

1. **EASTERN MOORS ESTATE POTENTIAL PARTNERSHIP OPTIONS (PM7293/A/B/MC)**

Purpose of the report

- 1 This report, consistent with the Authority's Asset Management Plan, outlines the options for establishing a partnership by way of a lease for the management of the Authority owned Eastern Moors Estate. The report summarises the principles, the process followed and the partnership options. A detailed assessment of the options, including sensitive financial information (relating to the Authority and third parties), will follow in a confidential Part B report at this meeting.

Recommendations

- 2
1. **Note the options presented and officer steer relating to a potential partnership arrangement for the Authority's Eastern Moors Estate**
 2. **Consider the detailed assessment of the options presented in a Part B report at this meeting**

How does this contribute to our policies and legal obligations?

- 3 The management review of the Eastern Moors Estate is a recommendation of the Authority's Asset Management Plan (see below), which contributes to corporate outcome K1: Ensuring value for money, sustainability and high standards of corporate governance in the way that we deliver services.

The specific management objectives for the Estate are detailed in Annex 1 of this report and they contribute to many of the Authority's corporate outcomes (and in turn the National Park Management Plan outcomes), in particular; A: Landscape, D: Recreation, E: Biodiversity, F: Cultural Heritage & G: Promoting Understanding.

The procedure for disposal of Authority assets is governed by the Local Government Act 1972: General Disposal Consent (England) 2003.

Background

- 4 The Authority's Asset Management Plan published at the May 2005 Authority meeting (Minute No. 42/05) expresses a clear intention to review all current property assets in relation to the Authority's corporate outcomes. The overall aim of the review is to achieve a significant rationalisation of the property portfolio. The Asset Management Plan Phase Two Portfolio Review (May 2006 Authority meeting, Minute No. 62/06) recommended an options appraisal of possible future partnership working, with a view to seeking extra resources and/or reduction in management costs. (The first report approved principles to follow in reviewing the property portfolio and the second approved specific recommendations for individual properties).
- 5 A lease of the Estate for a period greater than 7 years is legally regarded as a disposal of an interest. The procedure for disposal of Authority assets is governed by the Local Government Act 1972: General Disposal Consent (England) 2003.

Where it is judged appropriate, the Authority may dispose at less than best consideration reasonably obtainable, providing: "it is likely to contribute to the promotion or improvement of the economic, social or environmental well-being of the whole or any part of its area or any persons resident or present in its area, having regard to the Authority's strategic outcomes identified in the National Park Management Plan". The Estate Objectives and Business Case Guidance Notes interpret how the Authority would want the disposal to meet these outcomes and act as conditions which potentially restrict the value of the Estate.

Approval by this Committee is required for such disposals where the value is expected to be for less than the "best consideration reasonably obtainable". However, this is recommended in order to achieve "best value" when the direct financial aspects are considered alongside the continued achievement of National Park Management Plan outcomes, as detailed below and approved previously in the Asset Management Plan.

6 To date, and by way of an outline of the project, the options appraisal process for the Eastern Moors Estate has been as follows:

- Press release and letters to all known stakeholders advising of a review of the future options for the Estate and seeking feedback from interested parties (14 July 2005)
- Eastern Moors Estate objectives working document developed (Annex 1 of this report), with opportunity for comment from the public, as a basis for assessing potential partnership options. (Completed 21 September 2007)
- 3 written submissions clarifying potential interest were received on 30 November 2007, from RSPB & National Trust, Derbyshire & Sheffield Wildlife Trusts; Moorland Association & Heather Trust
- The Authority's Strategic Advisory Group of members were briefed (for information) on 1 February 2008 concerning progress with the project
- The Authority's Senior Management Team approved a formal tender process on 19 February 2008
- Business Case Guidance Notes (Annex 2 of this report) were developed with public consultation as a basis for assessing tenders. Using a database of known contacts the public were advised by letter (30 April 2008) on who the interested parties were, and the management objectives for the Estate. They were asked what key questions they felt that officers of this Authority should include in the Business Case Guidance Notes
- Formal business case tenders were received from the RSPB & National Trust;, and Derbyshire & Sheffield Wildlife Trusts, 17 October 2008
- A panel of Authority officers of all staff involved in managing the Estate (including, for example, Ecologists, Archaeologists, Recreation and Community Engagement staff and Estate Wardens) assessed the pros and cons of the business cases, including against a 'baseline' of what the Authority might deliver without a partnership lease and the option of selling the Estate
- The Authority's Senior (Resources) Management Team on 20 January 2009 approved an officer recommendation to seek clarification over specific points in the tender from the RSPB & National Trust (now received), and report to Services Committee to seek a member decision
- Valuation report received from the District Valuer (confidential information relating to the Part B report)

7 Advice from the Authority's Property and Legal Services and the District Valuer is that a lease with a separate management agreement would be the best arrangement for a partnership. The lease would cover basic legal issues, such as the length of term, liabilities and protection of the special qualities of the Estate. A management agreement would go further, for example, stipulating how partners will deliver the Estate objectives and setting targets and measures for achievement. The potential partners have indicated that they would not be interested in anything less secure than a lease, such as a partnership agreement alone.

