

ANNEX 1- DRAFT

SURREY COUNTY COUNCIL

DRAFT REPORT TO CABINET

DATE: 24TH NOVEMBER 2015



REPORT OF: MR MIKE GOODMAN, CABINET MEMBER FOR ENVIRONMENT AND PLANNING & MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE

LEAD OFFICER: MR TREVOR PUGH, STRATEGIC DIRECTOR FOR ENVIRONMENT AND INFRASTRUCTURE

SUBJECT: THE AGREEMENT WITH SURREY WILDLIFE TRUST FOR THE MANAGEMENT OF THE COUNTY COUNCIL'S COUNTRYSIDE ESTATE

SUMMARY OF ISSUE:

In the last report for Cabinet on this subject it was agreed that the details would be brought to the November Cabinet with a recommendation for approval. This report sets out the joint work between SCC and SWT to ensure that there is a Business Plan in place for the next five years, along with a variation in the Agreement between SWT and SCC to ensure that the requirements of the Agreement are clearly understood and it can be effectively managed. In the event of any disagreement the dispute clause of the Agreement would be activated leading to a mutually agreed resolution or the termination of the Agreement.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. Approves variations to the Agreement, and associated lease, relating to revised financial formula, governance arrangements, Asset Management Plan, performance management and woodland management, as described in paragraph XX of this report, subject to the same variations being agreed by SWT Trustees at their Council meeting on 30th November 2015.
2. Approves the Business Plan for the next five years up to 2020/21.

REASON FOR RECOMMENDATIONS:

Approval of the recommendations will implement changes to the Agreement with SWT which improve its effectiveness, deliver improvements for visitors, aim to reduce the Council's contribution to zero by 2020/2021, and agree the distribution of funds thereafter.

DETAILS:

Background

1. This report seeks approval for variations to the existing Agreement between SCC and SWT that will clarify what is required from SWT leading to the Countryside Estate becoming financially self sufficient. In addition the variations strengthen the management and performance monitoring process for the Agreement to ensure that it delivers an improving service to the public.
2. The proposed variations have been discussed with a Member Reference Group of the Environment and Transport Select Committee and subsequently with the Economic Prosperity, Environment and Highways Board. The proposals are summarised below and, where appropriate, described in full in specified Annexes attached to this report.
3. **Variations to the Agreement**-The main change to the Agreement is the financial formula which has already been agreed in principle between the parties. Other changes proposed relate to clarifying the requirements of the Agreement so that they can be clearly interpreted in the future. The remaining changes to the Agreement, as summarized in Annex 1 are relatively minor and once agreed by SWT's Trustees can be implemented quickly.
4. **Five Year Rolling Business** – In line with the Financial Formula (included as Annex 2 in the June 2015 Cabinet report) the five year rolling Business Plan (the plan) presents a guaranteed set of figures for 2016/17 and an outline of the budgets for subsequent years taking into account the outline business cases that are either worked up or in the process of being worked up. The plan reflects the agreed target of achieving nil revenue contributions from SCC by 2021, through the joint development of business plans to reduce costs and generate additional income for the period 2016/17 to 2021/2022. The business plans will be reviewed annually under the revised Governance arrangements, which include the Annual Report to the Cabinet.
5. **Business Cases**-The business plan is based on business cases being worked up to make the most of opportunities to generate income from activities and properties on the Countryside Estate. Annex 3 sets out some of the opportunities identified so far. These are in a range of stages from initial ideas to developed outline business cases. Outline business cases are then submitted to SCC to determine whether they are viable and establish where investment would come from if required. Outline business cases will be submitted to SCC by the beginning of July each year with detailed cases by the end of September to allow them, if agreed by SCC, to be incorporated into the Business plan by the end of October each year. This process is now clearly incorporated into the Agreement to remove any doubt over the process.
6. **Newlands Corner**-Phase 1 of the project to improve the visitor facilities at Newlands Corner is a key opportunity to improve the experience for all visitors and encourage a wider range of people to visit and enjoy more of the site. The income generated from this project will be key in providing early returns in the Business plan. This provides a chance to develop some of the other plans which have a longer lead in time.
7. **Governance Arrangements** were set out in the June report and attached to this report in Annex 4 is the first Annual Report on the Countryside Estate from SWT. This will be an evolving process but illustrates the annual performance reporting. KPIs and targets defined in the Service Delivery Specification are also reported quarterly so any issues can be picked up during the year.

8. **Asset Management Plan (AMP)** – SCC Property Services have carried out a due diligence process on the Stock Condition survey of built property and on the overall management of property on the Countryside Estate. This has involved an internal assessment of the stock condition and an overview of the potential of the estate to generate better return.
9. Knight Frank were commissioned to assess a range of factors relating to SWT's management to the Estate including the built property, farms and the grazing operation and provide a critique. (The draft of their report is awaited).
10. **Supplemental Lease** – This will complete the intended lease of property already managed by SWT. A draft is currently with SWT's solicitors.

