



Environment and Transport Select Committee
23rd April 2015

The Agreement with Surrey Wildlife Trust for the Management of the County Council's Countryside Estate

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

Since the last report on this subject which came to the Committee on 15th December 2014 further detailed negotiations have taken place with Surrey Wildlife Trust which have resulted in the proposed changes to the Agreement between Surrey County Council (SCC) and Surrey Wildlife Trust (SWT). Some of these changes are still being negotiated and therefore this report principally focuses on the proposed changes relating to property and woodland.

Introduction:

1. A fifty year Agreement was established with Surrey Wildlife Trust to manage the County Council's Countryside Estate in 2002. It has subsequently been reviewed periodically with a major review taking place in 2014. A Task Group from the Environment and Transport Select Committee (ETSC) and a subsequent Countryside Member Reference Group have helped to shape the details of the new Agreement.
2. All aspects of the Agreement including the two leases, that transferred the land and property to SWT, were looked at again with a view to making their meaning clearer and ensuring that the management of the Countryside Estate is as effective as it could be in providing conservation for the landscape and recreational opportunities for the visitors to the Estate.
3. Reducing amounts of public sector finance have also presented a need to ensure the Estate can become financially sustaining by increasing the income from other sources of funding. The Estate's portfolio of property includes five farms, houses and a depot as well as a range of rural buildings, which generate a steady income. However there is a need to see an increasing income from the Estate and SCC and SWT are working on a range of services to do this.
4. Three progress reports have been brought to this Committee subsequently setting out the ongoing discussion. These discussions and more recent negotiations have now resulted in the terms outlined below and detailed in the attached documents. The final Agreement will not be completed until April 2016 to allow time to finalise commercial plans for the Estate, the timeline is attached in Annex 1.
5. **Financial Formula** Surrey Wildlife Trust has agreed the formula for last year (2014/15) and this year (2015/16), which means a reduction in the contribution

from Surrey County Council (SCC) by £100,000 in each of those two years. The contribution from SCC will then reduce in line with a formula that will be agreed by April 2016. This part of the formula will depend on the level of income that can be made from a series of income generating ideas. The wording for this part of the Agreement will reflect those plans and the return on investment required by a range of investors, who may be SWT, SCC or third parties. Returns on the investment by SCC can be reflected in a number of ways including savings in the cost of managing the Estate and potentially an income for other services.

6. **Property** The built property on the Estate which, was transferred via two leases, was included in the Agreement for two key reasons, as operational property and to generate an income to manage the property and the land. Lease 1 comprised all the land and operational property such as the tied housing and East Horsley Depot, lease 2 comprised the income generating property such as the farms and non tied housing. The leases are both full repairing leases giving SWT the responsibility for all outgoings in connection with the property, repairs and maintenance and insurance. The only exceptions to this related to property that was out of repair at the start of the lease and some of that was subsequently repaired and included in the second lease, which was signed in 2004. The remainder has yet to be included in the lease, see the note below on the proposed supplemental lease. Annex 2 is the draft of the Property Management Plan including the undated Asset Management Plan and the Repairs and Maintenance Programme, which were originally agreed with the Members Asset Panel in 2011. This has been produced jointly with SWT. It is underpinned by a Stock Condition Survey for all the buildings which was first produced in 2010 and is now being updated. This will be completed by July 2015. The final draft of the Property Management plan, incorporating the information from this survey and worked up with Property services, will be ready in July. In addition a report has been drafted on further ideas for generating income from the property developed from assessments carried out by Bidwells. Some of these now need an assessment of their feasibility which will be done over the next six months to see if they would be viable.
7. The two leases include a clause which allows any property to be taken back in hand, where the land or property is required for the Council's statutory purposes or for redevelopment by serving at least one year's notice. This was put in both leases of 2002 and 2004. In addition there are a number of properties that are on the Countryside Estate and should have been put into the leases. This was not completed for a number of reasons and part of this review will be to complete a supplemental lease for those properties and pieces of land. In most cases SWT have been managing the property and receiving the rent. Annex 3 includes a list of the properties to be included in the supplemental lease and sets out the reasons for including them in that lease.
8. There is currently no mechanism for funding large scale repairs to the buildings, for example replacing rooves or major reconstruction. As part of the Property Business Plan SWT will work up business plans with SCC to agree how the investment will be provided for major repairs and Improvements to buildings on the Estate.
9. **Ideas for Future Income Generation** The future of the Countryside Estate depends on it being able to generate an income from it's assets. That does not mean that the Estate will be exploited, it means that assets such as the property and woodland will be managed more commercially and consideration will be given to activities that the public would pay for. The principal will remain

that entry to the Estate on foot, horseback, or cycle will remain free at the point of entry.

- 10. Plans being considered are holiday lets in existing cottages, camping, parking, events, increased sale of timber, reconsidering the production at the sawmill, and more commercial use of the farms. Plans are currently well advanced to trial holiday lets and a small scale caravan site on the Estate during 2015/16.
- 11. The key to any use will be how it fits into the landscape and the impact on that landscape and its visitors.
- 12. **Woodlands** There are approximately 1000 hectares of woodland on the Countryside Estate much of which is designated for conservation, either as Sites of Special Scientific Interest and or Special Protection Areas or Special Areas for Conservation. This does not however prevent the woodland from being managed for timber and the Woodland Policy in Annex 4 sets out the policy for doing this. Assessments of all the woodlands are currently being completed and will lead to a strategic woodland plan by December 2015.
- 13. **Sawmill** The Sawmill is used by Norbury Park Wood Products, a wholly owned company of SWT. The business is nearly at the breakeven but has struggled to get to that point. SWT and SCC are about to go out to test the market to see if there are any potential partners or other commercial ideas to further develop the business and make it profitable.

Recommendations:

- 14. The Committee is asked to comment on the proposals outlined above.

Next steps:

- 15. The ETSC Countryside Member Reference Group will meet again before the main report goes to the Cabinet in order to assess the detailed proposals for the new Agreement.

Annexes

- Annex 1 Timeline for Revised Agreement
- Annex 2 Draft Property Management Plan- Property Asset Management Plan and Repairs and Maintenance Programme
- Annex 3 Properties to be included in the Supplemental Lease
- Annex 4 Sustainable Woodland Management Policy

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Sources/background papers:

ETSC Report on 15th December 2014: The Agreement with Surrey Wildlife Trust for the Management of The County Council’s Countryside Estate.

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