

Learning, Skills and Economy Scrutiny Committee

Meeting Venue
**Council Chamber - County Hall,
Llandrindod Wells, Powys**

Meeting Date
Monday, 13 August 2018

Meeting Time
11.00 am

For further information please contact
Elizabeth Patterson
01597 826980
elizabeth.patterson@powys.gov.uk



County Hall
Llandrindod Wells
Powys
LD1 5LG

Issue Date:
7th August 2018

The use of Welsh by participants is welcomed. If you wish to use Welsh please inform us by noon, two working days before the meeting

AGENDA

1.	APOLOGIES
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To receive apologies for absence.

2.	ELECTION OF VICE-CHAIR
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To elect a Vice-Chair for the ensuing year.

3.	DECLARATIONS OF INTEREST
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To receive declarations of interest from Members.

4.	DECLARATIONS OF PARTY WHIPS
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To receive disclosures of prohibited party whips which a Member has been given in relation to the meeting in accordance with Section 78(3) of the Local Government Measure 2011.

(NB: Members are reminded that under Section 78 Members having been given a prohibited party whip cannot vote on a matter before the Committee.)

5.	REVIEW OF FARMS POLICY
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To undertake pre-Cabinet scrutiny of the Review of Farms Policy.

Documents provided:

Draft Cabinet Report – Review of Farms Policy – v7

Farm Estate Delivery Plan 2018 – v3

Farm Estate Delivery Plan 2018 – 004

Pre-meeting questions and answers

(Pages 3 - 34)

6.	CHAIR'S BRIEFING
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To receive a verbal update from the Chair of Learning, Skills and Economy Scrutiny Committee.

7.	WORK PROGRAMME
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The next meeting of Learning, Skills and Economy Scrutiny Committee will be held on 22nd August 2018 and will consider the following items:

Home to School Transport (post consultation)

Update on Virtual Learning and ALN Review

Skills and Employability Strategy

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
18th September 2018

REPORT AUTHOR: County Councillor Rosemarie Harris
Leader of Council

SUBJECT: Review of Farms Policy

REPORT FOR: Decision

1. Summary

- 1.1 For the last 18 years the Farms Estate management strategy has focussed on continued restructuring to create an estate of fewer but larger holdings whilst delivering capital receipts for central treasury.
- 1.2 In that time the face of the Estate has changed significantly. The number of Holdings has fallen by some 35% and capital receipts of approximately £16m have been generated through disposals. See Appendix 1 for more detail on the financial aspects of the estate.
- 1.3 As with any such management approach it is important that this management strategy is reviewed regularly; in particular it must be recognised that a policy of restructuring cannot be sustained indefinitely.
- 1.4 It is considered appropriate that progressive rationalisation is maintained as the overarching management strategy but with a renewed focus on the interests and aspirations of service users and an explicit intention to maintain the number and quality of opportunities available to new entrants to farming.
- 1.5 Whilst it is appropriate that the Estate disposes of certain surplus assets, it should be remembered that a disposal may reduce the opportunities offered by the Estate to new entrants to agriculture and furthermore, limit opportunities to grow revenue in future. It is important that the critical physical mass of the Estate is maintained if it is to continue to fulfil its prime objective as an operational asset and not simply to deliver capital receipts.
- 1.6 The long term interests of the Estate and its current and future tenants are at the heart of this revision of the FEDP.
- 1.7 The following key amendments have been made:
 - A more succinct Vision has been included: *“To provide a good quality, efficient farm estate that encourages new entrants into the*

farming industry and enables progression which support the Powys economy.”

- We have moderated rationalisation so that it is “appropriate and considered” and have included a matrix of considerations to determine whether assets are core
- We have included a commitment to “Work with tenants to explore diversification opportunities which complement the primary agricultural purpose of the letting.”

2. Proposal

- 2.1 It is proposed that County Farms Estate Delivery Plan 2018 (see Appendix 2 attached) is adopted as the estate management plan to provide structure and promote good practice for continued management of the Estate.

3. Options Considered / Available

- 3.1 Option 1- adopt the new plan
- 3.2 Option 2- do nothing and retain the previous FEDP

4. Preferred Choice and Reasons

- 4.1 The preferred choice is Option 1 to adopt the FEDP as revised for the reasons set out above.

