

Future Parks

Newcastle story

www.futureparks.org

Newcastle Parks Trust – Public Feedback (July 2017)



Cabinet Decision – 17th July 2017.

- Agreed to continue to work on a Charitable Trust model (full business case and implementation plan).
- Noted the potential cost to the Council of £9.7m to support a Trust to independence over 10 years.
- Agreed to include parks, allotments and recreation grounds, possible with a phased transfer.
- Final Cabinet decision on whether to go ahead, and next steps in October 2017.

The need for change.

- Ongoing significant budget reductions since 2010/11 – a reduction of 91%.
- The potential need for ongoing budget reductions.
- Parks are high profile and valuable, but are not a statutory service.
- Risk of safety **and** closures if budgets continue to decline.

A Charitable Trust could be a city-wide solution for all types of park 502 hectares – 19.04% of the city's green/open spaces



118 sites across the city, comprising over **502 hectares**
- equivalent to over **600 football pitches**

Why 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).
- Secures the best human, environmental and social impacts.
- Potential for trading (social enterprise) and to maximise opportunities for income generation to sustain the enterprise (not purely for commercial gain).
- Unlocks new opportunities to access alternative funding sources.

Key points and issues raised during the engagement:

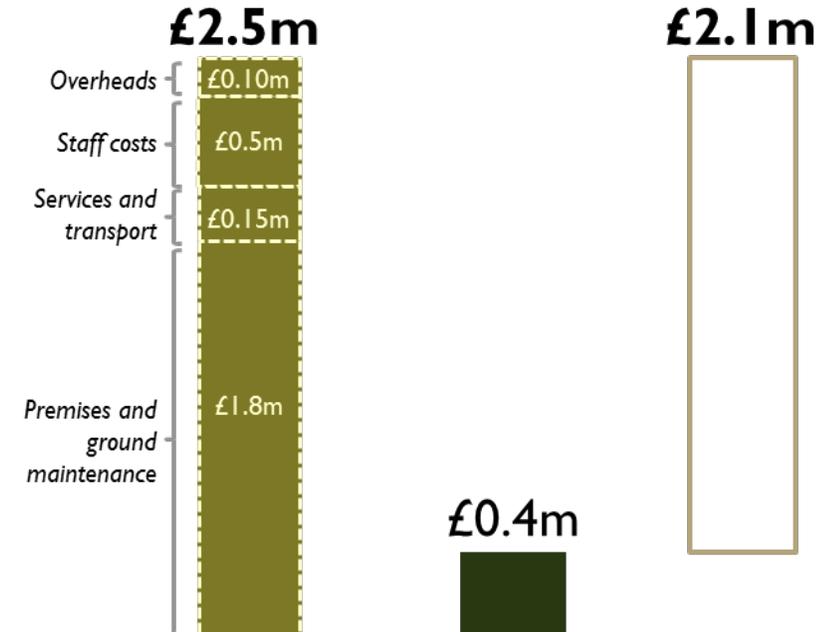
- **Financial sustainability;**
- **Commercialisation and privatisation;**
- **Governance and decision-making;**
- **The ethos of parks;**
- **Equality;**

- **Conservation;**
- **Volunteers;**
- **Education;**
- **Public health and well-being benefits;**
- **Allotments.**

How your responses are helping us to shape the proposed Charity.

Current Position for Assets in Scope

- Income of £0.4m against costs of £2.5m, so an annual gap of £2.1m
- Part funded by a £1m Public Health subsidy (guaranteed only until 2020), a centralised and pressured budget provision for Grounds Maintenance and a small budget specifically for Parks.



Current Social Finance research suggests that Newcastle's parks could break even within 10 years

- Increase income and use resources in a different way to manage expenditure.
- To reach breakeven, current estimates (subject to ongoing tax advice) indicate the Trust would need a financial contribution of up to £9.7m - to cover the cash needs of maintaining the parks for ten years until they generate positive cash.
- Includes tax provisions, £3m to cover backlog maintenance, and interest repayments for an assumed capital loan of up to £1m - for improvements in the parks to generate future revenue.
- Current estimates show that in the medium term this contribution is affordable and in the future generates savings.

Endowment.

- Capital cash or assets which are ring-fenced and invested - to borrow against and/or spend the interest.
- External advisors recommend the Charity is backed by an endowment, bestowed to the Charity.
- This would be in addition to the Council's transfer of the parks estate through long term leases.
- Social Finance research suggests that an endowment fund of £15m would reduce the £9.7m contribution.

Annual net income growth over the ten years – existing revenue streams.

