

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

IMPROVEMENT AND SCRUTINY COMMITTEE - PLACES

17 November 2021

Report of the Executive Director - Place

Countryside Service Review

1. Purpose

- 1.1 This report provides an update on the Countryside Service Review following a pause in the work in March 2020 due to COVID-19 and sets out the proposed next steps.

2. Information and Analysis

- 2.1 In September 2018, a fundamental review of the Countryside Service commenced. The Review was undertaken in the context of the Council's Enterprising Council Strategy to identify areas of service improvement, consider how the Service could achieve its savings target of £400,000 a year and to make a recommendation on the optimum delivery model going forward. With the support of external consultants, Mutual Ventures, a Service Review, Portfolio Analysis and Options Appraisal was undertaken to identify the best model for the long-term sustainability of the Service.
- 2.2 In August 2019, the initial findings were presented, and action was recommended in two key areas:
- 1) To restructure the Service to relocate the Public Rights of Way functions to Highways and the Access and Greenways team to Sustainable Travel.
 - 2) To progress proposals to create a Public Service Mutual (A Public Service Mutual (PSM), as defined by the Department of Digital,

Culture, Media and Sport, is an organisation which has a) left the public sector; b) continues to deliver public services and aims to have a positive social impact; and c) has a significant degree of staff influence or control in the way it is run. The PSM would be an independent organisation, created as a charitable company limited by guarantee, with a trading subsidiary carrying out non-primary purpose trading. The PSM would be contracted by the Council for a range of in-scope services) for the Wider Sites and Destination Sites teams of the Countryside Service to a detailed business case stage. The proposals were to create a PSM which would be a charitable organisation, with a trading-arm, that would allow the Service to access more revenue streams and innovate in order to maintain service levels, whilst delivering a revenue saving to the Council.

- 2.3 The relocation of Public Rights of Way and the Access and Greenways Teams (to Network Planning in the Highways Service) were completed in January 2020.
- 2.4 A detailed Business Case for the PSM was completed between September 2019 and January 2020. This established that the level of savings that could be achieved would not reach the level of £400,000 per annum and that any significant savings would be based on a series of stretching assumptions. During February and early March 2020, discussions were ongoing with relevant departments to resolve some outstanding technical considerations (e.g. pensions, legal form and contract value) with the intention of presenting proposals to Cabinet in March/April 2020. However, due to the COVID-19 pandemic, a decision was taken to pause the project for at least 12 months.

Impact of COVID-19 and Climate Change strategy on the future of the Countryside Service

- 2.5 Following the creation of Place Department and recruitment of a new Executive Director and Director, the review was re-examined in order to agree a future operating model for the Service and provide certainty for the staff.
- 2.6 When the Review began in September 2018, the drivers for change were:
- The need to evidence the quality of service delivered by the Countryside Service and improve accordingly.
 - Delivering the £400,000 savings target against the Service.
 - Ensuring that the Service can be sustainable for the medium to long term.

2.7 In this re-examination, two additional factors were taken into account:

- the impact of COVID-19 and the importance of the Countryside Service (and its assets) to residents and visitors.
- the Council's newly developed Climate Change Strategy and action plan.

Impact of Covid-19

2.8 The pandemic and lockdown has demonstrated how important open spaces are to the people of Derbyshire – providing many thousands of people with places to exercise and simply leave their houses safely. It has re-asserted the role of the Service and its assets as central to the objectives of the Council. The post-COVID-19 'new normal' is yet to be fully understood and that introduces new risks to any business case, particularly one involving a complex outsourcing. There may be opportunities out of the COVID-19 crisis that a more dynamic and nimbler independent organisation could take advantage of. However, increased uncertainty presents a potential risk to both the PSM and the Council.

2.9 The Council could take a flexible approach towards the PSM in the management of these issues (e.g. a contractual arrangement that underwrites any short-term financial challenges faced by the PSM due to COVID-19), but undoubtedly the market risk of the proposed alternative model is significant, particularly where the potential savings are not large enough to encompass significant variability.

Emerging Environmental Priorities

2.10 Since the beginning of the Service Review, the Council has substantially increased its prioritisation of policy solutions aimed at tackling Climate Change. Climate change is at the heart of the Council Plan and in October 2021, the Council adopted a new and ambitious Climate Change Strategy: Achieving Net Zero.

2.11 The Countryside Service manages 121 sites owned by the Council, covering 4,478 acres of land including Sites of Special Scientific Interest (SSSIs), reservoirs, canals, Greenways and physical structures. The strategic importance of the role of the Countryside Service in managing Derbyshire's natural capital assets and its importance in delivering against the Council's environmental priorities is huge and must be considered when determining the next steps for the Service.

2.12 There is a significant opportunity for the Countryside Service to play a key role in the Council's Climate Change response. For example,

biodiversity net gain, as set out in the Government's Environment Bill, is a priority for the Council and represents a huge opportunity with all the natural capital assets the Service manages.