Proposals

8 Four options for the future management of the Estate have been identified by officers.

- 1 a: Partnership with RSPB/National Trust (recommended)
- 1 b: Partnership with Derbyshire & Sheffield Wildlife Trusts
- 2: Retention and management in-house by the Authority
- 3: Sale with conditions
- 4: Unrestricted sale

Option 1: Partnership Lease (officer recommended):

Benefits:

- Opportunities for both savings to the Authority in running costs, and increased investment in the Estate
- Ability to both ensure and enhance continued achievement of National Park Management Plan outcomes through the Estate
- Positive gains from working in partnership with 'like-minded' organisations with strong track records in land management
- A partner organisation would take the management lead in areas such as: a new Estate Management Plan; leadership of the development of a wider partnership (of the Peak District eastern moors), working with neighbouring landowners, such as Sheffield City Council; community outreach work; high quality education and interpretation provision; and agricultural tenancy issues

Downsides:

- Loss of direct and exclusive control over management of the Estate
- A risk that National Park key messages may be less prominent
- Partner organisations are perhaps likely to receive the 'lion's share' of good publicity for specific achievements
- Loss of direct management experience gained by Authority staff, which can be applied more widely when advising on other land

The following is a summary of the key points of the 2 partnership business cases. Further details are provided in Annex 3 of this report. A more detailed assessment of the benefits and downsides of each business case is contained in the Part B report.

a) Partnership with RSPB & National Trust (officer recommendation):

The British Mountaineering Council and Friends of the Peak District (Campaign to Protect Rural England) are active supporters of this business case and were involved in the drafting of its wording.

- Large, well established national charities working together in partnership
- Long land management track records of managing property assets of a similar scale and complexity
- Similar organisational vision, aims and objectives to the Authority
- Vision for the Estate: a national showcase for landscape scale partnership management of the uplands, delivering a wide range of public benefits
- Would lead, as a priority, on developing a wider area partnership approach with neighbouring landowners, such as Sheffield City Council and the Authority's Stanage/North Lees Estate. Would establish a stakeholder forum to develop a master plan for the wider Peak District eastern moors area
- Full stakeholder engagement from the outset in a master plan for the wider area and an Estate Management Plan for the Estate itself. This would include the appointment to an Engagement Officer post

- Influence national policy and direction for future funding and management of the uplands
- Will manage the Estate for climate change and ecosystem services agendas
- Plan to enhance conservation management for the full range of habitats and existing species diversity
- Would improve recreation provision on the Estate and their bid is supported by the BMC, a major recreation organisation
- Engage people nationally through their respective memberships (4.6 million in total), to whom they are accountable
- Track record of interpretation provision, engaging people with landscapes and volunteers in work on the ground
- Track record of successfully attracting grant funding
- Offer a variety of mechanisms to restore biodiversity to surrounding farmland
- Strong brand images
- Would increase the staffing level by making the property manager full-time and employing a part-time administrator
- Would build on the existing partnership use with the Authority of the Moorland Discovery Centre on the National Trust's Longshaw Estate
- 10-15 year lease with 5 year break clauses proposed

b) Partnership with Derbyshire & Sheffield Wildlife Trusts

The British Mountaineering Council, Friends of the Peak District (Campaign to Protect Rural England) and Sheffield Black & Ethnic Minority Environmental Network (SHEBEEN) were consulted on this Business Case by the Wildlife Trusts. SHEBEEN indicated their support and the other two organisations indicated that they were already part of the rival bid but would support the Wildlife Trusts if they were chosen as partners.

