

BUSINESS PLAN 2007-2010
RNRP DOCUMENT SUITE
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1.0 INTRODUCTION

1.1 PREAMBLE

A business plan was prepared in September 2005 (for the period 2005 – 2008) for the RNRP partnership. It was intended to provide stakeholders with information regarding the current financial framework of the RNRP and its future financial needs. It highlighted the project portfolio that was being managed at that time and identified potential and likely future projects and their financial resource implications.

This plan has been prepared as a comprehensive revision of the September 2005 business plan. A full revision was necessary as a number of significant changes to the RNRP have occurred since the plan was produced, in relation to operational objectives and delivery, the internal organisation of the RNRP staff team and the governance framework. The most significant of these changes has been the externalisation of the RNRP team from within Northamptonshire County Council (directed by preference voting of the stakeholders) and the associated redefinition of the organisation as an independent body of Community Interest Company status.

As a result, the plan has been reconfigured to reflect the changed business footing for the RNRP and it includes an overview of operational costs which were not shown in the previous plan.

1.2 RIVER NENE REGIONAL PARK PARTNERSHIP

The RNRP has evolved rapidly, from an initiative to co-ordinate Green Infrastructure (GI) activities (planning, economic development, regeneration and leisure) to a partnership which has now become an industry leading model. It has achieved award winning project delivery - generating national and international interest, including the Green Infrastructure concept project which many of the directive organisations within the industry and statutory agencies are closely scrutinising.

It is recognised as a vehicle for enabling GI advancements at a sub regional level, responding directly to the needs of the regions dynamic growth areas. Since its inception in 2004, the RNRP has delivered £4.2 million of GI projects and has secured a further £4.5 million for the development and delivery of future projects as well as developing a strategic framework for the delivery of GI across the area.

It is the framework developer, enabler and implementation body for GI at a sub regional level, responding directly to the needs of the regions dynamic growth areas. It offers the opportunity for partners to engage in the delivery of greenspace projects enabled by funding identified and secured by the partnership. It champions the provision of GI, facilitates project development and co-ordinates the delivery of GI initiatives.

The RNRP is now established as an independently constituted, not for profit environmental organisation, funded through a clear funding plan under the direction of a board of Directors.

1.3 BUSINESS PLAN PURPOSE

The purpose of this plan is to establish an overview of the business position for the RNRP, supported by detailed documentation relating to specific activities, actions or overheads. It sets out the costs incurred as a result of management and employment, accommodation and other overheads, as well as the direct and indirect costs associated with the delivery of the RNRP's aims and objectives and projects. The plan also sets out the need for investment from this point forward from the partners and stakeholders to enable the continuation of the RNRP.

It is also intended that this plan ensures that stakeholders are kept fully informed in respect of the current and planned business position whilst offering opportunities for the further involvement of stakeholders in the necessary future financial planning and monitoring requirements of the CIC.

The business plan sets out a financial framework within which the RNRP will become self sustaining within a four to five year period. This is an important and very significant reorientation for the RNRP which currently acts as a funding conduit and grant distributor but is not self sustaining in terms of its internal overheads. Components of this plan will also be utilised as a tool to support future funding applications and to present the RNRP as an independently financed organisation within this four to five year term.

The framework reflects the need to address both the short term funding gap and the need for a shift from a grant giving, capital funded organisation to an investment based model supporting both core growth and wider strategic infrastructure.

The business plan is one of the documents comprising a suite of documents which inform the intended direction of the RNRP through the identification in detail of a strategy, business plan, management plan and delivery programme - the detailed mechanisms through which the RNRP will be developed, delivered, reviewed and advanced.

2.0 SUMMARY OF STRATEGY

2.1 VISION

The plan has been informed by a revised Vision statement (January 2007).

The Vision has developed from the three original underpinning themes of the initiative:

- Partnership
- Co-ordination of Funding
- Championing Green Infrastructure

It has been informed by the RNRP's emerging Principle Purposes which are now in practice.

This Vision has been established to act as a framework for the continued development of the RNRP over the course of the period until April 2008, during which time key developments will occur and further definition will be achieved. Developments include confirmation of the governance and staffing structures, confirmation and agreement of this business plan, the creation of a comprehensive marketing and communications strategy and the securing of mechanisms to enable continuation of funding and programme development for the RNRP.

The Vision for the RNRP is:

By 2016 the RNRP will be an independent, inclusive, reciprocal and beneficial partnership of public, private and third sector members. It will be nationally and internationally recognised as the centre of excellence for the piloting, co-ordination and delivery of regional sustainable development. It will address strategic issues such as climate change, the enhancement of local biodiversity and the innovative development of the environment as an asset for social development, education, leisure & recreation, heritage & cultural activity, and as a primary vehicle of economic regeneration.

2.2 TERMS OF REFERENCE

The Terms of Reference for the RNRP, as agreed by the Stakeholder Steering Group in July 2006, are as follows:

- Promote the North and West Northamptonshire Strategic Green Infrastructure Frameworks for the RNRP investment area
- Develop the vision of the RNRP and ensure its delivery with the active participation of stakeholders
- Enable a co-ordinated mechanism through which funding is secured and delivered
- Drive the integration of environmental, social and economic aspirations through the mechanisms of Green Infrastructure in the RNRP investment area in line with the MKSM SRS
- Consult on key policy and influence decision making organisations within the region
- Act as a source of expert advice, providing support and leadership on sustainable environmental development projects
- Support and complement the integration of policies, strategies and actions relating to the management and enhancement of existing and developing environmental assets within those of stakeholder organisations
- Liaise with and collaborate with other organisations from the private, social, economic and environmental sectors

-
- Actively work to promote the diversification of habitats and opportunities for biodiversity within the RNRP area
 - Act as the principle forum for an environmental planning framework linking Green Infrastructure initiatives

These have informed both the Vision and the production of this plan.

2.3 RNRP PRINCIPLE PURPOSES

The RNRP will act to deliver its Vision within a framework of the following five Principle Purposes:

1. Project enabling – which includes:

- project identification
- project development
- securing funding
- project planning
- project implementation & management
- promotion
- establishment support
- fund holding
- priority setting for environmental investment

2. Placemaking – which includes:

- responding to the local (community and organisational) need for a unique sense of place
- establishing and celebrating local identity
- co-ordination of project type and location
- asset ownership by RNRP

3. The centre of excellence for environmental initiatives and innovation – which includes:

- research and development initiatives
- education & interpretation
- advisory services
- responding to business
- RNRP is owned by the community and delivered in partnership

4. The champion for Green Infrastructure across the region - which includes:

- acting as a point of reference for Development Companies
- contact point for regional/central government and LPA's
- provision of advice
- provider of technical support
- training
- promotion and marketing

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- industry associations
 - GI network development

5. Enabling carbon offset and addressing climate change – which includes:

- develop and maintain a research and development programme (sub regional) securing community and business engagement
- development of a carbon offset programme (offer) supporting place making, sustainable development and wider engagement on climate challenge
- communication and marketing/promotion of climate change matters
- securing investment for projects which address climate change

The above Principle Purposes have emerged from the active Partnership during the course of the implementation of early projects and arising from the post establishment period - in which the RNRP has secured and delivered funding to enable the development of and further underpin the foundations for the next five years.

