

HINCHINGBROOKE COUNTRY PARK

To: Commercial & Investment Committee

Meeting Date: 24 May 2019

From: Deputy Chief Executive & Chief Finance Officer

Electoral division(s): Huntingdon West

Forward Plan ref: N/a **Key decision:** No

Purpose: The Committee is asked to consider a request from Huntingdonshire District Council to agree a new lease for Hinchingsbrooke Country Park for a length of 99 years at a peppercorn rent.

Recommendation: It is recommended that the Committee consider the request from Huntingdonshire District Council and agree which of the options set out in paragraph 3.1 it wishes to adopt.

| <i>Officer contact:</i> | | <i>Member contact:</i> | |
|--------------------------------|--|-------------------------------|--|
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1. BACKGROUND

- 1.1 Hinchingsbrooke Country Park is located in Huntingdon and covers 170 acres of open grasslands, mature woodland, and lakes. The freehold of the Park is owned by the County Council and is leased to Huntingdonshire District Council at a peppercorn rent. This lease arrangement expires in April 2026.
- 1.2 The Council were originally approached by Huntingdonshire District Council over a year ago with a request that the County Council agree to transfer the freehold to the District Council, as HDC wanted to invest capital into the site but did not wish to do so with the length of lease that remained. This request was considered by Group Leaders but did not receive support from any quarter. Officers were asked to feed back to their counterparts that a lease extension would be considered but their proposals would be required in order to inform that debate.

2. MAIN ISSUES

- 2.1 The Council has received the business case supporting the investment in the site that has been considered, and approved, by HDC's Hinchingsbrooke Country Park Joint Group. The business case is attached as an Appendix to this report.
- 2.2 Following the initial feedback from the County Council, HDC have agreed to refine their original request from a freehold transfer to a long term lease of 99 years.
- 2.3 Having received the business case, County Officers met with the lead officer from HDC to discuss their proposals. Part of that discussion involved whether HDC had any appetite for pushing the commercial envelope on their proposal and whether they had any thoughts on what the construct of a more commercial provision might look like.
- 2.4 Although that officer did not respond to this request, shortly after this meeting took place the Leaders of the two Councils met, along with the respective CEO and MD, where the matter was discussed. HDC's position was confirmed as being a peppercorn rent for a 99 year lease as this would enable HDC to cover the current trading deficit of the Park.
- 2.5 Having received this feedback a compromise was suggested for HDC's consideration that if a peppercorn rent was agreed, could any surpluses generated within the Park be retained as ring-fenced for further investment in the Park. This was rejected by HDC.
- 2.6 In discussions with Cllr Tom Sanderson he has suggested that a proposal that sees any surpluses being re-invested in country parks in general, rather than specifically Hinchingsbrooke, may be more acceptable to HDC (HDC also run Paxton Pits in St Neots which is a similar type of site).
- 2.7 The key issue for the Committee is to decide whether it feels that surpluses generated on a County Council asset that is provided at a peppercorn rent should be used to support other district council functions. Whatever commercial arrangements could be considered, the running of a country park is never going to generate a significant financial revenue stream. The current income from the Park does not cover the operating costs and HDC see the investment proposed in the business case as the only way of bringing the site back in to a

position where it is not a demand on the tax payers of Huntingdonshire. Whilst the Park supports many of the County Council’s key priorities the Council does not provide other facilities of this type in the county. Therefore were it minded not to agree to the request of HDC it would need to work in partnership with another provider to manage the facility. Such organisations do exist in the local area – Cambridge Sports Lake Trust and Nene Park Trust.

3. OPTIONS

3.1 Having attempted to reach agreement on a way forward with HDC the County Council is left with a few options on the way forward. These are set out in the table below with a brief summary of the risks and benefits of each option.

| Option | Description | Benefits | Risks/Issues |
|--------|---|--|--|
| A. | Agree to a 99 year lease for the site with a peppercorn rent unfettered by any restrictions on surpluses generated. | <p>Straight forward and easy to manage.</p> <p>Meets HDC requirements.</p> <p>No impact on continuity of service/staff.</p> <p>Secures HDC investment in the site.</p> | <p>Could result in ‘profits’ generated on a CCC asset being used to subsidise HDC services.</p> <p>No financial compensation for the use of a county asset from which revenue is generated.</p> <p>The investment proposals do not necessarily maximise the opportunity.</p> |