- Local emphasis. Their (local) members have a direct say in how Derbyshire and Sheffield Wildlife Trusts operate. Established links with local people, organisations, educational establishments, etc.
- Opportunity to place a large estate with a locally accountable membership organisation, adding a different type of management to that of national and commercial landowners elsewhere in the Dark Peak
- Similar organisational vision, aims and objectives to the Authority
- Vision for the Estate: an "accessible wilderness...managed by local people, for local people, through local organisations"
- Would engage people in a wide stakeholder forum to develop a new management plan for the Estate and work in partnership with neighbours in pursuit of a landscape-scale strategic approach to management across a wider area
- Plan to enhance conservation management for the full range of habitats and existing species diversity and improve recreation provision on the Estate
- Sheffield Wildlife Trust has skills, knowledge base and track record of working with under-represented sectors of Sheffield's population
- Do not currently own or lease an estate of the size of the Eastern Moors but have several years' experience of working in landscape-scale partnerships in Derbyshire and Yorkshire. Partnership with the Authority on the Eastern Moors Estate is a priority for the Wildlife Trusts to deliver this strategic approach in the Dark Peak
- Supported by contributions of knowledge, skills and expertise in upland estate management by eight other Wildlife Trusts who manage several areas similar in size and nature to the Eastern Moors
- Engage with local people and businesses through members and volunteers: more than 20,000 people in total, all living locally to the Eastern Moors

- Would bring scientifically informed management approaches with survey and monitoring expertise, and a track record of collaborating with local ecologists
- Track record of engaging volunteers in work 'on the ground' especially those from under represented sectors of Sheffield's population
- Track record of successfully attracting grant funding
- Would increase the staffing level by making the property manager full-time and introducing a new post of Team Manager.
- Minimum 50 year lease proposed (though they did indicate that they would be prepared to negotiate)

Option 2: Retention and management in-house by the Authority

The Authority could continue to manage the Estate in-house, make progress with the Estate Objectives, plan to reduce revenue costs (mainly by applying for the Higher Level (agri-environment) Scheme) and aim to raise extra revenue through external funding applications. This approach would not be in line with the Asset Management Plan aim of significantly rationalising the property portfolio. It would require a prioritised action plan, assessing what the Authority could realistically deliver within capacity when weighted against other corporate priorities. However, some of the potential factors to consider are:

Benefits:

- Retain full Authority control of the management of the Estate
- The Authority could plan to use the Estate more to directly implement National Park strategies
- Ensure National Park messages remain prominent
- The Authority could apply for the Higher Level Scheme (HLS) and reinvest the resulting income (or a proportion of it) in the Estate
- The Authority could retain a simple management and delivery structure (compared to a more complex partnership one)
- Retention of direct management experience gained by Authority staff, which can be applied more widely when advising on other land

Downsides:

- It is likely that the specific and inherent benefits of close partnership working would not be realised

In order to achieve the same outcomes to the degree that a partnership offers:

- Would require increased financial investment, over and above the HLS income
- Would also require increased capacity of staff directly employed in managing the Estate. In particular, the development of an Estate Management Plan; a wider area partnership 'master plan' with full-scale public engagement; and the development of external funding bids
- There would also be a need for reprioritising of strategies and staff focus across many Authority services

A full assessment of the partnership options against a realistic baseline budget projection if retained by the Authority, is contained in the Part B report.

Option 3: Sale with conditions

Whilst in theory this could save the Authority all of its revenue costs and generate a significant capital sum, this option is not recommended for the following main reasons:

- A proportion of the proceeds of sale would have to be paid back to the National Heritage Memorial Fund who grant aided the purchase of the Estate by the Authority

- Sale carries a higher risk that National Park Management Plan outcomes would not be achieved through the Estate in future. Officers consider that covenants requiring positive action in respect of the Estate (which the Authority would want to impose) cannot provide sufficient safeguards and may not be enforceable against subsequent owners
- Sale is likely to have serious public relations consequences. The Authority might lose credit for its good management of the Estate to date and the opportunity to continue to promote National Park key messages would almost certainly be lost.

Option 4: Unrestricted disposal

An unrestricted lease would not be permitted by the National Heritage Memorial Fund, who grant-aided the purchase of the Estate. Unrestricted sale would be possible in theory. Although it would result in the greatest revenue savings to the Authority, it is not recommended by officers for the following main reasons:

- A proportion of the sale proceeds would have to be paid back to the National Heritage Memorial Fund who grant aided the purchase of the Estate
- Significant public relations issues would be anticipated due to perceptions around “abandoning” an estate which was bought with grant aid to safeguard it for conservation and public enjoyment
- There would be no guarantees that National Park outcomes would continue to be met on the Estate and the Authority’s significant investment of resources over the past 25 years could be wasted
- The inherent special conservation values of the Estate could deteriorate
- The level of recreational access could be restricted (although much would be protected as open country by the CROW Act)

9 **Timescale**

In terms of project planning, if a partnership is established, it is recommended that a target date for commencement would be around 1 April 2010. This will allow time to negotiate the fine detail, conclude legal agreements, transfer staff and tie in with the financial year.