- 2.13 Whilst a PSM, with charitable status, could increase the opportunities for partnership working with other stakeholders, including access to investment aimed at non-governmental organisations, the Service currently works effectively with a wide range of stakeholders and there are considerable opportunities to make the Service more commercial. Retaining the Service in-house would allow currently paused investment opportunities to be reappraised. Importantly, the Council could retain greater control over a Service which will enable a more agile and flexible response to climate change demands and priorities that will be crucial to delivering this strategic priority.

Way Forward

- 2.14 As outlined, the purpose of the review was to ensure that the Service maximises its impact, delivers areas of improvement and is financially sustainable with an optimum delivery model going forward. Whilst these drivers remain, some key considerations have altered since the beginning of the Review and raised concerns and put into question the appropriateness of externalisation of the Countryside Service.
- 2.15 Notably there is the uncertainty that the post-COVID-19 'new normal' creates for the business case and financial model for the PSM that was prepared. A greater degree of uncertainty around what services will be delivered by the PSM and the levels of income that can be assumed.
- 2.16 There is now a very strong focus and ambition to deliver the Council's Climate Change Strategy and the key role that the Countryside Service could play in the Council's response.
- 2.17 On this basis, it is being proposed that officers be authorised to develop a new business plan with an updated in-house delivery model for the Countryside Service. This business plan would reappraise currently paused investment opportunities, identify further invest to save opportunities and set out a forward vision for a remodelled in-house Service. This could include creation of a local authority trading company or concessionary arrangements for potentially commercial assets.
- 2.18 It would allow the Council to retain greater control over a Service that will be crucial to delivering its strategic priorities, whilst also delivering new and innovative areas of improvement and growth in line with the Council's Enterprising Council approach. It would enable the Service to

adapt and respond to future challenges and to bring about the changes needed to ensure future success.

- 2.19 A decision is also required around the budget for the Service and a detailed appraisal of the service level that could be provided inside the agreed financial envelope.

3. Consultation

- 3.1 The Countryside Service Review has been ongoing for over two years, and the impact on staff is considerable. Extensive staff engagement was undertaken during the design of the PSM. A staff engagement session took place earlier this month to update staff on the review and proposed next steps.

4. Alternative Options Considered

- 4.1 To progress proposals to create a Public Service Mutual (PSM) for the Wider Sites and Destination Sites teams of the Countryside Service, as outlined in this report. Due to the uncertainty that the post-COVID-19 'new normal' creates for the business case and financial model for the PSM that was prepared this is no longer considered to be a viable option. This alternative is therefore not recommended.
- 4.2 'Do nothing' i.e. effectively maintaining the 'status quo' i.e. retaining the Service in-house with it being managed within the County Council.

5. Implications

- 5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

- 6.1 Non identified.

7. Appendices

- 7.1 Appendix 1 – Implications.

8. Recommendations

- 8.1 That the Committee supports that:

- a) The Countryside Service is a critical part of the County Council's offer to residents and visitors; and central to Derbyshire's climate change agenda.
- b) The Service remains managed within the County Council, albeit with development of strong relationships with partners.
- c) The Service draws up a new commercially focused business plan, supported with new staff to ensure that it continues to meet the Council's needs in future, with implementation in the next financial year.

9. Reason for Recommendations

- 9.1 To allow the Council to retain greater control over a Service that will be crucial to delivering its strategic priorities, whilst also delivering new and innovative areas of improvement and growth in line with the Council's Enterprising Council approach. To enable the Service to adapt and respond to future challenges and to bring about the changes needed to ensure future success.

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Implications

Financial

- 1.1 The Countryside Service is carrying a budgeted saving of £400,000 per annum. This is on top of significant cuts to budget in prior years which has resulted in reductions in team numbers and stretched the Service. The new business plan will need to identify ways in which this saving can be achieved through transforming how the service operates, rather than simply reducing headcount.

Legal

- 2.1 There are no legal implications in terms of the proposal to retain the service within the Council. The legal implications of the proposals relating to the internal review will be identified in the proposed business case and subsequent reports.

Human Resources

- 3.1 The Countryside Service Review has been ongoing for over two years, and the impact on staff is considerable. Proposals from staff around growth opportunities for the Service have been on hold and uncertainty around the forward direction remains. Extensive staff engagement was undertaken during the design of the PSM, and certainty on the future of the Service is now required. The Service would welcome a decision that retained the Service within the Council. The recent close working between Countryside Service, Emergency Planning, Property and Highways to avert a reservoir flooding at Shipley Park is an indication of the importance of relationships between colleagues within the Council.
- 3.2 The Service is to be led by a new Assistant Director of Climate Change and Environment and a new Head of Service pending the retirement of the current Head of Service before the end of this year.

Information Technology

- 4.1 None.

Equalities Impact

- 5.1 None.

Corporate objectives and priorities for change

- 6.1 The proposals will help deliver the following Council Plan priorities: Resilient, Healthy and Safe Communities; High Performing, Value for Money and Resident-Focused Services; A Prosperous and Green Derbyshire.

Environmental Sustainability

- 7.1 The Countryside Service has a key role to play in the Council's Climate Change response and the proposals support the Council's ambition to be a net zero organisation by 2032, or sooner, and for the county to be net zero by 2050.

Other (for example, Health and Safety, Property and Asset Management, Risk Management and Safeguarding)

- 8.1 None.