5. Impact Assessment

- 5.1 Is an impact assessment required? Yes

6. Corporate Improvement Plan

- 6.1 Retention of the Estate and introducing refreshed focus on maximising the opportunities it offers is consistent with the aims of the Corporate Improvement Plan and Vision 2025.
- 6.2 The Estate contributes (by both revenue and capital) to all the objectives of the Council.

7. Local Member(s)

Not applicable.

8. Other Front Line Services

Does the recommendation impact on other services run by the Council or on behalf of the Council? Yes/No

If so please provide their comments: N/a

9. **Communications**

Have Communications seen a copy of this report? Yes/No

Have they made a comment? If Yes insert here.

The Communications Manager comments: "The report is of public interest and requires use of news release and appropriate social media to publicise the recommendation."

10. **Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)**

10.1 Legal : The recommendations can be supported from a legal point of view.

10.2 Finance - The Farm Estate is due for full valuation in this financial year, 2018/19. As the strategy seeks to reconfigure some of the existing farms in terms of size and scope, the revaluation exercise which is required by statute may have to be delayed to avoid a second revaluation after the reconfiguration.

The revenue impact of the loss of rental income as a result of the rationalisation of the farm estate needs to be considered and managed throughout the process. There will be accounting implications as a result of the reconfiguration of the lands.

10.3 Corporate Property- The Professional Lead for Strategic Property supports this proposal. The strategy to reconfigure will be a very gradual process as opportunities arise (when tenancies expire) and so there is no need to delay the revaluation exercise. To date, our rationalisation (c. £16m) has not diminished our income –in fact we have now started to see a slight increase (see Appendix).

11. **Scrutiny**

Has this report been scrutinised? Yes/ No?

12. **Statutory Officers**

12.1 The Solicitor to the Council (Monitoring Officer) commented as follows :
" I note the legal comments and have nothing to add to the report."

12.2

13. **Members' Interests**

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
The Farms Estate Development Plan 2018 in Appendix 2 to the report is adopted as the estate management plan for the County Farms Estate.	To maintain the Estate as a viable operational asset.

Relevant Policy (ies):	Farms Estate Development Plan		
Within Policy:	Y	Within Budget:	Y / N

Relevant Local Member(s):	Not applicable
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Person(s) To Implement Decision:	Natasha Morgan
Date By When Decision To Be Implemented:	18 September 2018

Contact Officer:	Hugo Van Rees
Tel:	(01686) 611 812
Email:	hugo.van-rees@powys.gov.uk

Background Papers used to prepare Report:

CABINET REPORT TEMPLATE VERSION 5

APPENDIX 1

- The County Farm Estate is held under the provisions of Part 3 of the Agriculture Act 1970 which states that the Authority should make it its general aim to provide opportunities for persons to be farmers on their own account by letting holdings to them.
- The Estate is presently made up of about 140 farms, smallholdings and cottages spanning some 11,250 acres.
- Of the holdings, there are now 26 'lifetime' tenancies and 16 'retirement' tenancies let under the Agricultural Holdings Act, the remainder being fixed-term or periodic tenancies under the Agricultural Tenancies Act 1995. There are a further 30 bare land/secondary lettings and 1 cottage, the latter let under a secure 'Rent Act' tenancy.
 - Gross revenue income for the financial year 2017/18 was £1,126,578 against expenditure (before capital charges but including internal corporate charges) of £732,941.
 - Budget rental income for 18/19 has been increased to £1,060,000 from £1,000,050 in 17/18; we hope to increase rental income by a further £50,000 in 19/20.
 - Capital receipts for the financial year 2016/17 were £1,774,861 whilst in 2017/18 capital receipts of £554,000 were achieved (with sales agreed in respect to a further £463,000 of receipts). For 2018/19 capital receipts of c.£1.6m are anticipated (to include the agreed sales of £463k carried forward).
 - The total of all market values reported by DVS in November 2014, and based on a valuation date of 1 April 2013, and on certain provisos*, was £98,573,675. Please note that this value is based on the sum of individual valuations and is not necessarily indicative of the value of the estate as a complete portfolio.
 - The "existing use" value of the estate for accounting purposes, was given as £41,757,375 in 2013. The estate is due to be valued again in 2018/19.