3.0 OPERATIONAL COSTINGS

3.1 OVERVIEW

The RNRP executive (core) team presently comprises the equivalent of four full time staff on fixed term contracts working alongside colleagues whose primary roles include RNRP activities (but who are contractually employed by partners related to fixed term projects). The RNRP positions include the post of Director, who takes responsibility for the leadership, management and co-ordination of both RNRP staff and the wider team.

Accommodation is currently within Northamptonshire County Council (NCC) offices (based at John Dryden House, Northampton) but, at the time of the preparation of this plan, opportunities to relocate the team are actively being investigated. Options for alternative accommodation currently under consideration include shared accommodation with partners and asset/resource sharing with partners, to find the most cost effective and operationally appropriate solution.

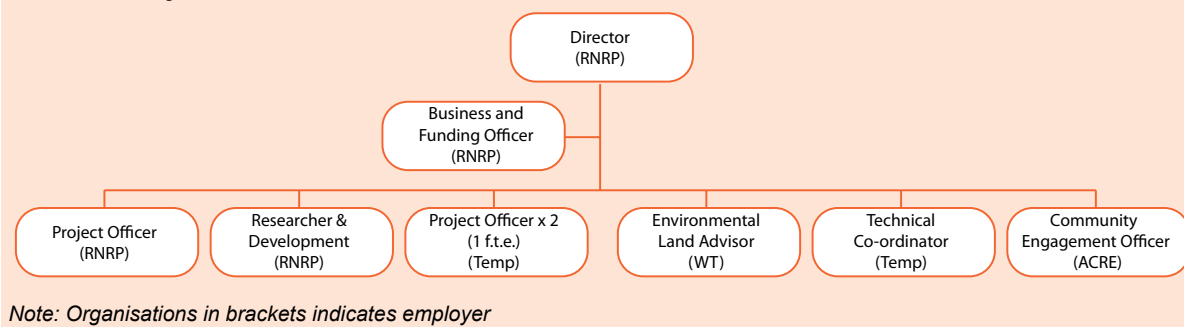
As a residual consequence of having been hosted by NCC since inception, other overheads are currently being met in part (and indirectly) by NCC, including accommodation costs and other recharges, e.g. finance, payroll and HR. These items are indicated in Figure 2.

The actual costs to be incurred during the first year of RNRP's independence from NCC are given as guide budgets (hosted and non hosted) in Figure 3.

3.2 STAFFING STRUCTURE

Staffing costs are the single most significant overhead for the business. At the time of the development of this plan, the staffing structure shown in Figure 1 is in place.

**Figure 1: Staffing Structure
May 2007**



The likelihood of changes to this staff structure should be recognised. In the short to medium term it is predictable that changes will be needed in both the executive team structure and in respect of those contract/fixed term posts. The RNRP team can be forecast as continuing to develop with an organic evolution, reflecting the organisational change from a research and concept development phase (2004/05), initial development phase (2006/2007) to an active partnership and delivery body (2008 onwards).

This organic evolution within the staffing structure will also respond to project opportunities, partner resource availability and Board/partner aspirations.

3.3 COSTINGS

For the period April 2006 – March 2007, operational costings and cost headings (hosted activities) have been itemised and are shown in Figure 2. Start-up costs include legal advice associated with governance preparations.

During the financial year 2007 - 2008, in addition to routine business costs, a series of exceptional overheads will be incurred. Routine and exceptional overheads are shown in Figure 3. Alternative costings are provided for NCC hosted and non-hosted options. The costings assume that staffing costs increase in respect of inflation – although it is anticipated that executive team costs will increase to support the Board and that the remaining start up costs to be incurred are fully expended within this financial year, as RNRP is established as fully independent

Post independence there will be a series of cost liabilities which will remain with the County Council by agreement, including redundancy and superannuation. This and many other elements of hosted cost will reduce core running costs and the financial liability to partners, whilst securing the RNRP executive team.

Figure 2: NCC Hosted Operational Costs
April 2006 - March 2007

	Current Cost (£)
Employment Costs	124,000
Travel Expenses	5,000
Training	1,000
Recruitment	0
Office Accommodation	NCC Hosted
Office Costs	
Stationery	NCC Hosted
Telephones & Communications	NCC Hosted
Heating and Utilities	NCC Hosted
IT Support	NCC Hosted
Postage	NCC Hosted
Hospitality	1,000
Printing	1,000
Photocopying	NCC Hosted
HR, Payroll & Pensions	NCC Hosted
Finance & Accountancy	NCC Hosted
Legal & Professional	NCC Hosted
Marketing & Publicity	0
Web site & IT software	5,000
Insurances	NCC Hosted
Depreciation	NCC Hosted
Start-up Costs	
Legal advice	16,000
Server & Communications connections	0
TUPE, Transfer & System set-up	NCC - if required
TOTAL COST	153,000 + NCC Hosting

**Figure 3: Guide Budgets for Hosted and Non Hosted Operational Costs
April 2007 - March 2008**

	NCC Hosted Cost (£)	Non Hosted Cost (£)	Anticipated Future Cost? (Y/N)
Employment Costs	133,000	133,000	Y
Travel Expenses	4,000	4,000	Y
Training	3,000	3,000	Y
Recruitment	1,000	1,000	Y
Office Accommodation	NCC Hosted	13,000	Y
Office Costs			
Stationery	NCC Hosted	2,000	Y
Telephones & Communications	NCC Hosted	6,000	Y
Heating and Utilities	NCC Hosted	1,500	Y
IT Support	NCC Hosted	2,000	Y
Postage	NCC Hosted	1,000	Y
Hospitality	1,000	1,000	Y
Printing	1,000	1,000	Y
Photocopying	NCC Hosted	1,000	Y
HR, Payroll & Pensions	NCC Hosted	4,000	Y
Finance & Accountancy	NCC Hosted	4,000	Y
Legal & Professional	NCC Hosted	7,000	Y
Marketing & Publicity	5,000	5,000	Y
Web site & IT software	5,000	5,000	Y
Insurances	NCC Hosted	3,000	Y
Depreciation	NCC Hosted	2,000	Y
Start-up Costs			
Legal advice	5,000	5,000	N
Server & Communications connections	3,000	3,000	N
TUPE, Transfer & System set-up	NCC - if required	NCC - if required	N
TOTAL COST	161,000 + NCC hosting	207,500	-

4.0 WORKLOAD

4.1 CURRENT WORKLOAD

The current workload of the RNRP has arisen as a direct result of the necessary concept development work and early establishment period (promotional and high impact project focus) for the initiative. As the RNRP moves into its next phase, that of a transition to a delivery organisation with an emphasis on proactive developmental projects rather than reactive responses to potential windfall opportunities, this current workload will shift.

