

DATE: 22 MARCH 2016

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: TREVOR PUGH, STRATEGIC DIRECTOR, ENVIRONMENT & INFRASTRUCTURE

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

SUMMARY OF ISSUE:

In June 2015 Cabinet approved changes to the operation of the long term Agreement between Surrey County Council (SCC) and Surrey Wildlife Trust (SWT) to manage SCC's Countryside Estate.

These changes have the objective of reducing SCC's financial contribution to nil by 2020/21 (a further saving of over £0.8m per annum), through the development and implementation of a robust business plan, asset management plan and strengthened governance processes.

Detailed discussions with SWT have taken place since June 2015 and this report describes the progress made and seeks Cabinet approval of the necessary next steps that will deliver the above objective. The SWT Council approved the changes on 8 February 2016.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. Notes and endorses the Surrey Wildlife Trust decision and recommendation.
2. Requires the Strategic Director for Environment and Infrastructure, in consultation with the Cabinet Member for Environment and Planning and the Director of Legal, Democratic and Cultural Services, to work with Surrey Wildlife Trust to ensure the business plan is delivered.

REASON FOR RECOMMENDATIONS:

Approval of the recommendations will put in place a mechanism to make the management of the Countryside Estate more efficient whilst improving and maintaining the countryside, delivering improvements for visitors, reducing the Council's financial contribution to nil by December 2021, and agreeing the distribution of any surplus income thereafter.

DETAILS:

1. This report describes the methods by which Surrey County Council (SCC) and Surrey Wildlife Trust (SWT) will implement changes to the operation of the long term Agreement, which include objectives of:
 - Reducing SCC's financial contribution to nil by 2020/21.
 - Managing built properties to maintain acceptable condition and achieve a satisfactory rate of return.
 - Applying robust and effective performance management and governance.
2. The new arrangements will also ensure that the Agreement contributes to the wider objectives of the SCC Corporate Strategy by improving residents' experience, improving health and wellbeing by providing more accessible countryside sites for the public to visit and supporting the economic prosperity of rural businesses.
3. SWT has demonstrated its commitment to the change process by accepting reduced payments from SCC in 2014/15 and 2015/16, in anticipation of agreeing methods to achieve further savings. These changes will provide savings to the Surrey tax payer of approximately £0.8m per year by 2020/21. The SWT Chairman has written to SCC accepting the principles of the proposals. SWT has also strengthened its financial and commercial capability in anticipation of the changes. The SWT Council meeting on 8 February 2016 approved the changes.
4. The Assistant Director - Environment, the Chief Property Officer and the Director of Legal, Democratic and Cultural Services endorse the methods described in paragraphs 6, 7 and 21 below as the most effective method of achieving SCC's objectives and delivering value for money in the management of the Council's Countryside Estate. This endorsement follows detailed consideration of other options available to SCC and the most effective method of clarifying the changes in the terms and operation of the Agreement.
5. The proposed changes to the operation of the Agreement have been discussed with the Economic Prosperity, Environment and Highways (EPEH) Board.
6. **Memorandum of Understanding (MoU)** - A MoU will formalise the commitment of SCC and SWT to work together to make the Countryside Estate financially self sufficient by 31 December 2021 and to agree the basis on which any future surpluses are shared. This will be achieved by adopting the following processes:
 - 6.1 **Five Year Rolling Business Plan** - The Business Plan for the period 2016/17 to 2020/21 has been produced by SWT. It describes the methods by which the financial targets will be achieved by reducing costs, demonstrating efficiencies and generating additional income. The Council will continue to scrutinise the implementation of the overall plan and associated detailed business cases. There is a risk of failure to achieve the financial objectives if business cases do not achieve their planned cost reduction or income targets. This risk is reduced by the development of a wide range of income generation proposals as additional or alternative methods of achieving or exceeding financial objectives.
 - 6.2 **Property Asset Management Plan (PAMP)** - SCC Property Services has carried out a due diligence process on the Stock Condition Survey of

built properties 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 Estate's potential to generate a better return. The assessment confirms that the PAMP is sound and, with the governance now in place, can be effectively monitored by SCC. Knight Frank were commissioned by SCC Property Services to assess a range of factors relating to SWT's management of the Estate including the PAMP for the built properties, woodland and the governance currently in place. The report concluded that there were some limited areas where SWT could improve, which have now been incorporated in their plans for the built environment, woodland and the 5 year business plan. This provides an effective base for future management of the Estate.

