



**Environment and Transport Select Committee
January 2012**

Countryside Estate: Surrey Wildlife Trust's Repair and Maintenance Programme and Governance Review

Purpose of the report: Scrutiny of Services and Budgets / Performance Management and Review

This report provides an update on the review of the agreement with Surrey Wildlife Trust (SWT), in particular the Repairs and Maintenance Programme and governance.

Introduction:

1. As part of the review of the 50-year agreement with SWT, an Asset Management Plan has been drawn up to set out the strategy for the management of the properties leased to SWT. Two types of property were transferred to SWT.
2. The two types were: property that provides part of the service on the Countryside Estate, for example tied housing, the café at Ockham Common along with properties that form part of the landscape: and income generating property that is located on the Countryside Estate.
3. The intention was that the latter would generate an income that could be invested in keeping the property in good repair and help to fund the service being delivered for the public on the Countryside Estate. Concern had been expressed that the built property on the Estate was maintained in a reactive regime and for the long term this would not allow the SWT to ensure that the property is properly maintained over the term of the Agreement.
4. As reported to the September 2011 meeting of this Committee, an Asset Management Plan has been prepared and agreed by the County Council, setting out the strategic plan for a proactive programme for maintaining the property. As part of the implementation of that plan a Repairs and Maintenance Programme (RMP) has now been drafted.

The Repairs and Maintenance Programme

5. The RMP covers a rolling period of 5 years. It is based on a condition survey commissioned from an outside property consultant, which looked at all the built property except the bridges and tracks. Surrey County

Council will inspect the bridges and tracks on Norbury Park, and an estimate of £20,000 per annum has been included in the RMP to cover the minor repairs to tracks.

6. The survey identified over £1.4 million of outstanding repairs and maintenance that needed to be completed over the next 5 years in order to maintain the built property in good condition. The basis for assessing the priorities for repairs and maintenance are,
 - The risk of closure of buildings/premises and therefore the risk of loss of performance against the Service Delivery Specification and the risk of loss of income.
 - Statutory, legal, and regulatory obligation, e.g. Tenancy obligations
 - Prevention of deterioration
 - Cyclical works such as external redecorations.
7. The RMP summary in Appendix 1 shows the costs of repairs for each of the next five years set against the current income from property on the Estate. In addition the costs of managing the property are also shown along with the contribution to managing the Estate as a whole. The net figure shows a shortfall for most years, which will be made up from the sinking fund.
8. The sinking fund that was agreed as part of the review will be used to invest in properties that need major work, therefore reducing the deficit shown in the RMP, providing opportunities to react quickly to unforeseen repairs and allowing investment in property to generate a higher income. The County Council is also working with SWT to review the property portfolio with a view to removing property that does not contribute to the management of the Countryside Estate, either by directly helping to deliver the service or providing a net income.

Governance

9. The Audit Report of the SWT Agreement in 2011 recommended a review of the governance structure. The current governance structure, which is set out in the Agreement, comprises the Countryside Partnership Committee, a quarterly meeting of officers from SWT and SCC and more frequent meetings between contract managers for the two parties.
10. The Countryside Partnership Committee consists of 5 Members of the County Council, 5 Trustees of SWT and one representative of the Access Agreement owners. The SCC Members are currently Tim Hall, Helyn Clack, Mel Few, Linda Kemeny and Bill Barker. The Committee should meet quarterly and is supported by the quarterly officers meeting. The three levels of the governance structure currently operate very informally and the roles of each level are not clearly set out. The review aims to provide a clear role for each part of the governance structure that will enable Members and Trustees to take a more strategic role in the future of the partnership.

11. The process of reviewing the governance structure has been started and will be completed by March 2012, ready to present to the next meeting of the Countryside Partnership Committee.

Conclusions:

12. In conclusion the RMP and the review of Governance are key parts of the overall review of the Agreement between SWT and SCC. They are both expected to be completed and in operation by March 2012 allowing us to monitor their effectiveness over the following year.

Financial and value for money implications

13. The concept behind the transfer of the income generating property on the Estate was to allow SWT to generate an income that would maintain the property and give more funds to manage the land. By doing this SCC could then reduce its payment to SWT. This payment to SWT has gradually reduced by a total of £300,000 from the original sum in 2002. The RMP now sets out a mechanism to ensure that the properties are maintained and will allow close monitoring by SWT and SCC on the financial position relating to the property. It is reliant on the sinking fund being effectively managed to allow investment and ensure that the programme can be implemented.
14. The sinking fund will comprise additional income transferred to SWT along with a proportion of the capital receipt from a property released from the Estate. As the fund reduces a decision will need to be made about how additional funding is added to the fund in future years.

Equalities Implications

15. There are none

Risk Management Implications

16. There are three risks associated with these two areas of work, one that the Programme is not implemented effectively, secondly that the sinking fund does not allow sufficient investment and finally that the governance does not allow effective monitoring of the agreement or allow corrective action to be taken when needed.
17. The mitigation of these risks depends on getting the reporting and monitoring right within the governance of the Agreement. The quarterly meetings referred to above will monitor closely the implementation of the RMP and will allow action to be taken if there are any concerns.

Implications for the Council's Priorities or Community Strategy/Local Area Agreement Targets

18. The AMP will help SWT to generate income to allow the delivery of the service for a lower cost to the revenue budget of the County Council contributing to the Public Value review (PVR) requirement to reduce the costs of the contract in the medium to long term. Implementing the RMP

will ensure that the built property on the Countryside Estate is maintained.

Recommendations:

19. The Select Committee is asked to consider and comment on the current position in relation to SWT.

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Sources/background papers:

Officer Report to Cabinet, Countryside Contract Review 30th March 2011
Report to Environment and Transport Select Committee 15th September 2011
Countryside Estate: SWT Asset Management Plan.

Summary Schedule of Expenditure, Income and Costs.

	2012/13	2013/14	2014/15	2015/16	2016/17	2012/17
RMP Expenditure £	191,471	280,401	362,011	139,425	284,666	1,257,974
Allowance for car parks	25,000	25,000	25,000	25,000	25,000	125,000
Allowance for roads and tracks	20,000	20,000	20,000	20,000	20,000	100,000
Total expenditure	207,471	360,401	407,011	184,425	329,666	1,482,974
Rental income current portfolio	323,854	323,854	323,854	323,854	323,854	1,619,270
Rental income proposed additions to become part of Sinking Fund-Burford Bridge (Rykas Café and car park)	9,714	9,714	9,714	9,714	9,714	48,570
Additional masts	23,000	23,000	23,000	23,000	23,000	115,000
Total Income	356,568	356,568	356,568	356,568	356,568	1,782,840
Costs -Staff	45,000	45,000	45,000	45,000	45,000	225,000
Insurance	15,000	15,000	15,000	15,000	15,000	75,000
Fees	13,000	13,000	13,000	13,000	13,000	65,000
Contribution to the Countryside Estate	80,000	80,000	80,000	80,000	80,000	400,000
Total additional costs	153,000	153,000	153,000	153,000	153,000	765,000
Income less expenditure and costs	£2,097	-£156,833	-£203,443	£19,143	-£126,098	-£465,134