4.1.1 The current workload of the RNRP can be split into the following areas:

- RNRP establishment
- RNRP promotional activities
- Support to members/partners
- Environmental/GI research and developmental activities
- Identifying and securing funding
- Developing principles for investment
- Project development, monitoring and delivery
- Establishment of independent body status
- Internal team management and development

4.1.2 Of the above activities, the most significant proportion of the team's time is currently associated with project development (with partners) and project monitoring (on behalf of partners). The projects to which these activities relate are shown in the Delivery Programme.

4.1.3 The full range of work elements contributing to project development and monitoring can be assessed as utilising the highest proportion of the RNRP teams' capacity at present. The next most significant activities, in terms of the time expended, are those associated generally with the transfer and reorientation of the organisation from within the public sector to become an independent body.

4.1.4 A further significant commitment, in relation to staff time, is in the support to partners and reactive activities arising from partner requirements. These include development of strategic policy and guidance for the GI and ECA suite, project identification and development, mapping and technical support to partners and their associated consultants and communities.

4.1.5 Presently, only limited income generating activities are undertaken (these are focussed around events and promotional activities and generate negligible sums) as the team has secure funding for its establishment and core staffing costs until March 2008.

4.1.6 Resources deployed in respect of internal team management are currently the whole and individual responsibility of the Director, as the sole postholder with managerial or supervisory responsibilities. Similarly, whilst some administrative support is provided from within the team, the Director has led the activities associated with the establishment of the RNRP team as an independent body and it is assumed that this will continue until stability for the newly established CIC is achieved.

Resources for exceptional activities, such as those requiring specialist technical or external professional support, will need to be identified in addition to being allocated Director time.

4.1.7 DEMONSTRABLE VALUE

When calculating the current costs of the RNRP team (input) as a proportion of the project work identified as under delivery (output), set out within the Delivery Programme, the value of projects compared to current (hosted) running costs shows a favourable ratio of $\leq 7:100$ or c. 6.8%.

Placing this in the context of the developmental phase of the RNRP and one in which a lower proportion of available resources have been directed into project delivery and outputs (resources have been deployed into concept development, independent body status, etc.), this is a positive indicator in respect of the current and future ability of the RNRP to enable and deliver outputs as a competitive and economical service provider.

As the planned future workload will be associated with a higher proportion of output activities (project delivery, etc.) and involve less non-output activities (e.g. establishment of independent body status) it is reasonable to predict that the input costs to output ratio will be able to be further compressed to 6:100 and potentially below; dependent upon other variable and external factors.

4.2 FUTURE WORKLOAD

4.2.1 The planned future workload (throughout 2007 and 2008) of the RNRP is currently forecast to be:

- RNRP co-ordination
- Project development, monitoring and delivery
- RNRP promotional activities
- Income generation
- Policy development and guidance
- Support to members/partners
- Environmental research and developmental activities
- Identifying and securing funding
- Developing investment
- Asset Management
- Internal team management and development

4.2.2 IDENTIFYING THE NEED TO DEVELOP INVESTMENT

Of the above identified work areas, one of the most significant in terms of the future sustainability of the RNRP, is that of developing investment. Only by developing, securing and establishing medium to long term investment sources can the future for the executive team, and therefore the achievement of core RNRP outputs, be maintained.

4.2.3 The planned proportion of resources to be associated with project work (project fund securing and project development, monitoring and delivery) mirrors that which is currently absorbed. Other activities can be described as being allocated as follows:

Figure 4: Planned Resource Utilisation

Activity	Resource Allocated 07/08 (%)	Resource Allocated 08/09 (%)
RNRP project co-ordination/delivery*	25	35
RNRP promotional activities	5	8
Income generation/investment	10	15
Policy development & guidance	10	5
Support to members/partners	15	15
Environmental R&D activities	10	7
Establishment of CIC status**	20	-
Asset management	-	10
Internal team management	5	5

* RNRP Executive team & delivery partners - project delivery & coordination

** Governance programme complete June 2007 (RNRP CIC)

4.2.4 The difference in allocations described in Figure 4 demonstrates the shift from research and development stages (initial establishment) towards a delivery partnership body (current and future phases) resulting necessarily therefore in increased resource allocation, targeting partnership support, project development and delivery, funding and investment.

4.2.5 PROJECT PORTFOLIO DEVELOPMENT

In addition to those projects identified within the Delivery Programme, it is essential that new constituent projects are identified which support the Principle Purposes identified for the RNRP. These could include:

- Further research to determine the benefits and methodologies for applying sustainable development principles
- Commercial development of gateway/signature projects
- Creation and extension of GI corridor projects
- Development of networks to promote business and cultural development
- Establishment of a unique skills base to meet the growing needs of the environmental economy
- Collaboration and support to developments for tourism and the visitor economy (led by others)
- Promotion of technology through cluster development e.g. high performance engineering renewable energy materials science.
- Promotion of best practice through the production of guidelines based on pilot developments/ environmental enhancements promoted by partners
- Developing an approach to be considered for a national pilot for Carbon Offset research and development

4.2.6 DEVELOPMENT OF THE SERVICE

In addition to the development of specific projects and the extension of the RNRP project portfolio, as the RNRP moves into its delivery phase there needs to be clarity given to the service provided by the RNRP, in order that this can be evaluated and developed where needed.

Partner contributions will be needed to shape the services to be provided and common areas of need identified in order that these can be met.

Key areas of focus for the team moving forward should be both the consolidation of existing services and the development and introduction of other services, responding to industry, market and regional drivers.

4.2.7 ASSET ACQUISITION

During this financial year (2007 - 2008), the RNRP has taken active steps to explore and commence asset acquisition. These initial steps have been associated with the NCC CP&OS, which have been offered out to the market place for competitive expressions of interest at the time of development of this plan, it is considered that this land portfolio should be the first in a series of acquisitions to enable the protection and development of the regions green infrastructure, as well as providing a vehicle for services to landholding partners who may require third party landholding services, management or maintenance via the RNRP.