6.3. **Governance Arrangements** -The revised Governance arrangements will be based on:

- Closer joint working between SCC and SWT, recognising the wider objectives and priorities of each body.
- Robust oversight and accountability for strategy, performance and resource management.
- Continuous improvement using revised key performance indicators (KPIs) and metrics.
- Improved delivery mechanisms to drive change.
- Annual reports to SCC Cabinet.
- Annual review by the Economic Prosperity Environment and Highways (EPEH) Board.

7 Strong governance will be supported by robust scrutiny of specific proposals including a Woodland Management Strategy and development of facilities at Newlands Corner.

CONSULTATION:

- 8 Internal consultation has taken place with Finance, Legal Services, Property Services and Procurement. The Cabinet Member for Environment & Planning has been involved throughout the negotiations.
- 9 The EPEH Board and the EPEH Board Member Reference Group have been involved in the development of these proposals.

RISK MANAGEMENT AND IMPLICATIONS:

- 10 The main financial risk is around the success of the business cases put forward each year. This will be a joint process between SCC and SWT, with SCC approving those cases and agreeing that they will provide acceptable savings or income for the following year. Monitoring during the year will quickly highlight any issues and allow the two parties to seek a remedy. A Board will be established to assess the business cases; this will comprise representatives from SCC and SWT.
- 11 The County Council will have access to information that will allow it to assess the effectiveness of the Business Plan, along with monitoring through the governance changes and KPIs. The Business Plan provides the potential for returns to increase through further initiatives, reducing the risk of failure to achieve financial objectives.

- 12 SCC retains its contractual rights under the Agreement allowing it to seek redress and ultimately to terminate the Agreement between SCC and SWT of 2002.
- 13 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 there is collaborative working, robust governance, and clear plans for investment and returns for each party.
- 14 Investment in the properties is essential to keep the assets maintained and to maximise income over the 36 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 at the inception of the lease. A further condition survey was completed on all of the built properties in 2015 and confirmed that they are 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 KPIs to ensure that the land and buildings are properly maintained.

Financial and Value for Money Implications

- 15 The Council's Medium Term Financial Plan (MTFP) includes Countryside savings of £0.2m in 2016/17, including reduced support to SWT of £0.1m. The SWT Business Plan shows further savings equating to £675,000 over the next 5 years. Future MTFPs will be adjusted to reflect additional savings and income as proposals are developed. Any 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 showing how that investment would be repaid, including an assessment of risks, and approval through the Council's normal process, including its Investment Panel. Any decision required by Members would be the subject of future reports.
- 16 SWT has demonstrated that it is committed to making this plan work by delivering savings of £0.2m (£0.1m per annum) in 2014/15 and 2015/16 and by presenting a Business Plan that aims to achieve financial self sufficiency by 2021. The plan is subject to the business opportunities delivering the income projected, and a number of proposals are at an early stage of development and require further work. However, this risk is reduced by the development of a wide range of income generating proposals as alternatives, should the original proposals be delayed or fail to be realised.
- 17 The Property Asset Management Plan will ensure that plans are developed to maximise the benefits from property and ensure adequate financial provision is made for future property repairs and maintenance.

Section 151 Officer Commentary

- 18 SWT have set out in their Business Plan how a financially sustainable position could be reached by 2021, i.e. with no financial contribution from SCC towards the managing of the SCC Countryside Estate. This will require a number of proposals and business cases to be developed and these will be assessed and commented on as they arise. Aside from improving visitor facilities at Newlands Corner, the proposals in the Business Plan have yet to be assessed. A number of proposals are likely to require investment, which could come from a range of sources. Where investment is sought from SCC, this would be subject to the Council's existing approval processes, including detailed assessment by its Investment Panel and further Cabinet or Cabinet Member reports as required. The plan is subject to a number of risks and uncertainties and will require careful monitoring.

