



# **LNP Evaluation: Draft Thematic Discussion Paper**

**LNP funding and resource: examples of how LNPs have identified and secured  
funding**

**05 August 2014**

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## Note on status of discussion paper

This discussion paper is a draft working document and will be revised.

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## LNP funding and resources: examples from LNPs

The purpose of this discussion paper is to provide some 'food for thought' on a topic stakeholders wished to discuss in more depth on the basis of the findings from the Local Nature Partnership (LNP) Phase II Evaluation to date. The evaluation is being delivered by ICF International (ICF) and our associate, Rick Minter, for the Department for Environment, Food and Rural Affairs (Defra). The aim of the evaluation is to examine the implementation and outcomes of LNPs, and support and enable LNPs to work with representatives from other partnerships and organisations to determine the potential to improve coordination between other initiatives.

### **This paper covers funding and resources potentially available to LNPs.**

The paper includes a brief summary of the interim findings of the LNP evaluation, including funding obtained by LNPs and challenges encountered by LNPs attempting to secure funding. The paper also provides a summary of the discussion at the workshop held with LNPs on 25<sup>th</sup> June 2014 and considers issues suggested by LNPs about how they could potentially increase the likelihood of successful funding bids. The issues considered are:

- The funding sources that could potentially help to sustain LNPs, for both core funding and funding for delivery.
- How LNPs can work together to identify and obtain funding.
- How LNPs have obtained funding, and the transferable elements of their approach:
  - The partners were involved?
  - The projects / initiatives funding was obtained for.
  - The source of the funding.
  - Transferable lessons for other LNPs.

### **Summary of workshop discussion**

During the June 2014 workshop LNPs discussed and shared ideas and best practice on potential funding streams, and on how best to ensure the sustainability of LNP funding.

LNPs highlighted that securing funding is one of their biggest challenges and that the challenge was closely related to the (potentially perceived) absence of a specific LNP mandate. LNPs felt that they are often excluded from the national level policy discussions at the beginning of policy processes, meaning that it is often difficult to create a defined LNP role at a local level. Without a clear local role it is often difficult to obtain the credibility necessary to secure funding for an LNP.

Several examples of LNPs that have successfully sought funding via innovative methods and from a range of sources were identified during the workshop. The examples are described in this discussion paper alongside some suggestions from LNPs on possible next steps.

### **Interim findings of the LNP evaluation**

The following section provides insights from the interim findings evaluation and draws on some particular examples of LNPs that have successfully secured funding.

#### **LNPs have received funding from a variety of sources**

The main sources of LNP funding and staff time / expertise are local government, Defra delivery bodies and environmental NGOs. During interviews with coordinators and chairpersons, local government and local Wildlife Trusts were cited as the primary funders of LNPs. Defra delivery bodies, the Environment Agency and Natural England, were identified as sources of funding for ongoing LNP activities but much less frequently than local government and local Wildlife Trusts. Several LNPs have submitted funding applications to

the Heritage Lottery Fund, LIFE+ and other UK and EU funds, but have not yet received notification about the outcome of their applications.

LEPs, community groups and education / research organisations were identified as the main sources of other forms of support. Examples of other forms of support include assistance in preparing bids for EU funds, development of logos and branded material, and provision of meeting rooms and facilities.

The main categories of funding available to LNPs as identified thus far include:

- Subscribing members.
- Fees for services (e.g. planning advice; ecological mapping, activities for health sector; activities for business sector etc.).
- Funding in kind from members including charity organisations (e.g. coordinator role; venue provision, donated/seconded staff time, etc.).
- Secondments from members (business or health members could allocate some marketing or fundraising time perhaps? Is this already happening? Would sectors consider providing sponsorship in return for getting a good profile from doing so?).
- Funding bids to organisations such as the Heritage Lottery Fund.

### Main challenges

#### ***Both identifying and obtaining resources for LNPs is a challenge***

33 of 35 LNPs encountered significant or very significant challenges associated with finding funding for LNP work. A similar number, 34 of 35, encountered significant or very significant challenges associated with capacity or time constraints.

