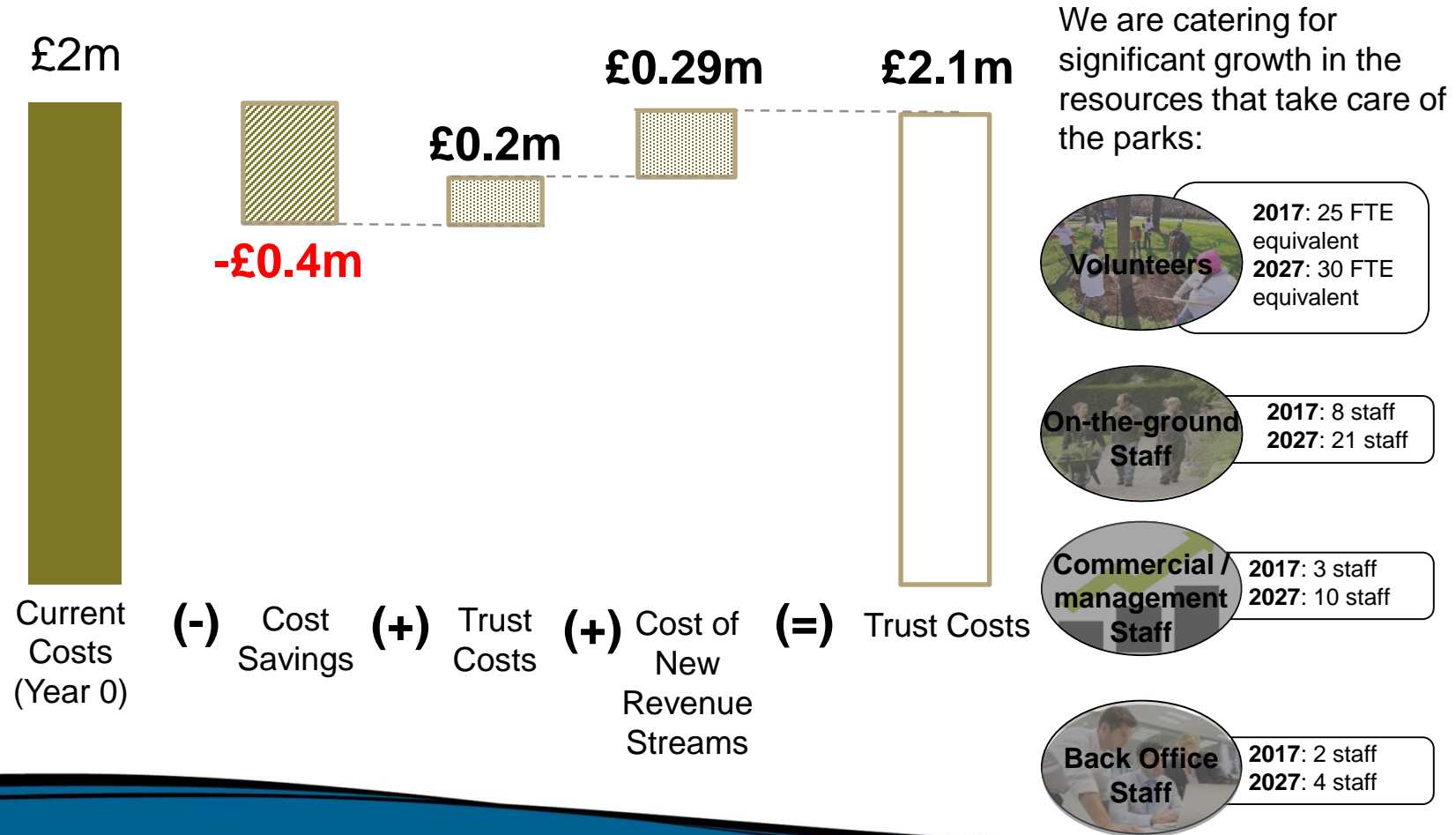


Notes:

- (1) Social Finance Target Operating Model as at 27th October 2017. Please note that this is the ex-endowment position.
- (2) This is income from those assets considered to be 'in scope' and excludes recreation grounds. This is based on historic data, mainly 15/16 income forms
- (3) This relates to increased revenue and efficiency opportunities once TOM has been reached, assumed at 2%/yr

Despite costs incurred in establishing and running the trust, overall costs do not rise substantially due to cost savings

Newcastle Parks & Greenspace – Cost Bridge (Year 0 to Year 10)



Notes:

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To reach breakeven, the Trust would need a financial contribution of £9.5m and capital investment of £0.6m

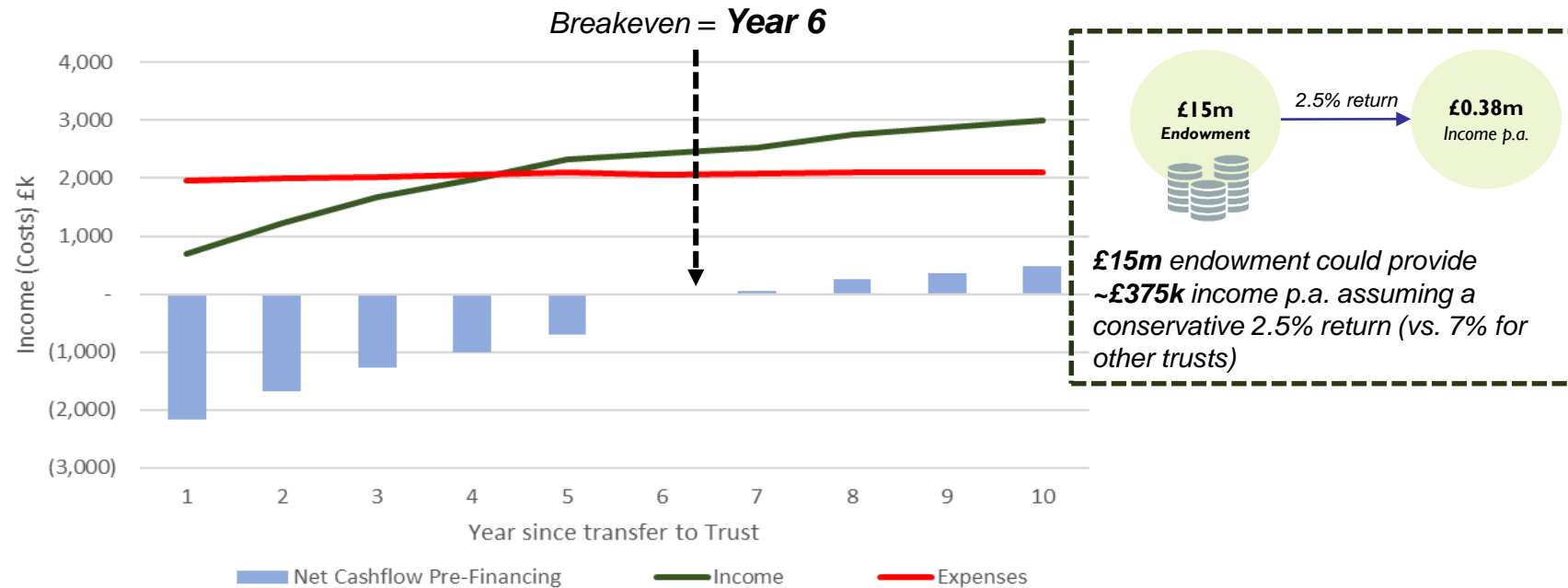
Charitable Trust 10 Year Financial Projections



If Newcastle could raise a £15m Endowment, this would accelerate breakeven to Year 6

Charitable Trust 10 Year Financial Projections – with Endowment of £15m

The endowment is formed of **assets that are bestowed** to the Park Trust. **Income** from these assets is used to further de-risk the model and **maintain or improve** the parks. The endowment is **protected** and you cannot dip into it.