4.2.8 IDENTIFYING & MEETING PARTNER NEEDS

As noted above, it is important that the RNRP continue to respond directly to partner needs and in order to do so a proactive approach to partners to identify current and future needs should be enabled. This should directly influence the future workload planning and service orientation for the RNRP as well as enabling the service 'offer' to all partners to be better co-ordinated, extended and improved.

4.2.9 ADDRESSING CAPACITY & SKILLS REQUIREMENTS

Recognising the current transitional phase of the RNRP, it is reasonable to predict that as the workload develops and re-orientates, there will need to be a complementary reorientation of skills, capacity and resources available within both the RNRP executive and the wider RNRP team. As indicated earlier, this is likely to be addressed by an ongoing organic evolution by the team which should be maintained within a flexible and responsive structure to ensure its ability to adjust to reflect changing demands and seize new opportunities.

5.0 INCOME & ASSETS

5.1 CURRENT POSITION

5.1.1 As noted previously, operating costs associated with the continued core activities of the RNRP within the parameters of the Delivery Programme have been met by funding secured to date, over 85% of which is from the DCLG.

The costs associated with the RNRP team which need to be met include the core staffing resources (executive team) and resources to enable specialist service delivery to partners.

5.1.2 This funding position has enabled the development and advancement of the RNRP but simultaneously leaves it vulnerable in respect of its future funding unless a sound strategy to support this is put in place. DCLG funding has been essential to date and it is considered that, from this point forward, a short term need for continuity funding from a similar principle source will be needed until medium and long term income generators can be established and become effective. Therefore, there is likely to be some continued reliance on Growth Area Funds (third round) in the short term – whilst medium and longer term funding mechanisms are developed and deployed. These mechanisms may include roof tariff monies (current treasury proposal is to develop this by 2009) and other funding streams which could take an estimated 2 - 3 years to emerge and establish.

5.1.3 It has also been reported earlier that no significant income generating activities are being undertaken or are currently planned to fund known operational costs for the period of this plan. However, activities such as continued member support and technical advice associated the GI/ECP projects, which have been delivered to date, are now beyond the currently available resources. Income generation in respect of these projects is therefore required if they are to be continued.

5.1.4 Continuity and developmental finance is being proactively sought at the time of the development of this plan through partners and some support has been able to be identified. In making this approach to partners, the RNRP has taken the opportunity to clarify and underpin its position in the region as the environmental projects delivery co-ordinator, strategic and policy advisor, place maker and promotional vehicle for the sub region.

5.1.5 FINANCE GAP

A window between secured funding (as present) and self sustaining income generated directly by RNRP is apparent and needs to be taken as an opportunity within which reliable and effective mechanisms for income generation can be developed, tested and established.

5.1.6 It is also both an aspiration of and a requirement for the RNRP that it continue to grow and develop beyond March 2008 and as such, additional monies will be needed or resources reallocated to meet any future growth or development.

5.1.7 ACKNOWLEDGING THE NEED FOR CHANGE

It is recognised that the RNRP cannot continue to operate within the current funding structure which is reliant on two main financial supports – partner hosting and capital grant aid. The latter component of this is not sustainable in the long term, nor is it reliable in the medium to long term as a basis for proactive financial planning and organisational service delivery. It is therefore essential that a funding plan be developed which will enable the advancement of the RNRP from a grant-reliant initiative to an

independent and sustainable body. As such, a funding plan is appended to this document and further information on the funding shift proposals can be found within the appendices.

The funding plan reflects the continued benefits of organisational hosting (for both partners in reducing the overall cost liability and for the host) as well as ensuring that a dynamic body emerges which can continue to function with stability, financial flexibility and autonomy.

5.2 ASSETS

- 5.2.1 The RNRP CIC currently holds no assets. However, approaches are already being made (as noted earlier) for the acquisition of a series of land assets through the tender for the provision of Northamptonshire County Council's Country Parks and Open Spaces Service. Should this application be successful, the RNRP will take responsibility not just for the provision of services but also for the full management and maintenance of land across this varied and county-wide portfolio.
- 5.2.2 An early consideration for the new Board of the CIC will be to what extent they consider advantages to be achieved from asset holding, and therefore the extent to which asset holding is pursued. Clearly there will be significant costs and liabilities from asset holding and management but potentially there are also significant financial benefits and income streams which could result.
- 5.2.3 The Board and wider partners may consider the potential for the RNRP as a Community Asset Holding Organisation to be attractive, and with this seek the further potential advantages offered by the ongoing acquisition of an extensive portfolio which could develop over time, in parallel and in support of new infrastructure developments planned within the Growth Area.
- 5.2.4 Executive team developments will be required if asset holding is pursued, to enable the co-ordination and management at a strategic level of land and sites. Detailed discussions will also be needed with identified partners about how day-to-day operations will be able to be delivered and how, for instance, income from sites and liabilities for the same are equitably and transparently distributed across the RNRP.

5.3 PLANNED FUNDING PROPOSALS

- 5.3.1 Growth or developments demanding financial support during the period of this plan (and beyond) will need to be met by either the securing of additional funds or the reallocation of existing resources. Operating costs for the period until March 2008 have been projected and are fully met by grants and other funding secured to date and it should be noted that funding secured for the period to March 2008 is output dependent. However, no mechanisms are in place for the identification of funding beyond this date and it should be noted that funding secured for the period to March 2008 is output dependent. The following section of this plan identifies the ways in which funding could be secured and sets out the issues which may arise.

A target of four to five years is to be set for the financial development of the RNRP from an organisation highly dependent upon large scale grant aid (from limited sources), host support and windfall income to one which is directly supported by a host (or hosts) and the outturns from its own managed and delivered activities and resources.

5.3.2 OUTLINING THE APPROACH

In order for the RNRP to complete the transition from a grant dependent body to an independent and financially sustainable organisation, there are three core financial components which must be supported. These are:

1. Investment – to meet the costs of the executive team and its overheads;
2. Funding – to enable the continued delivery of project identification, grant securing, project development and delivery; and
3. Endowment – to ensure a capital reserve for financial integrity and from which to generate revenue to enable self sustaining financing for core costs in the future.

5.3.3 Investment is needed to provide security and stability for the executive team to allow this support and delivery team to be confirmed and retained (all staff are working within term contracts which will need to be updated and/or extended). Continued funding through current and new grant avenues, from statutory agencies, partner contributions and the private sector is essential to deliver the project portfolio – current and future. An endowment must be established, linked to both investment needs for the future and asset acquisition/future management as well as providing a capital reserve and financial integrity.