LNPs made a distinction between obtaining funding for 'core' activities, such as maintaining an LNP coordinator, and 'project' funding for specific initiatives. Core funding was identified as the more important of the two, as without core funding it is less likely that LNPs can maintain the capacity necessary to obtain project funding. Notwithstanding the difficulties associated with obtaining any funding, LNPs considered that project funding is generally more straightforward to obtain as funders are usually willing to fund clearly defined projects. It is more difficult for LNPs to obtain core funding as it is not often obvious what funders will receive in return. An additional complicating factor is the risk that LNPs could be competing against local organisations for funding, a risk that is higher with respect to project funding.

#### ***LNPs' reliance on voluntary contributions of time and resources make it difficult for them to make progress in good time.***

Two categories of resources were identified during interviews: 'core' resources for the administrative and secretariat functions necessary to sustain an LNP, and 'project' resources necessary to deliver initiatives or actions. Core resources were identified as a significantly more urgent priority than project resources. Respondents commented that without core resources it is much more difficult, if not impossible, for LNPs to identify and pursue project resources.

Although many LNPs have managed to secure a funded coordinator on at least a part-time basis, many others have not. Often the individuals acting as coordinators are performing the role on a voluntary basis in addition to a full-time job. LNPs without adequate coordinator support reported that it is extremely difficult to maintain the momentum of the LNP. LNP participants estimated that, as a minimum, LNPs require at least one dedicated full time position to progress the LNP and maintain momentum between meetings. LNP participants emphasised that there is no shortage of expertise or enthusiasm, but that the reliance on voluntary contributions of time and resources make it difficult for LNPs to make progress in good time.

The lack of dedicated coordinator resource available slows everything down and can reduce the extent to which LNPs can engage with other organisations. Engaging with other organisations requires that LNPs have the capacity to follow-up agreed actions and maintain

support for joint initiatives. Many expressed doubts that, without the support of a dedicated coordinator, the LNP would continue to make progress. That is, the LNP would not progress beyond the identification of priorities and the preparation of a strategy to a stage where it can effect change.

***Almost all LNPs have encountered ‘significant’ or ‘very significant’ challenges associated with finding funding for LNP work, potentially undermining LNPs’ credibility***

A majority of LNPs commented that the uncertainty attached to their funding and resources constrains their ability to engage with others; LNPs cannot be sure that voluntary contributions will be maintained and do not want to commit to actions they may not be able to deliver.

Some chairs and coordinators expressed concerns that LNPs would lose senior level support and engagement if they did not start to have an impact. These respondents were concerned that it would become difficult for senior individuals to justify continued support for LNPs if LNPs were not able to move beyond strategizing and towards making an impact.

The lack of resources has, in some cases, prevented LNPs commissioning or identifying evidence necessary to justify a particular initiative. For example, one LNP discussed the difficulty of influencing LEP economic strategies without the evidence necessary to link improvements to the natural environment with positive economic outcomes.

Although some LNPs have obtained some funding almost a third of them, 10 of 35, stated that funding is not at all secure post-2013, while 15 of 35 stated that funding is not very secure post-2013. Only one LNP thought that funding is very secure beyond 2014.

***Funding is not secure for the majority of LNPs***

LNP participants provided examples of how the lack of funding and capacity is undermining the credibility of the partnerships. In one case, an LNP had established a relationship with the local authority and agreed to provide input to local plans and local plan evidence documents. When the time came to provide input, the LNP did not have the resources available. The LNP member providing the example considered that missing the opportunity to influence local plans has undermined the credibility of the LNP in the eyes of the local authority, and will make it more difficult for the LNP to have an impact in the future.

LNPs’ impact, that is their ability to effect change, is constrained by the limited funding available. Respondents commented that searching for funding occupies a significant amount of board members’ energy and time, reducing their capacity and ability to deliver on the LNP’s priorities. Accessing grant funding also takes time, slowing LNP progress and potentially undermining the ability of LNPs to keep board members interested and involved.

## **Examples of potential sources of funding**

LNPs are struggling to identify and secure funding, although there are examples of LNPs that have a reliable income sufficient to sustain their activities. In terms of transferable aspects of successes these include the development of a long-term funding plan, the use of different and innovative funding structures, and the definition of a clear offer or service the LNP can provide to other organisations. Examples of cases where LNPs have sought to address the funding challenges are presented below.