Now is the right time to raise an endowment with National Trust support: this de-risks the model and provides lasting income

Risks: service issues



An appraisal of various alternative mechanisms (status quo; in house trading company; mutual or charitable trust) clearly established that a Charitable Trust was the best alternative to local authority delivery.

- status quo is not sustainable. There is no “do-nothing” option, unless the Council reinvests in the parks and facilitates the required transformation;
- recent discussions with external colleagues (including the National Trust) have reinforced the need to approach the delivery of parks in a different way – with a focus on parks as venues, rather than as facilities to be looked after;

Risks: service issues



- if the move to Charitable Trust status is not possible then the only alternative would be to see what aspects of a Trust could be developed into an in-house hybrid model. This would have implications, for HR (volunteering); trading (allowing the service to procure services at the most competitive rates); and at the very least, and would slow down the pace of transformation.

Next steps – implementation plan

Activity	Date	Lead organisation
Feedback to public	Nov 17 / Dec 17	Council
Finalise contribution agreement and seek Director of Resources sign off	Nov 17	Council
Seek tax opinion from HMRC	Nov 17	Council
Draft Recruitment Adverts for Board of Trustees and Construct Pack of Information for Applicants and NDAs	Dec 17	National Trust
Issue Adverts for Board of Trustees	4 Jan 18	National Trust / Council
Draft Full Mobilisation Plan	Jan 18	Council
Set up Company limited by guarantee and open bank accounts (skeleton form)	Jan 18	Council
Shortlisting and Interviews	Feb 18	National Trust / Council
Appointments to Board and Press (if before 27 th March 18)	March 18	National Trust / Council
First board meeting and inductions	April 18	National Trust / Council
Trust reviews existing business model and develop key policies, business, operating plan and comms plan	May 18 – Oct/Dec18	Parks Charitable Trust / National Trust
Identify capital opportunities / main options	Jan 18 – May 18	Parks Charitable Trust / National Trust
Press Announcement (if miss before Purdah deadline)	Late May	National Trust / Council
Trust and partners draft CXO advert and decide interview panel	April 18	Parks Charitable Trust / National Trust

Next steps – implementation plan

Activity	Date	Lead organisation
Issue Advert for CXO/other key staff?	May 18	Parks Charitable Trust / National Trust
Trustees appoint CXO	Jun 18	Parks Charitable Trust
Trustees register company limited by guarantee at Charity Commission	Aug 18	Parks Charitable Trust
Press Announcement for CXO and Trust in place (albeit no land or staff)	July/Sept 18	Parks Charitable Trust / National Trust / Council
Trust appoints its Legal and Finance / Tax Advisors	Jul 18	Parks Charitable Trust
CXO Starts	Sept 18	Parks Charitable Trust
Full Due Diligence and Land Valuations (plus land registry and charity commission applications)	Jan 18 – Oct/Dec 18	Council
Contact all parties with which the council has existing legal obligations and obtain consent to novate or assign	By Oct 2018	Council
Final draft form of legal docs ready for signing	Oct/Dec 2018	Council
Trust final review of all due diligence and draft legal documents	Oct/Dec 2018	Parks Charitable Trust
Enter all legal agreements with Trust including admission to Local Government Pension Scheme	Nov/March 2019	Council / Parks Charitable Trust
Transfer staff and parks	Dec/April 2019	Council
Newcastle Parks Charitable Trust up and running	Dec/April 2019	Parks Charitable Trust

Key lessons – the challenges

- It takes a long time to transform.
- It takes a long time to get your house in order.
- You need the right transformation model in mind – but how do you know what's possible?
- Agreeing the scope of your transformation – and justifying it?
- You must invest in internal and external stakeholder management – and as soon as possible.
- You'll need culture change – staff, members, interest groups, volunteers, and residents.
- Transforming and pioneering are expensive processes – be prepared.
- And you can't be sure of success.

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**20th November Cabinet report and papers
are available on the NCC website**