5.3.4 QUANTIFICATION

A formula has been developed, tested against current financial inputs and tangible outputs and based on a likely funding scenario, which is currently under discussion with NNDC. The formula indicates that the following breakdown of income/funds received or generated by the RNRP will be needed to achieve the improved and eventual self sustaining financial footing needed for the CIC:

Investment	- 6.25%
Funding	- 68.75%
Endowment	- 25.00%

A range of mechanisms for revenue generation has been developed as part of this plan and these are set in section 5.4.

5.3.5 FUNDING PLAN

The application of the formula, potential hierarchy of revenue generation mechanisms (detailed below) and more information on the proposed approach to the future funding of the RNRP is set out within the Funding Plan appended to this document.

5.4 MECHANISMS

The following mechanisms have been identified as potential routes through which the RNRP can secure income and sustainable investment:

- Development and infrastructure expansion related contributions
- Chargeable event hosting (research & development)
- Project grants, Government & European grants including Lottery, Intereg and EU
- Core funding term awards e.g. DEFRA, RDA's and strategic fund holder for environment funds in the region (WNDC/NNDC)
- Fee earning activities
- Carbon credits
- Establishment of a membership fee

These are explored further in the following sections.

5.4.1 DEVELOPMENT & INFRASTRUCTURE EXPANSION RELATED CONTRIBUTIONS

As a growth area the regions green infrastructure needs to ensure tangible growth linked to sustaining planned investment growth and developing a sustainable asset base. This is critical - given past lack of investment and a traditional approach to assessing the value of the environment in regeneration terms. Typically GI and green assets have not been recognised as a social or economic asset to support core infrastructure needs as communities grow, develop and are maintained.

Potential income from NNDC and WNDC has been identified and, at the time of the development of this plan, discussions are advancing with NNDC in particular regarding the possible basis for funding allocations as part of a wider analysis of income and desired expenditure areas.

Securing a core investment stream to build on the baseline framework, created under the RNRP GI mechanism, will secure wider investment and sustainability of the GI network. Major investment from both NNDC and WNDC are considered as income streams at the core of the future Funding Plan for the RNRP and as such are discussed in further detail within the Funding Plan appended to this document.

Such funding, co-ordinated and distributed by the RNRP across its partner organisations and throughout the region, will support wider benefits across the social and economic sectors. It will secure the central environmental structure needed for the regions growth proposals and deliver diversity benefits in employment, recreation, health, place making and essential improvements to core infrastructure.

5.4.2 EVENTS

A programme of events, many of which are chargeable, is already being delivered and is under further development.

The resource requirements for events include:

- Event data/speakers (R&D, promotional or industry topical)
- Planning, organisation, co-ordination and management
- Event materials, promotion and marketing
- Venue and hospitality

Income sources include:

- Delegate fees
- Sponsorship (variety of opportunities exist)
- Grants (e.g. research, consultation and academic)
- In-kind contributions (e.g. free venue via partner)

Income associated with the current event programme for 2006 – 2007 and expenditure collectively achieve a break even position financially, without taking into account the less quantifiable but highly significant promotional and marketing value of these events.

Events are an important function as they play a key role in promotion and marketing for the RNRP and the main partners who are active at events, as well as providing a platform through which to attract new members.

They also have the ability to drive the regular member update requirements (through dual purpose literature production, spreading partner servicing costs) and are potentially an integral part of the membership 'offer' – with a set number of free places as well as reduced price places for attendance at RNRP events possibly being part of the make-up of any future membership packages (see 5.4.7).

Events are directly linked to many other aspects of the initiative and need to be carefully considered and costed. A medium term programme of themed, industry informing events will be developed and delivered, against which sponsorship packages can be devised and marketed. The added benefits from events (virtual subsidy for some membership activities and services, 'free' promotion through event publicity, network development and membership expansion vehicles etc.) would actively support the wider partnership and reduce the 'new' cash resources required for other areas.

5.4.3 PROJECT GRANTS, GOVERNMENT & EUROPEAN GRANTS

Grant streams and one-off funds will become available from time to time throughout the life of the RNRP. The team will need to be in a position to respond promptly and effectively to the possibility of available grant funding and resources will need to be available to speculate and make grant applications.

The RNRP has a proven track record securing project grants for the delivery of specific projects, products and services. Within each application for funding, overheads are included for the cost of delivering the project. RNRP costs, both sunk and projected, are then drawn down from the secured grant. In making funding applications for project delivery moving forward, this same approach will be adopted using the application of the developed formula identified in 5.3 above – i.e. a minimum of 6.25% for core costs support in respect of project administration and other project services.

A series of project grant applications are currently underway. These include two major applications to the Heritage Lottery Fund, applications to EU Life and Intereg.

Funding secured in this way would be highly beneficial for the RNRP, not only as it will be additional (perhaps unpredictable) income, but also for the indirect financial support that it will enable – supporting event hosting (to launch research work findings/promote RNRP) for example.

This type of income cannot be guaranteed and should be considered as windfall only. However, one exception could be future Growth Area Funding rounds which may be a key source of medium term funding (rather than short term funding only) for both RNRP core costs and major projects.

5.4.4 TERM AWARDS

There is an identified opportunity which now needs to be developed for the RNRP CIC to be presented as a new mechanism to enable sustainable environment infrastructure delivery through the active engagement of both the social (community third sector) and economic (private) sectors. The potential for this is being acknowledged incrementally as the Principle Purposes of the RNRP become more widely understood.

It now needs to be realised through Regional Development Agencies, growth area development bodies and central government, with the establishment of core investment programmes to support and enable the RNRP.

Extending beyond the current secured and fixed term GAF funding, the need to recognise the social and economic impact of environment assets must result in a shift away from forestry/community single budget programmes to engaged multi environment delivery bodies as demonstrated by the RNRP. This need will have to be championed by the RNRP in order to achieve a step change in the current central funding approach.

The RNRP can be readily presented as a Treasury best practice model for DCLG Growth Area Funding in relation to the 'benefit of infrastructure investment' over non strategic delivery.

This potential income source will need considerable further investment in the promotion and continued profiling of the RNRP as the new model and preferred vehicle for funding distribution, if this is to be secured. With a high profile within central government already achieved, there is a real prospect for making this challenge for funding and achieving success.

5.4.5 FEE EARNING

Fee earning could be a potential source of income for the RNRP but should not necessarily be considered as a major income contributor. Its application would in the first instance be for future partner support for policy guidance, support or development of environmental processes and supporting growth needs/planning policy development and revisions.

Fee earning is more likely to be part of a wider series of support services to members and partners rather than an actively pursued income stream. Opportunities could however be identified through which services can be marketed and then purchased outside of the member organisations so

continued consideration of the potential for this is valuable. Should such opportunities arise, the following issues will need to be considered:

- What services could be offered?
- To whom could services be marketed?
- Will RNRP deliver works direct or subcontract?
- If subcontracting, how will service standards and price be guaranteed?
- What will the priority be for fee earning versus other services and activities?