### **Environment Agency funding opportunities**

Significant amounts of money are spent on flood defences, for example it has been estimated that maintaining existing levels of flood defence would require flood defence spending to increase to over £1 billion per year by 2035.<sup>1</sup> Specifically the Environment

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<sup>1</sup> UK Parliament, 2014, Flood Defence spending in England file:///C:/Users/29661/Downloads/sn05755.pdf

Agency had a budget of £268 million from 2012/2013 for flood and coastal erosion risk management.<sup>2</sup>

However LNPs pointed out that EA initiatives are not always well coordinated with initiatives that are already underway locally. There may be scope to work with the Environment Agency to increase the multi-functional benefits of spending on flood defence, and by doing so, obtain funding to support LNP activities.

### **Co-ordinating with LA Planning departments to explore funding opportunities**

There may be scope to use Section 106 / Community Infrastructure Levy (CIL) funding for natural environment improvements. Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as s106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development. S106 agreements are often referred to as 'developer contributions' along with highway contributions and the Community Infrastructure Levy.<sup>3</sup>

LNPs could potentially have a role in identifying potential sites and initiatives, and also for coordinating action between LNP participants and other organisations. There may also be scope for LNPs to provide pre-application advice to developers and to charge for this advice.

### **Enhancing partnership working with LEPs**

Obtaining funding from LEPs is considered to be difficult (see findings from the interim evaluation above). Workshop attendees felt that LNPs should be clear about what they can provide to LEPs rather than looking for funding specifically. That is, LNPs need to communicate a clear 'offer' to LEPs before they think about approaching LEPs for funding.

LNPs could proactively and positively identify what it is they can do for LEPs and why precisely LEPs should fund them. Doing so would help to engage LEPs and provide LNPs with the credibility to be considered in planning and development. An example of where this has worked for an LNP is provided in the box below

#### **Box 1 The West of England (Avon Wildlife Trust) LNP – obtaining funding via partnership working with the LEP**

The West of England LNP (WENP) set out to create an investment strategy for the natural environment and integrate that into our economic development, spatial planning, and health & wellbeing strategies.

Although the WENP do not believe LNP's should be LEP-centric, the timing of SEP and SIF strategies have meant influencing the LEP has been a priority. The LNP has a good relationship with the LEP CEO joining the LNP Board, however, the relationship remains informal and they have not been able to access the LEP's technical assistance budget for the development of the investment strategy as other LNPs have done. However the West of England LNP has contributed significantly to the LEP's strategic plan which now recognises the need to manage the area's natural capital as an economic asset. They were able to persuade the LEP to include the strategic intervention of creating a 'Natural Capital Trust' for £330k.

<sup>2</sup> Defra, 2014, Defra Funding for Flood and Coastal Erosion Risk Management in England

<sup>3</sup> Planning advisory service: [http://www.pas.gov.uk/3-community-infrastructure-levy-cil/-/journal\\_content/56/332612/4090701/ARTICLE](http://www.pas.gov.uk/3-community-infrastructure-levy-cil/-/journal_content/56/332612/4090701/ARTICLE) More information provided at [http://www.pas.gov.uk/3-community-infrastructure-levy-cil/-/journal\\_content/56/332612/4090701/ARTICLE#sthash.cfaYnkkm.dpuf](http://www.pas.gov.uk/3-community-infrastructure-levy-cil/-/journal_content/56/332612/4090701/ARTICLE#sthash.cfaYnkkm.dpuf)

Success in securing LEP support has encouraged 6 partners to agree to fund the LNP for 3 years, each contributing £3-£12k p/a in a matrix approach where some provide more in-kind support (e.g. venues for events, expertise) than financial.

#### **Transferable lessons**

In this case lessons that are relevant for other LNPs include providing a very specific service or offer for LEPs, contributing in a way that will encourage LEPs to see the investment potential of the natural environment and supporting the LEP in their strategies with in-kind contribution which can lead to credibility and support from businesses and partners.

### **Health**

Workshop attendees consider that it is likely that the public health sector may be a potential source of funding in the future (see the Health discussion paper for description of how LNPs and the local health sector could work together). LNPs could have a role, for example, in working with local service commissioners to increase the amount of exercise undertaken by patients. There was agreement that it would be useful to have a national view of the potential opportunities, and a clear description of the current state of play in the local health sector (including likely changes in the future).