	Current Income	Projected Income
	£	£
Commercial Property Leases	203,000	324,500
Cafes, retail and concessions	26,000	143,000
Car Parking	25,000	255,000
Events	17,000	322,000
Allotments	91,000	201,000
Grants/ donations	21,000	121,000

Annual net income growth over the ten years – new revenue streams.

	Projected Income
	£
Corporate/ Business Sponsorship	10,000
Licensing	12,000
Woodland Burial	35,000
Educating and Training Provision	50,000
Income from Parks activities	50,000
Renewable energy installation	60,000
Health Service	75,000

Resources

- The financial model includes costs for transition, grounds and maintenance, health and safety costs, contingency, training, volunteer support etc...
- Jobs protected - existing staff (14) legally transferred to the Charity.
- New jobs created – funding would allow for 28 full time equivalents (exact numbers would need to be determined by the new Charity).

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.
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.

Emerging Governance Structure of the Charitable Trust

CHARITABLE TRUST IN THE FORM OF A COMPANY LIMITED BY GUARANTEE

Members of Company
(limited oversight)

Possible Members:

- NCC
- Public Health
- Key donors / funders

Board of Trustees
(governance)

- Mix of skills
- Relatively small in size
- 1 representative from NCC

Staff and Volunteers
(management)

- Delegated responsibility for the day to day running of the Parks

**Possibly supported by a
Community Reference Group?**

Proposed charitable objectives

- The objects for which the Charity is established are for the public benefit and in particular for the benefit of the inhabitants of Newcastle upon Tyne and the surrounding areas to:
 - provide, maintain, protect, improve and equip parks, gardens, landscaped areas, woodlands, open spaces, playing fields, playgrounds and recreational amenity spaces;
 - advance health and well-being by promoting participation in healthy outdoor recreation;
 - ensure the conservation, protection and improvement of the natural environment including the flora and fauna, wildlife, biodiversity, and natural habitats of the Parks;
 - Promote and protect the history, culture, heritage and traditions of the North East; especially in relation to the contribution of public parks and green spaces;
 - promote and encourage sports and the arts, in particular within the Parks;
 - provide or assist in the provision of facilities for recreation, volunteering, or other leisure time occupation in the interests of social welfare and with the object of improving the conditions of life for the inhabitants of Newcastle upon Tyne and the surrounding areas.

How will we deliver?

Initial funding: the Council would provide funding for a set period to allow the Trust time to become financially self-sustainable.

Funding agreement: impose obligations to spend resources proportionately. Can be imposed for as long as the Council funds or part-funds the Trust

Parks Trust: specifically designed to be responsible for all parks. By using a charity as the legal structure, the assets are locked in to be used for charitable purposes and any profits made from the parks are reinvested for those charitable purposes (even where they arise through the trading subsidiary).

Charities are also obliged to consider how those who are unable to pay for the services they provide may benefit. Charities exist for the public benefit, not for the benefit of private individuals. All surplus must be reinvested to further the charitable objects.

Trading subsidiary: wholly owned and controlled by the Trust. The duty of the directors will be to act in the best interest of the sole shareholder (the Trust) in taking decisions. Certain matters will be reserved to the Trust to oversee; to ensure proper consideration of impact of commercial decisions on the nature of parks. Profits generated in the trading subsidiary will be donated to the Trust and used to further its charitable objects.

Lease: Council will continue to be the freehold owner of the land where land is currently held as part of the Council's corporate assets. Protections will be introduced through the lease(s) to ensure Council retains an interest and can take back control should anything go wrong (although we would want to avoid this if at all possible). Will impose maintenance, security and upkeep requirements across the portfolio

Charitable trusts: Any land held by a charity must be held for the benefit of the public (and for charitable purposes).

Oversight: The Council will have a representative on the Board of the Trust (and perhaps also on the trading subsidiary although this has not yet been discussed) and likely at a membership level too, securing a role within the governance of the Trust

Management: responsible for day to day running of parks. Comprising those who are already experienced in running the parks. Should be no change in experience for the public.

Group of community representatives: for consultation on issues such as appropriate use of commercial third parties with community through the Group. Properly constituted group that represents all aspects of community and areas of the City.

Members of public: would always have recourse to their local councillor.

Existing groups: co-exist in relation to specific parks, but should be clear that consultation will be primarily through properly constituted Group of Reps.

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What happens next?

- Feedback on engagement programme to public, and explanation of proposed operating model – July 2017;
- continuing high profile communication campaign;
- continued development of the full business case including implementation plan and timetable, and final governance model;
- further political group and member working group discussions;
- **Cabinet decision on implementation – October 2017.**
- **If proposal is agreed:**
- prepare for implementation by drawing up leases, recruitment of Board etc;
- creation of a new, Independent Charitable Trust April 2018;
- potential phased transfer of assets.