In the short to medium term, 'fee earning' activities are more likely to be associated with wider service arrangements and partner support packages which in turn deliver financial contributions into RNRP, rather than more traditional marketed and sold stand alone consultancy or advice services.

5.4.6 CARBON CREDITS

The RNRP could have the potential in the future to be a government registered vehicle for the production of carbon credits arising from:

- Carbon offset
- Carbon locking
- Carbon neutral

- working towards a self sustaining or partially funded organisational model.

As an organisation with the ability to hold, sell or offset carbon credits, RNRP provides an environmental versus economic model for sustainable growth, the engagement of the private sector and opportunities for the buy-in of taxpayers.

The concept could also remove the burden currently placed upon the public sector for the maintenance of the public realm (in particular green space). For the purpose of this plan, this potential income generation which might result is not considered in more detail as a number of basic principles for carbon credits are still to be determined by central government.

5.4.7 MEMBERSHIP FEE

The RNRP currently has a wide range of member organisations, including local authority partners, other public sector partners, a voluntary sector partner and partners from the private sector. A comprehensive list of current partners (May 2007) is appended to this plan.

Since the inception of the initiative, partners have enjoyed a range of benefits, without incurring a specific subscription or membership fee. In January 2007, partners were approached to make a payment to the RNRP for continued access to resources – specifically resources associated with the ECP and GI projects. It has been identified that without a contribution from partners, neither project will be able to be continued as presently. At the time of the preparation of this plan the outcome from this fundraising is not known. The response to this request for funding, to support project work delivered by the RNRP from which direct and tangible benefits are derived by partners, will partly inform the development of proposals for the establishment of a membership fee.

If taken forward, a membership fee is likely to include a hierarchy of fees, including a non-cost membership for those partners already making quantified or financial contributions to the RNRP to a determined level/value - all of which will need to be tested with partners and potential future partners prior to formal adoption.

5.4.8 MEMBERSHIP FEE INCOME POTENTIAL

Some of the constraints for partners in purchasing memberships include identifying demonstrable value from a membership subscription, keeping within organisational financial parameters (e.g. financial regulations for service/product purchase) and protection of subscriptions at times of financial pressure or budget review. As such, membership costs will need to be considered in order that they avoid creating artificial complications for members as organisational parameters change over time (if a reliable medium term funding source is to be achieved through this means).

To increase the income potential of the service however, it is proposed that a series of chargeable services could complement the membership offer. Whilst perhaps a higher risk approach, this combination of income generators may offer a higher rate of return than simply higher membership charges – which may in fact be able to be taken up by fewer organisations as a result of the constraints identified above. In practice, a three or five year membership term for organisations would be the aim. Shorter term memberships will place a higher degree of administrative and other costs on the RNRP and potentially also restrict the nature of project work and developmental activities from longer term projects to annual term project work only (if future funds are 'at risk').

Membership thresholds, schedules of services offered and membership types will need to be developed in conjunction with partners and the Board, against which fee levels can be subsequently developed.

Any developed membership proposals will need to reflect any increase in core establishment which might result. As a minimum, work associated with membership development could include:

- Identification of potential members
- Canvassing of potential new members
- Hosting promotional activities
- Development and distribution of promotional materials

Costs associated with these activities may, in part, be offset against other activities (wider marketing activities for instance) and the current RNRP network may self-generate some new members, but additional resource deployment will be required if the membership is to be extended.

A further consideration for an increase in members is the actual cost of servicing members and whether there will be economies of scale associated with increasing the membership (i.e. whether this is financially desirable). Real costs attributable to membership activities provided at each membership threshold will need to be determined alongside the specifications for memberships at each level.

If voluntary sector membership is desired, and subsidised membership offered to this sector, the subsidy will need to be carried across into full membership costs for other parties. This may mean that a cap on the number of subsidised memberships the RNRP make available will be needed in

order that the income position does not deteriorate beyond that which is practical, should significant interest be generated from voluntary, charitable or other similar organisations which may be eligible for subsidised membership. This same principle would also apply to non-cost memberships, where these are offered to partners already making high level financial and other resource contributions to the RNRP.

5.5 FUTURE FUNDING SUMMARY

One of the core objectives for this plan is to highlight the current unsustainable funding position for the RNRP which must now shift from majority capital funding from central government to a mixed format funding plan within four to five years. It is recognised that this transitional process will be dependent upon a number of other factors, such as the income from NNDC and WNDC being confirmed as well as partner contributions being determined at the appropriate levels (where applicable).

This move should be offset in the short term by DCLG (GAF) funding but the longer term funding plan will be dependent upon tariffs, membership, green/enviro tax and quantifiable private sector benefit (land value uplift, green space assets and investment return – as examples).

5.6 FINANCIAL CONTINUITY & CASHFLOW

5.6.1 As a small organisation without capital reserves and which (from the point of independence) has the largest proportion of its costs incurred with staffing overheads, cashflow must be highlighted as a significant business risk. Issues around cashflow for the RNRP can be separated into three areas:

1. Running Costs

Salary and other staff-associated costs are typically incurred monthly. Whilst it is not necessary to have the full cost of staffing overheads as 'cash at the bank' at the commencement of any financial year (and it should be noted that the commencement of the financial year for RNRP may not coincide with 1 April), it will be necessary to have a secure projected income which meets the cost of all salaries. In addition, accommodation costs and other similar overheads are also typically incurred on a monthly or quarterly basis and these will need to be met from a secure income stream.

2. Trading Integrity

For entering into large scale contracts (major grant awards, for instance), acquiring assets and activity purchases, the financial track record and trading integrity of the RNRP could be conditionally investigated prior to awards being made. A lack of accounts history or ability to demonstrate financial management systems and experience as the CIC could pose issues when entering into certain types of contract or agreement. Even when grants are awarded, grant offering bodies often like to ascertain the financial experience and quantum of the grant recipient and, as a newly independent organisation, this will need to be addressed.

3. Underwriting

Many grants, and some other potential income, is paid retrospectively and must be claimed against incurred or evidenced defrayed expenditure. European grant aid and central government aid, for

instance, is frequently paid retrospectively at the end of the financial or calendar year (dependent upon the programme).

Whilst within NCC, the RNRP has enjoyed complete financial freedom in this regard, with the potential to incur expenditure and recoup retrospectively, with flexibility not only within financial and calendar years but also, where needed, across year end and across financial years (for long term project work, for instance).

The ability to be able to be continue to deploy this necessary financial flexibility is essential but will only be possible if an underwriter can be identified.