Workshop attendees also suggested that LNPs could act as the conduit to the local health sector for natural environment organisations. LNPs could put health and environment organisations in contact with each other, and also help to avoid the local health sector becoming overburdened with requests for information. An example of an LNP that has actively sought engagement with the health sector is provided below.

#### **Box 2 North Yorkshire and York – exploring opportunities for partnership working with the health and well-being board**

The LNP board interacts with the Health and Well-Being Board as well as the LEP Board. Champions have been appointed within the LNP for different topic areas including health. While funding for the LNP is secure until March of next year, the challenge is to sustain the funding beyond this period. Funding currently comes from membership fees paid by the board however the LNP has begun exploring the opportunity of gaining funding from the Health and Well-being Board through joined up activity and co-ordination of work that will achieve health and environmental objectives, potentially encouraging the local public to engage with their natural environment in a sustainable way.

#### **Transferable lessons**

Relevant lessons for other LNPs include exploring funding opportunities through designated champions and pursuing possibilities of joint working in areas that can be mutually beneficial for health and the environment.

### **Fees from members – providing a niche service**

LNPs may be able to charge membership fees. It is unlikely to be suitable for all LNPs, however in some cases LNPs have been able to offer a specific role or service and charge for the provision of the service. An example is provided below.

#### **Box 3 Humber LNP – providing a niche service**

The Humber LNP is a not-for-profit private company who employ their own staff and is funded by its member's subscription fees. It also generates income from managing and hosting projects that benefits its members. Members include approximately 30 environmental / conservation organisations and 30 industry organisations. Fees are received from approximately 40 organisations. Total projected income in 2014 is £130,000. Two key factors which enable Humber LNP to charge for its services include:

- The identification of a specific 'niche' within which it operates.

Members have access to the expertise of others in the group, and can access a funded coordinator that will help them work through any natural environment issues they have. This includes, for example, preparing planning applications, identifying potential sites for habitat creation, keeping up to date with regulatory requirements related to natural environment.

- Concentration of its efforts on the delivery of valued services to its membership:
  - Provision of ecological advice
  - Involvement in pre-application planning discussions
  - Development of practical conservation projects on industry owned land

The Humber LNP has three distinct income streams:

- Membership fees
 

Fee is based on organisation's size (land ownership and employees) and estimation of how frequently the organisation is likely to avail of the LNP's services. Fees range from £100 to £5,500 per year.
- Contributions by Relevant Authorities
 

Relevant Authorities include Defra, Environment Agency, Natural England, local authorities, internal drainage boards and others with responsibilities under the Habitats Regulations to ensure the Humber Estuary European Marine site achieves 'favourable condition'. Voluntary contributions based on the Relevant Authorities' responsibility and geographic coverage. Contributions range from £90 to £8,000 per year.
- Project work
 

Management fees received in payment for managing of partnership projects. Includes contributions from partners and grant applications. Projects have included:

  - Hosting the 'Netgain' project on Marine Conservation Zones for Natural England.
  - Organising a suite of ecological survey work in the South Humber Gateway.
  - Research to better understand the impacts of recreation on the Humber's bird population.

#### Transferable lessons

The Humber is a designated area which is focused on nature but also has plays an important economic role. The designation has provided the opportunity for the LNP to act as an 'honest broker' between environment groups and businesses, and to deliver services that both groups value. Although a relatively unique situation there may be transferable lessons for other LNPs: carving out a specific service that can be offered to add value, playing a co-ordination role by assessing queries and directing members to other organisations if needed and hosting ad hoc projects.

### Changing the legal structure to operate more independently

Several LNPs have created a new legal structure to enable them to operate independently and as a way of becoming increasingly attractive to investors. However LNPs stressed that for many there is no appetite to form a not-for profit company, particularly as it is considered difficult to do so. In addition LNPs stressed that if they were to do so they would need to have a very clear mandate and role for investors. One example where this has been done successfully is described below.