CONSULTATION:

11. Internal consultation has taken place with Legal Service, Property Services, Procurement, and the Cabinet Member for Environment and Planning has been involved throughout the negotiations.
12. A Member Reference Group from the Environment and Transport Select Committee and EPEH Board has been involved in the development of these proposals.
13. Briefing sessions have taken place with the local County Council, Borough Councillor and Parish Councillors on Newlands Corner.
14. SCC/SWT Partnership Committee will be informed in November 2015.
15. The proposals will be considered by SWT Trustees in November 2015.

RISK MANAGEMENT AND IMPLICATIONS:

16. The main financial risk is around the success of the business cases put forward each year. This will be a joint process with SCC approving those cases and agreeing that they will provide an acceptable income for the following year. Monitoring during the year will quickly flag up any issues and allow the two parties to seek a remedy. A small Board will be established to assess the business cases, this will comprise of representatives from SCC and SWT.
17. There is a reputational risk if the partnership fails. This review has shown that the Agreement can be made to work for both parties providing we work collaboratively, have robust governance in place and develop clear plans for investment and returns for each party. There can be confidence in the management of this risk as proposed changes to the Agreement are based on principles accepted in writing by the SWT.
18. Investment in the property is essential to keep the assets maintained and to maximize income over the 37 years remaining on the lease; it is a full repairing lease and the terms of the Agreement require that the properties are maintained to a minimum standard comparable to the condition as at the inception of the lease. A further condition survey has been completed of all the built property in 2015 and confirms that it is in a fair to good condition, this will now form the baseline for all further monitoring. The Property Asset Management Plan has been developed from that survey and will be monitored through the Service Delivery Specification and Key Performance Indicators to ensure that the land and buildings are properly maintained.

Financial and Value for Money Implications:

19. SWT and SCC are working on plans that will develop the income generating potential of the Countryside Estate to get it to a self funding position by 2021. The Council's current Medium Term Financial Plan includes countryside savings of £0.3m by 2016/17, including reduced support to SWT of £0.2m. Developing these opportunities will provide savings and also improve the visitor facilities for the public and help to attract a wider range of visitors. This will form part of our aim to increase the number of people taking part regularly in physical activity.
20. The investment needed for these plans will be agreed between the parties for each business case. Any investment from SCC would be subject to a robust business case, including an assessment of risks, and approval through the Council's normal process including its investment panel, and any decision required by members would be the subject of future reports.
21. SWT have demonstrated that they are committed to making this plan work by delivering savings in 2014/15 and 2015/16 and presenting a business plan that gets the Estate to financial self sufficiency by 2021. The plan is subject to the business opportunities delivering the income projected, however this risk is reduced by the development of a wide range of income generating ideas as well as back up plans should the main ones be delayed or fail to be realized.
22. The Property Asset Management Plan will help to ensure that plans are developed to maximise the benefits from property and ensure adequate financial provision is made for future property repairs and maintenance. The Supplemental Lease seeks to formalise existing arrangements and as such is not expected to impact on the council's finances.

Section 151 Officer Commentary

To follow

Legal Implications – Monitoring Officer

To follow

Equalities and Diversity

23. The Agreement makes appropriate provision for equality and diversity issues in terms of recruitment and public engagement. There are no discernible impacts arising from the changes to the Agreement at this stage. Equality Impact Assessments will be carried out as improvements arising from the Agreement are proposed.

Other Implications:

24. The potential implications for the following Council's priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report

Public Health	No significant implications arising from this report
Climate change	No significant implications arising from this report
Carbon emissions	No significant implications arising from this report

Public Health implications

25. It is the aim of both SCC and SWT that, by improving the visitor facilities and making sites more attractive to local users, the number of people who partake in regular physical activities will increase.

Climate change/carbon emissions implications

26. There are no implications for climate change or carbon emissions from the review itself. Some of the commercial projects that come out of the review may have implications and these will be assessed as part of the project plans.

WHAT HAPPENS NEXT:

Next Steps:

- To delegate to The Strategic Director for Environment and Infrastructure and Cabinet Member for Environment and Planning the completion of the Variation to the Agreement
- To set up the Board to work with SWT and assess the income generating opportunities.

Contact Officer:

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Consulted:

Surrey Wildlife Trust Trustees
Surrey Countryside Partnership Committee (The Committee established to steer the Agreement)
Environment and Transport Select Committee (ETSC)
ETSC Member Reference Group
SCC Legal Service
SCC Property Services
SCC Financial Services
SCC Procurement Services
SCC Director for Legal and Democratic Services

Annexes:

Annex 1 Summary of Variations to the Agreement
Annex 2 Summary of the Five Year Rolling Business Plan 2015/16 to 2021/22
Annex 2 Business Opportunities
Annex 3 Annual Report 2014/15

Sources/background papers:

- Cabinet Report 23rd June 2015 : The Agreement with Surrey Wildlife Trust for the Management of Surrey County Council's Countryside Estate
- Cabinet Report 20 March 2010 Countryside Contract Review
- Cabinet Report 16 December 2014: The Agreement with Surrey Wildlife Trust for the Management of the County Council's Countryside Estate
- Environment and Transport Select Committee 23 April 2015: The Agreement with Surrey Wildlife Trust for the Management of the County Council's Countryside Estate