Legal Implications – Monitoring Officer

- 19 As set out in paragraph 12, above, the terms of the original Agreement, including the Council's rights to redress and termination, will remain in force. Sitting alongside the Agreement, the MoU will provide clarity in relation to the production of the 5 year business plan and the way in which SWT and SCC will work together to make the SCC Countryside Estate financially self sufficient by 2020/21.
- 20 The changes to the Property Asset Management Plan and the Governance arrangements, previously approved by Cabinet, will be dealt with by way of side letter which will be incorporated into the original Agreement.

Equalities and Diversity

- 21 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 operation of the Agreement at this stage. Equality Impact Assessments will be carried out as improvements arising from the application of new processes are proposed.

Other Implications:

- 22 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	The improvements to visitor facilities will make the Countryside Estate more accessible and attractive to a wider demographic and should, therefore, bring benefits to the public health by encouraging more people to venture onto the Countryside Estate and enhancing resident wellbeing.
Climate change	No significant implications arising from this report.
Carbon emissions	The woodland plans will contribute to the better management of our woodlands and development of woodfuel as a heating fuel.

Public Health implications

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

Regular physical activity reduces the risk of a person developing over 20 medical conditions, including mental health conditions. There is a large body of evidence also highlighting the benefits to a person's mental well-being from accessing green space. The proposed improvements to the visitor's facilities will also make the site more accessible to people living with a disability. Better management of woodlands will impact upon the quality of air and noise in Surrey.

A statement from the Faculty of Public Health in association with Natural England summarises the mounting evidence demonstrating the contribution green spaces can make to mental and physical health and well-being, as well as various social and environmental indicators.

- Contact with green spaces and natural environments can reduce symptoms of poor mental health and stress and can improve mental well-being across all age groups.
- Access to green spaces can increase levels of physical activity for all ages.
- Having green spaces in an area can contribute to reduced health inequalities (both morbidity and mortality).
- Safe, green spaces can increase levels of communal activity across different social groups as well as increase residents' satisfaction with their local area.
- Green spaces can help our response to climate change through their potential to reduce the impacts of heat waves and reduce flooding and reducing CO₂ emissions.
- Green spaces and natural environments can improve air and noise quality and support sustainability through increasing biodiversity, encouraging active transport and community participation.

Climate change/carbon emissions implications

- 24 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. Improved woodland management and sale of local wood through the Norbury Park Wood Products, will lead to reduced transport of fuel and wood as well as encourage better woodland management.

WHAT HAPPENS NEXT:

Next Steps:

- The Strategic Director for Environment and Infrastructure, in consultation with the Cabinet Member for Environment and Planning and the Director of Legal and Democratic Services, enter into a Memorandum of Understanding with SWT under delegated approval from Cabinet and appoint a Board to work with SWT and assess the cost saving and income generating opportunities, and develop them into business cases.

- SWT's Council is required to implement the changes to the operation of the Agreement as described in paragraphs 6 and 7, and the recommendations to this report.

Contact Officer:

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Consulted:

- Surrey Wildlife Trust Trustees
- Surrey Countryside Partnership Committee (The Committee established to steer the Agreement)
- Surrey County Council Cabinet Member for Business Services and Resident Experience – Denise Le Gal
- Economic Prosperity Environment and Highways (EPEH) Board
- Economic Prosperity Environment and Highways (EPEH) Board Member Reference Group

Sources/background papers:

- Cabinet Report 23 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
- National Institute for Health and Clinical Excellence (NICE) 2013: Physical activity: brief advice for adults in primary care. Public Health Programme Guidance
- Faculty of Public Health in association with Natural England 2010: Great Outdoors: How Our Natural Health Service Uses Green Space to Improve Well-being. Briefing Statement

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