5.6.2 It is therefore proposed that in addition to accommodation and resource sharing with host and/or partner organisations, a partner will be identified as a cashflow agent, potentially within discrete financial years or for an agreed term, to facilitate cashflow and the required financial support for the RNRP. This service may incur an additional charge which will need to be identified and met once the partner organisation has been identified. It is envisaged that this could be underwritten by NCC in the short term but remains a point for consideration in the longer term.

An alternative position, which will be moved towards over time, is the adoption by the RNRP of an endowment to enable self supporting finances, at least in part, through the establishment of both an income stream from the endowment fund (which it is proposed should be developed alongside other fund raising for project funding and meeting core costs) and though the increased flexibility afforded by a capital reserve.

Even with a sizeable capital reserve, which could potentially be accrued within a five year term (as this will need to remain on deposit or invested to generate an income stream), the reserve's application for wider cashflow will be restricted to evidencing financial integrity, contributing to guarantees (where needed) and demonstrating financial (and fund holding) capacity.

The need for a long term financial partner or partners for the RNRP CIC is therefore clear.

6.0 APPENDICES

6.1 The following appendices have been included to support the Business Plan:

1. List of RNRP Partners
2. Funding Plan

APPENDICES 1 - LIST OF RNRP PARTNERS

STAKEHOLDER STEERING GROUP

East Midlands Regional Assembly
East Midlands Development Agency
Government Office for the East Midlands
English Heritage
Natural England
Environment Agency
Forest Enterprise/Forestry Commission
Sport England East Midlands
Northamptonshire Chamber
Northamptonshire Enterprise Limited
North Northants Development Company
West Northampton Development Corporation
Northamptonshire County Council
Peterborough City Council
Peterborough Environmental City Trust
Daventry District Council
East Northamptonshire District Council
Corby Borough Council
South Northamptonshire District Council
Northampton Borough Council
Borough Council of Wellingborough
Kettering Borough Council
Country Landowners & Business Association
National Farmers Union
NCompass

APPENDICES 2 - FUNDING PLAN

1. BENEFITS OF HOSTING

The benefits of hosting have been indicated within the business plan. From a financial perspective, it should be recognised that the higher the level of hosting that can be achieved (i.e. the greater the value of hosted activities), the lower the need for the level of income generation required to meet organisational operating costs.

For the purpose of the funding plan, whilst no specific values are shown, it should be noted that a continuous level of hosting has been assumed - as is currently achieved.

Given that hosting currently meets a significant proportion of the essential operational costs for the RNRP (an estimated 25% of total costs) it is of clear advantage to the RNRP if this or a similar hosting arrangement can be continued.

2. IDENTIFICATION OF CORE COSTS

Figure 3 of the business plan sets out guide budgets for hosted and non-hosted operational costs for the CIC. These include employment costs, accommodation, office and administrative costs, support services and infrastructure costs, as well as start-up costs associated with the CIC during 2007 – 2008. Where reference is made within the Funding Plan to core costs, it is as included within the schedule as set out within Figure 3.

Clearly it is essential that this Funding Plan seeks to confirm a secure source of income to meet these core costs.

3. INCOME REQUIREMENTS

When calculating the current costs of the RNRP team (input) as a proportion of the project work identified as under delivery (output), the value of projects compared to current core costs shows a ratio of circa 7:100.

This ratio reflects the developmental phase of the RNRP and one in which a lower proportion of available resources have been directed into project delivery and output. As the planned future workload will be associated with a higher proportion of output activities, it is reasonable to predict that the input costs to output ratio achieved should be in the order of 6:100 or below. This point is described further within section 4.1.7 of the business plan.

Noting the above investment requirement of approximately 6% of all income, a formula has been developed which identifies the three core areas into which income needs to be directed and suggests an apportionment (set out in 4. opposite).

The three core areas are as follows:

1. Investment – to meet the costs of the executive team and its overheads;
2. Funding – to enable the continued delivery of project identification, grant securing, project development and delivery; and
3. Endowment – to ensure a capital reserve for financial integrity and from which to generate revenue to enable self sustaining financing for core costs in the future.

These are set out at 5.3.2 of the business plan.

4. FORMULA

Section 5.3.4 of the business plan describes how the formula for the Funding Plan has been developed. This has been tested against current financial inputs and outputs and is as follows:

Investment	-	6.25%
Funding	-	68.75%
Endowment	-	25.00%

5. GRANTS

The illustrative Funding Plan shows grant income which the business plan demonstrates could be secured from a variety of sources.

The financial make-up of the current year for the RNRP comprises a majority of capital grant aid (plus hosting). It is also recognised that there is likely to be a regular and medium to long term range of ongoing opportunities for the achievement of grant aid by the RNRP. Including this within the Funding Plan, it must be noted that significant resources are required in the identification, securing and delivery of grant monies.

The administration and monitoring obligations imposed by some grant awarding bodies need to be taken into consideration when including grant income within the Funding Plan. It is equally important that the level of resource and calibre of personnel needed to successfully return grant aid is acknowledged within the staffing structure.

6. CLARIFICATION OF DELIVERY BODIES

For the purpose of the Funding Plan, the phrase ‘Delivery Bodies’ has been used to indicate an aggregated group of organisations with access to developer contributions, central government mainstream funding and core growth area funds including agencies, development corporations and companies, etc.

Subheadings within the business plan which have been aggregated as Delivery Bodies, for the purpose of the presentation of the Funding Plan, include 5.4.1 and 5.4.4.

For clarity, Delivery Bodies also includes local and district contributions from Local Authorities.

7. MEMBERSHIP FEE

There is considerable discussion within the business plan regarding a possible mechanism for the establishment of a membership fee. If established, this could generate income for the RNRP and it is suggested that income generated from this source should be directed into meeting core costs. It will be for the Board to determine whether or not it is appropriate to set a membership fee, and – if deemed appropriate – to then determine the hierarchy of fees and schedule of services to be provided to members.

Membership is considered to be one way in which income could be generated to a reasonable level. Early workings based on untested (with Partners) options indicate that perhaps over 50% of core costs could be met by a membership fee. The premise for this fee however needs to be resolved and discussed further in conjunction with the development of a schedule of member services.

For the purpose of the Funding Plan, given the discussion needed on this item, no assumption has been made that income generation via a membership fee will be possible.

8. OTHER INCOME

The business plan describes other mechanisms for income generation including:

- Events – which are currently neutral in terms of income generation/costs
- Fee Earning – which it suggests should be a support service to members and therefore localised to works in support of other membership services
- Carbon Credits – noted within the business plan as a mechanism currently of indeterminate value

For the reasons described above, income or potential income through the above mechanisms has been discounted within the illustrative Funding Plan which follows.

