

SURREY COUNTY COUNCIL

CABINET MEMBER FOR ENVIRONMENT AND TRANSPORT

DATE: 4 JULY 2017

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

SUBJECT: LICENCING OF THE SURREY HILLS TRADEMARK



SUMMARY OF ISSUE:

The Surrey Hills Area of Outstanding Natural Beauty (AONB) is a nationally designated landscape that stretches across rural Surrey. It includes some of the most beautiful and accessible countryside in South East England. The Surrey Hills AONB Board, a Joint Committee which oversees the management of the area, has developed a number of innovative ways to attract investment into Surrey's countryside. This includes developing a Surrey Hills brand which is protected through a Trademark. This report recommends extending the licence of the Trademark to Surrey Hills Enterprises and the Surrey Hills Society.

Surrey Hills Enterprises is a Community Interest Company (CIC) established in 2013 to help promote the brand for the benefit of rural Surrey and develop a range of commercial activities. The CIC is able to trade commercially but has to ensure that all its profits benefit the countryside and its community.

The Surrey Hills Society is a charity that was established as a legacy of the 50th anniversary of the AONB designation in 2008. It has grown in its membership and uses the Trademark to promote its activities that includes newsletters, walks, talks and fundraising events that help to deliver projects in the AONB Management Plan.

The Trademark ("Surrey Hills") is owned by Surrey County Council, on behalf of the Surrey Hills AONB Board, and therefore the Deed of Modification is required to extend the licence to enable Surrey Hills Enterprises and the Surrey Hills Society to develop the brand.

RECOMMENDATIONS:

It is recommended that:

1. The Surrey Hills Trademark licence is extended to both Surrey Hills Enterprises (Community Interest Company) and the Surrey Hills Society (charity) at no fee for three years with the intention of it being further extended following a review.
2. The final wording of the Trademark licence to be agreed by officers and signed off by the Cabinet Member for Environment and Transport.

REASON FOR RECOMMENDATIONS:

The Surrey Hills AONB Board and the County Council are keen to see the Surrey Hills Trademark developed into a significant brand for Surrey to support businesses in the County and to encourage visitors. Any surplus income generated will be used to deliver projects in the Surrey Hills area that support the landscape, access and the health and wellbeing of Surrey residents.

As both the Surrey Hills Society and Surrey Hills Enterprises are not for private profit and use any surplus funds for public good, it is not proposed to charge a fee for this extension of the Trademark. It is anticipated that the licence will be extended in future years following a review.

DETAILS:

Background

1. The Surrey Hills AONB is a nationally designated landscape with the equivalent landscape status to a National Park. The AONB stretches across the North Downs and Greensand Hills taking in some of the most iconic sites in the County, such as Box Hill and Newlands Corner.
2. The adoption of the AONB Management Plan for the Surrey Hills is a statutory duty on all first and second tier local authorities covering the AONB. Those authorities are Surrey County Council, Waverley Borough Council, Guildford Borough Council, Mole Valley District Council, Reigate and Banstead Borough Council and Tandridge District Council. These authorities are part of the Joint Committee that steers the work of the staff in the AONB Unit. The AONB unit is currently funded up to 75% of its core costs by Defra with the remainder coming from the local authorities. This funding is under considerable pressure and does not provide enough budget to cover the delivery of the AONB Management Plan. Delivery is supported through collaborative partnership working and by securing external funding.
3. Surrey County Council is the host authority for the Surrey Hills AONB Board and as such, has legal ownership of the Surrey Hills Trademark on behalf of that Board. The trademark is currently used by the AONB Unit and by the Surrey Hills Society as a means of identifying the link to the Surrey Hills AONB and to promote the area. The Surrey Hills Society is a membership charity established to raise awareness of the Surrey Hills through walks, talks and events via voluntary activities.
4. A number of options to exploit the benefit of owning the Trademark were discussed by the AONB Board and reported to the Cabinet in March 2013. It was agreed that locking the Surrey Hills Trademark, as a Community Asset, in a new Community Interest Company was the best way to attract investment and commercial skills to exploit the value of the brand to the benefit of Surrey residents.
5. Surrey Hills Enterprises was established as a Community Interest Company limited by shares which ensures that the company works for the interests of the community of the Surrey Hills and all the profit generated has to be used to benefit the Surrey Hills. There are currently two shares in the company, one held by The Birtley House Group Ltd. and the other held by Surrey County Council on behalf of the AONB Board.