#### Box 4 Wild Anglia LNP – creating a new structure - Community Interest Company

The Wild Anglia LNP considered a few different structures including a charity, not for profit, loose partnership and company limited by guarantee. The LNP wanted to move away from the partnership model common in local authorities and decided that, in the long term, they would have to operate as a business to become self-sufficient. The LNP received support from Norfolk County Council, but the systems and policies necessary to run such a large organisation as a council were found to constrain the LNP. As a result the LNP decided to operate independently of the council.

Wild Anglia is now a **Community Interest Company** - a not for profit company limited by

guarantee. It has a board of directors (9 people from business, local authority, nature conservation, media, commerce, health and tourism) and has scope for a wider membership. The LNP suggests that the community benefit statement and the presence of a regulator (of CICs) will make them more attractive to funders.

The LNP continues to experience a funding deficit but are confident that in the long term the new model will help Wild Anglia obtain the funding it requires.

#### **Transferable lessons**

For some LNPs this will not be a viable option, however there may be lessons for others who would prefer to operate on a more independent basis and can learn by researching different legal structures.

### **Engaging with local businesses**

There may be scope for LNPs to exploit corporate social responsibility (CSR) opportunities with businesses that want to enhance the local natural environment. LNPs could, for example, provide branding for businesses to use to alert customers that they contribute to the local environment. LNPs may have to ensure that such activity doesn't overlap with similar activity undertaken by LNP members.

During the workshop it was also suggested that in some cases local businesses may also be able to provide in-kind funding to support LNPs. An example is provided below.

### **Box 5 Bedfordshire LNP – seeking support from local businesses**

The LNP received historical funding from the previous organisation and some left-over funding from central Bedfordshire that was transferred to support the LNP. The LNP has been less successful in securing membership fees, however they have received some corporate sponsorship from Center Parcs and have suggested that similar sponsorship will be sought with businesses once they have a defined mandate or prospectus.

#### **Transferable lessons**

This case shows that engaging with businesses in the local area and assessing whether corporate sponsorship is an option can be fruitful.

### **Other potential funding sources:**

Other potential funding opportunities identified during the workshop discussion include:

- In-kind funding, e.g. provision of meeting spaces/secondments/university placements/working groups that can provide advice. There is a wide range of in-kind support potentially available.
- Direct fundraising ideas include a Waitrose fundraising box and business sponsorship.
- Directing NELM funding for local objectives and exploring opportunities in the marine sector was suggested by participants.
- Looking at the possibility of LAGs for funding.
- LIFE/HLF/Intereg (for LIFE bids there was a suggestion that this would need to be co-ordinated on a national level on behalf of all LNPs, perhaps led by Defra?)
- If Defra / BIS / other government agencies have specific expectations or projects, the LNPs could help to deliver these for a fee.
- Payment for ecosystem services could be a possibility of raising funding – LNPs could take a percentage for LNP core funds e.g. a carbon offset scheme that is delivered locally. 'Local sites' monitoring could become an LNP role and perhaps enable them to harness funding.

- Funding may be available from public health or from Health and Well-being Boards for specific projects e.g. helping to achieve aims around utilising green space.
- **Minimum standards:** it was noted that funding and resources will largely dictate an LNP's activity. Where there is limited or minimum funding, action may be restricted. Thus should there be an understanding (across LNPs?) of minimum standards for their core purpose, for example on coordination of the partnership?
- **Marketing and fund-raising support:** LNPs may be in need of skills and time for fundraising and marketing. Can business members and contacts amongst LNPs be harnessed for some donated or seconded time for this? This could be an important way in which businesses could support an LNP – even limited time commitments may provide significant help to the LNP.

### Next steps

Several suggestions were put forward on potential actions or next steps. In particular, some next steps that were suggested for LNPs to consider included:

- **Exploring the creation of a national network:** LNPs raised the possibility of setting up a national network to share ideas and opportunities, perhaps via a website, although it will be important to consider how this will be managed and how certain standards and protocols will be enforced. Support is likely to be required from Defra.
- **Exploring provision of shared services:** There was suggestion that there may be scope for LNPs to provide a shared service to councils, and to obtain funding from more than one council. It was suggested that this may be sufficient to provide a baseline for coordination funding.
- **Making the most of local context:** The local context is important as funding opportunities are different in each area. The LNP structure can influence how funding is attracted and spent and identifying objectives per sector may help LNPs focus their search for funding.