9. NNDC EMERGING OPTION

A detailed infrastructure costs/income analysis paper has been prepared by NNDC and circulated to the RNRP for consideration. Feedback was provided which responds to the proposals within the paper, describes the need for green infrastructure investment and outlines the formula developed for the allocation of future income. This is then applied to the values (amounts) indicated within NNDC's current workings. A separate paper prepared by the RNRP Director describes the income allocations in more detail and a rationale which justifies the currently proposed level of income.

In summary, for illustrative purposes within the paper, a flat level of income is proposed at a value of £8 million per annum. No inflationary or other increases were described. The formula is then applied to the proposed annual income (endowment - £2m investment – £0.5m and funding £5.5m). The case for a high proportion of endowment is offset against income, fixed at a flat level to achieve a central asset fund to meet delivery overhead costs associated with both projects and asset holding. It also looks to achieve a medium term position (within seven or eight years) of potentially being fully financially independent.

The calculations demonstrate that core investment funding can be met by this income stream but make a considerable demand upon it. It is demonstrated that, even with investment interest, it is perhaps eight years or more before core costs can be met by invested capital income. The proposal is therefore that an alternative income mechanism is needed to meet core costs, at least in part if not in full.

Three areas within funding are discussed, including asset acquisition, asset management and maintenance and project delivery. Project delivery can be sub-divided into RNRP site projects (assets held) and other partner site projects. For calculation purposes, a nominal division of the funding component is suggested as 15%, 20% and 65% respectively. It is noted that this could vary dependant upon opportunities and demand and that management and maintenance costs will vary related to the nature of assets acquired – and in turn, their income generation potential.

Investment identified in the NNDC paper supports the investment profile that the RNRP has monitored and delivered over the course of the past four years and demonstrated against growth need.

As the sole delivery body providing quantifiable data, assumptions must be made about the relative capacity of other delivery bodies, including the Regional Development Agencies, WNDC, Natural England and others, to provide core income from mainstream monies to meet the RNRP investment, endowment and funding requirements.

The representative proportions proposed within the illustrative Funding Plan attached are based in part on evidenced calculations (NNDC income analysis for instance) and on estimates in other instances.

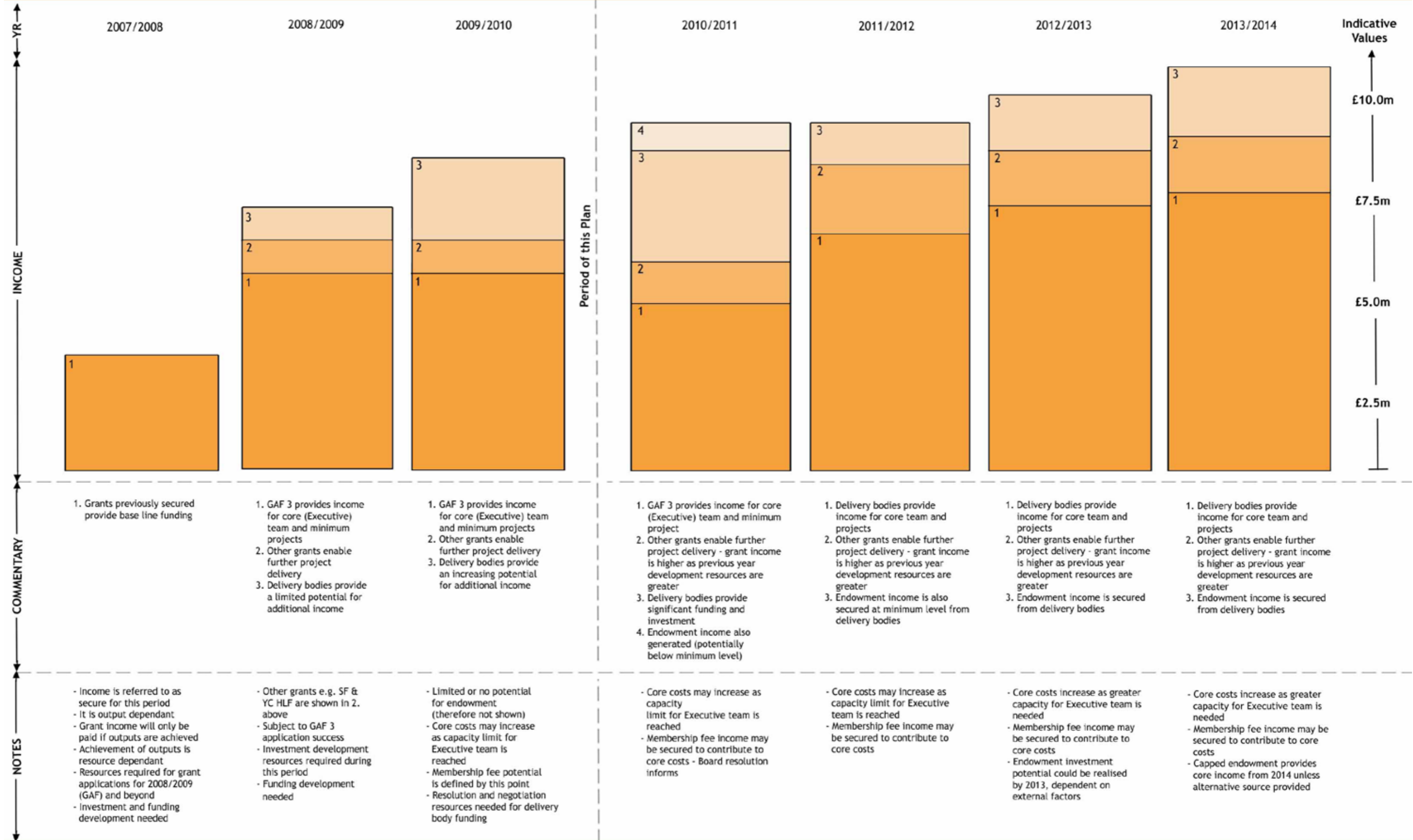
As clarity has been achieved in relation to both RNRP need and capacity through the development of the business plan, direct approaches can now be made to the delivery bodies to determine the likelihood and potential for income from these sources.

10. IDENTIFYING THE NEED FOR DETAILED ANALYSIS

As has been described above, the following illustrative Funding Plan has been prepared based on an evidence base where this is available and estimates where this is not. This has allowed the exploration of potential income streams, the development of a formula with which to apportion secured income and provide a framework from within which approaches can be made both to partners and delivery bodies. It also provides the framework within which the newly established Board for the CIC can consider both the key challenges for organisational finance and opportunities for income generation.

RNRP

Funding Plan (illustrative only)





RIVER NENE REGIONAL PARK
INSPIRED SPACES

RIVER NENE REGIONAL PARK

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