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|----|---|---|--|
| B. | As above but requiring that all surpluses be retained for investment in country parks with the district. | <p>Straight forward and easy to manage.</p> <p>Likely to meet HDC requirements.</p> <p>No impact on continuity of service/staff.</p> <p>Likely to secure HDC investment in the site.</p> | <p>Could result in 'profits' generated on a CCC asset being used to subsidise HDC services.</p> <p>No financial compensation for the use of a county asset from which revenue is generated.</p> <p>The investment proposals do not necessarily maximise the opportunity.</p> <p>Solution has not been formally tested with HDC as being acceptable.</p> |
| C. | Undertake an evaluation of taking back the ownership of the Park running the operations in partnership with another provider. | <p>HDC could serve notice to terminate the current lease and "hand back the keys" sooner rather than later.</p> <p>Likely to create tensions between the two councils that may have broader ramifications.</p> <p>Possible impact on continuity of service without another provider having agreed to assume responsibility for the management of the site.</p> <p>There is a potential that if the asset is brought back in to the County Council's ownership income will not cover the operating costs and this will place a revenue pressure on the budget.</p> <p>Council will have to invest capital resources rather</p> | <p>Potential that an alternative provider will produce a different proposition with a more commercial focus.</p> <p>Net operating costs from an alternative provider may create an additional revenue stream for the Council.</p> <p>Opportunity for the site to become more integral to the County Councils operational asset portfolio as work on the estate continues under Cambs 2020.</p> |

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| | | than HDC. | |
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4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 A good quality of life for everyone

There are no significant implications for this priority arising directly from this report. However Hinchingsbrooke Country Park plays an important role in the quality of life for the residents of Huntingdon.

4.2 Thriving places for people to live

As set out in paragraph 4.1 above.

4.3 The best start for Cambridgeshire’s children

As set out in paragraph 4.1 above.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

If the Committee wish to pursue option C, a detailed proposal will need to be developed that sets out the change management, investment, and organisational construct required for the vehicle. The cost of this piece of work is difficult to quantify at this point but is likely to be in the region of around £30 - £40k. If the Committee agree to a long term lease the costs of delivering this will be met within the operational budget of the Property Service.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

If the Committee decide to adopt option C, the Council would need to act quickly and therefore it would not be possible to undertake an open process to develop proposals to get into partnership with an alternative provider. A restricted process would therefore be developed as a matter of urgency if the Committee wish to pursue this approach.

5.3 Statutory, Legal and Risk Implications

At this point there are no significant legal implications but there is a reputational risk in terms of the relationship between this Council and Huntingdonshire District Council.

5.4 Equality and Diversity Implications

There are no significant implication arising from the content of this report.

5.5 Engagement and Communications Implications

If the Committee agree to a long term lease then no engagement or communication is necessary. However if the Committee wish to pursue an alternative approach then significant communications will be required to provide information to both users of the Park and the staff that operate the site.

5.6 Localism and Local Member Involvement

As can be seen from the content of this report the division councillor, Cllr Tom Sanderson, is aware of the discussions between the two councils. He supports a proposal that will enable the District Council to make the investment in the Park to support its development for the local community.

5.7 Public Health Implications

Public open spaces that support a diverse range of leisure activities are important facilities for the general well-being of our communities. However there are no proposals to change the outcomes that this facility support simply to consider the management of the facility.

| Implications | Officer Clearance |
|--|---|
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| Have the resource implications been cleared by Finance? | Yes Name of Financial Officer: Tom Kelly |
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| Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement? | No Name of Officer: |
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| Has the impact on statutory, legal and risk implications been cleared by LGSS Law? | No Name of Legal Officer: |
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| Have the equality and diversity implications been cleared by your Service Contact? | No Name of Officer: |
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| Have any engagement and communication implications been cleared by Communications? | No Name of Officer: |
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| Have any localism and Local Member involvement issues been cleared by your Service Contact? | Yes Name of Officer: Chris Malyon |
| | |
| Have any Public Health implications been cleared by Public Health | No Name of Officer: |

6. SOURCE DOCUMENTS

| Source Documents | Location |
|-------------------------|-----------------|
| None | |