10 **Management Structure**

The main relationship for the Estate would broadly be a landlord – tenant one but with regular meetings at a strategic level as the partnership develops.

11 **National Heritage Memorial Fund (NHMF)**

Disposal, including a partnership lease, also requires consent from the NHMF, who grant aided the purchase of the Estate by the Authority.

The Chief Officer of the NHMF has indicated that there is unlikely to be any issue with a partnership lease, as long as the original objectives for the grant-aid would be secured or enhanced. The Chief Officer has asked that a report should be submitted, as appropriate, to their Board of the NHMF after this Committee meeting so that their Board may consider the details of any proposal.

Are there any corporate implications members should be concerned about?

12 **Financial:**

The financial details and implications of the range of options are addressed in the Part B report.

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- 13 **Risk Management:**
Risks are identified and assessed in the Part B report.
- 14 **Sustainability:**
The partnership proposal takes account of sustainability by ensuring that the Estate Objectives will continue to be met, consistent with National Park Management Plan outcomes.
- 15 **Staff implications:**
Staff directly affected by the review process and the specific options have been consulted and actively involved in discussions and assessment of the business cases. Staff options will be fully reported in the Part B report.
- 16 **Consultation**
The public were consulted on a draft of this report, which was circulated to a mailing list of all known stakeholders on 22 April 2009 and featured in a press release of 5 May 2009 . A number of responses were received. Where material points were made, these have been addressed in this and the Part B report. In summary, responses received up to 22 May (the deadline for this report) were as follows:
- 17 • 10 responses in support of RSPB/National Trust
- These responses highlighted their longstanding, proven track record; that they are large national organisations with strong financial bases; they are professional and committed; their ability to manage potentially conflicting demands of conservation, recreation and agriculture; their good relationships within the voluntary sector; their good links with the local community; their welcoming approach to visitors and good access management and that a partnership on Eastern Moors would be a natural extension to the National Trust's adjoining Longshaw Estate.
- 18 • 52 responses in support of Derbyshire & Sheffield Wildlife Trusts
- These responses particularly highlighted their local membership, accountability and involvement; their good local links; their track record of working with under-represented groups in Sheffield; their work linking inner city communities with rural areas; that it would diversify the management of the Dark Peak by adding a different type of organisational approach; their environmental education strengths; their ability to manage the wide range of wildlife and habitats; that they manage the adjoining Blacka Moor; their good approach to climate change; and their strong and sustainable financial bases.

19 Other comments received:

- 1 response advocated a partnership with both bidding parties (but we know that they are not interested in joining together)
- 1 response preferred a partnership or retention but opposed sale
- 8 did not indicate support for any particular option but in summary, made the following comments:

Some existing sheep farming tenants, cattle grazing licensees and the campsite tenant all requested that their tenancies/licences should be renewed once they come to an end (mostly in 2010/11). It is proposed that their wishes and reasoning would be passed on (as they already have been in most cases) to the partners but that they should not be legally obliged to renew them. A review of the tenancy situation is considered essential in order to achieve the significant improvements in habitat condition expected in the future, whether or not a partnership is formed. However, the partners should be obliged to treat the tenants and graziers fairly and reasonably and respect their legal rights. There are good reasons to retain some tenants and graziers, which any new partners would take into account.

Three other respondents wanted to ensure that access was not restricted but improved and that current horse riding concession routes should be protected and their use remain free of charge. It was already proposed that access safeguards and enhancements will be built in to the lease and management agreements.

20 **Background papers** (not previously published)

Eastern Moors Estate Management Plan, 1990

14 July 2005 – Letter from the Director of Conservation and Development informing stakeholders of the Authority's Asset Management Plan review of its properties, inviting potential partners to come forward

27 September 2007 – Letter from Eastern Moors Estate Manager to stakeholders informing that the Authority is seeking partners and informing them of the objectives for the Estate

30 April 2008 – Letter from Head of Property Service to stakeholders, updating on the process and consulting on any key questions that potential partners might be asked with a view to developing the Business Case Guidance Notes for the tender process

4 July 2008 – Letter from Head of Property Service to stakeholders, updating on the process and informing them of the final version of the Business Case Guidance Notes

Annexes

Annex 1 – Eastern Moors Estate Objectives

Annex 2 – Business Case Guidance Notes

Annex 3 – Summary of Potential Partners' Business Cases

Report Author, Job Title and Publication Date

Matthew Croney, Head of Property Service, 28 May 2009