6. The objectives of the company are to carry on activities which benefit the community and in particular (but without limitation):
 - a. To educate the public and raise awareness of natural beauty having regard to enhancing and conserving natural beauty, and respecting the individual landscape, character and habitats
 - b. To promote rural enterprise and regeneration
 - c. To develop an image and an identity for the Surrey Hills AONB, develop and support initiatives to encourage economic activity, and improve social or environmental well-being, within the Surrey Hills Community
7. The company is an independent company which allows it to trade freely and so it could develop the value of the Trademark. The Trademark has the potential to create a significant identity for this part of the County, particularly linked to activities in the countryside for local residents and visitors, services provided for visitors in the Surrey Hills and products produced in the Surrey Hills. The company would like to use the trademark commercially to develop it further and build on the existing profile of the brand.
8. In order to ensure that any risk linked to licensing the Trademark to the CIC is limited, the SCC Cabinet for Environment and Transport, and the Chairman of the AONB Board both sit as Directors on the CIC and the Trademark is monitored through the AONB Board.
9. Surrey Hills Enterprises is structured with the assumption it would get a licence to promote the Trademark as its 'Community Asset'. Over the first 3 years the income has principally been used to fund the running of the company. This has included organising the Surrey Cow Parade public art event in 2017, which raised about £100,000 for Surrey charities including £30,000 for the Surrey Hills Trust Fund which is held within the Community Foundation for Surrey. In future years it is expected to generate a surplus that can be invested in the Surrey Hills in line with the business plan.
10. The Surrey Hills Society is a charity that raises awareness of the Surrey Hills and uses the Trademark as its logo. The use of the trademark is non-profit making and has been used by the Society in accordance with the licence.

The Trademark Licence

11. The extension of the licence would:
 - a. Give the CIC non-exclusive rights to use the Trademark for commercial purposes, thus allowing the AONB Unit and the Surrey Hills Society, a charitable company, the right to use the Trademark as well for non-commercial purposes.
 - b. Give the CIC exclusive rights to use the Trademark for commercial purposes.
 - c. Allow the CIC to sub-licence the Trademark to other companies to use, subject to the CIC agreeing to constantly update the Council on

the identities of such sub-licensees and the fees payable by the sub-licensees to the CIC.

- d. Allow the charging of a fee by the CIC to sub-licensees to use the Trademark.
- e. Result in the Trademark being used in compliance with a set of criteria agreed by the Surrey Hills AONB Board
- f. Result in the licence being extended for 3 years with a review at the end of the third year to agree whether to extend it. This will allow the CIC to demonstrate their effectiveness in promoting the brand and distributing the profits.
- g. Result in no fee being charged by the County Council for the licence at this stage but the County Council reserves the right to charge on review

CONSULTATION:

- 12. Consultation has taken place with the Surrey Hills AONB Board and with the Chairman of the Board of Directors for Surrey Hills Enterprises CIC and the Chairman of the Surrey Hills Society.

RISK MANAGEMENT AND IMPLICATIONS:

- 13. The main risk is that the Trademark could be misused and result in loss of credibility in the Trademark and loss of reputation. This in turn would then have an adverse effect on the income of the CIC and therefore it is not in their interest to misuse the Trademark or allow it to be misused. The Licence does state that the Trademark has to be used in compliance with a set of criteria set out by the AONB Board.
- 14. In the event of anything untoward the licence can be terminated. The licence also gives the County Council the ability to charge a fee to the CIC for the licence. In addition there is a risk that the CIC may not have any income to invest in the Surrey Hills, because it is all used to cover running costs. In this instance the County Council has only licensed the Trademark for three years and therefore does not have to extend it.

Financial and Value for Money Implications

- 15. There is no direct cost to SCC for extending the licence. The Society and Enterprises CIC will generate investment that can be used to further promote the licence and invest in activities in the Surrey Hills that implement the Management Plan which has been adopted by Surrey County Council and the AONB borough and districts.
- 16. This arrangement will generate goodwill and increase the overall value of the Trademark that is owned by the County Council on behalf of the Surrey Hills AONB. This will allow a consideration of a charge to use the trademark at the next review.

Section 151 Officer Commentary

17. The County Council is facing a very serious financial situation whereby there are still substantial savings to be identified and delivered to achieve a balanced budget in the current year, and a sustainable budget plan for future years. Although the arrangements proposed in this report are not expected to result in additional financial costs or risks falling on the Council, neither have they been subject to market testing, and the S151 Officer is therefore unable to comment on whether the proposed arrangements represent value for money.

Legal Implications – Monitoring Officer

18. The Deed has been drafted with the direct input from Legal Services.

Equalities and Diversity

19. All businesses within the Surrey Hills territory will have the opportunity to use the Trademark if they fulfil the environmental and sustainability criteria.

WHAT HAPPENS NEXT:

- The Deed of Modification to extend the Trademark Licence Agreement will be finalised with the Surrey Hills Society and Surrey Hills Enterprises and signed in July 2017.
- Use of the licence will be monitored through the Surrey Hills AONB Board at its regular meetings

Contact Officer:

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Consulted:

Surrey Hills AONB Board which includes the partners in the Surrey Hills AONB
Head of Legal and Democratic Services
Cabinet Member for Environment and Transport
Simon Whalley, Chairman of Directors of Surrey Hills Enterprises CIC
Christine Howard, Chairman of Surrey Hills Society

Annexes:

Annex 1 Final Draft of the Deed of Modification

Sources/background papers:

- Trademark Licence Agreement
- Report to Cabinet Member for Transport and Environment on 13 March 2013: Surrey Hills Trademark Licence Agreement,

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