* DVS provided separate market valuations for each element of the County Farm Estate on an indicative basis only. In providing these Market Value figures, DVS stated their figures did not take into account of issues such as reducing the service potential, or disruption, or any costs incurred in achieving alternative use (which is a key consideration when providing market values). The figures reported as Market Value were based upon individual local DVS valuers' knowledge of prevailing values in each area, with no formal planning enquiries made or investigations made in respect of market demand, development costs or conversion costs.

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County Farm Estate Delivery Plan 2018

Powys County Council



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APPENDICES	
1	Action Plan
2	Tracker
3	Disposal List

Final Draft	5 th December 2014	Environment Infrastructure and Crime and Disorder Committee
Version 1	10 th June 2015	County Farm Project Board
Version 2	23 February 2016	Cabinet
Version 3	10 July 2018	<i>Awaiting Cabinet Approval</i>

Foreword by Cllr Rosemarie Harris, Leader of the Council

In a time of continued economic uncertainty, the role and purpose of the County Farm Estate remains important: land and farm prices continue to remain beyond the reach of most new entrants to the industry, and unless portfolios such as the Council's estate are retained and improved, the ability of younger generations to enter the agricultural industry will be limited and in most cases (unless the entrant is a natural successor to a family farm) probably impossible. Retention and investing in the County Farm Estate therefore offers support to one of the largest industries in Wales – agriculture - and provides the opportunities that many of our future farmers and food producers need to get on the ladder of establishing their own farm businesses, with further opportunities to progress to larger farms either within the portfolio or in the private sector. It is essential for the success of our rural communities that these links are maintained and that this important function is preserved into the future.

The Council continues to face year on year real-term funding cuts in its Welsh Government budgetary settlements. It therefore remains essential that the Council manages its agricultural estate prudently, efficiently, and professionally. As with any property asset, judicious investment will be required to ensure the portfolio continues to both meet the requirements of Service users and generate a financial return to the Council.

One of the key issues considered as part of this review of the Plan is whether the previous strategy of 'progressive rationalisation' remains appropriate and in the interests of both the Estate and the wider County Council. That strategy has significantly changed the structure of the Estate but it must be recognised that rationalisation cannot continue indefinitely- the long term sustainability of the Estate relies on its physical integrity being maintained.

I therefore welcome this revision of the "Farm Estate Delivery Plan", which continues to provide structure and promotes good practice for the future management of the County Farm Estate. It replaces the previous Farm Estate Delivery Plan of 2015.

Whilst the County Farm Estate is seen by many as non-core Council business, I would remind everyone this is an area guided by legislation and is a Service which I strongly believe to be important in such a rural area as Powys. It will offer opportunities for many people who wish to enter, and progress in, the farming industry but who would otherwise be unable to do so in their own right.

The Farms Estate Estate Delivery Plan is part of a suite of documents and should be read in conjunction with these:

Vision 2025	Is our key corporate strategy document. It sets out our vision and what we should all be aiming to achieve.
Strategic Asset Management Plan (StAMP)	Overarching policy for dealing with our assets. It reduces risk and liability and supports Vision 2025. This contains the: <ul style="list-style-type: none"> • Farms Estate Delivery Plan (FEDP) • Commercial Estate Delivery Plan (CEDP) • Service Asset Management Plans (SAMP) which detail the services view of its property and land holdings.
Corporate Asset Policy (CAP)	The framework within which the Council operates its property on a day-to day basis.
Management Systems	Compliance Management System Asbestos Management System Farm Business Tenancy - County Farms re-letting strategy covering tenancy term and renewals (Cabinet Paper 2011)

1. Introduction

The FEDP 2015 focussed on the continued delivery of Estate rationalisation which has remained the overarching management strategy since the first comprehensive review of the Estate in 1999/2000. In that time the rationalisation process has generated £16m in capital receipts.

Whilst sales have obviously reduced the number of farms in the portfolio, to-date this has not been at the cost of reduced revenue income: through the retention of most of the original acreage of the sold properties, and adding that to existing holdings the Portfolio has generally sustained its revenue income, whilst at the same time helping to make those retained holdings more commercially and operationally viable in the prevailing farming climate.

Estate rationalisation has been driven by a desire to create larger farm units and a requirement to generate capital, with target receipts of £1m per annum, to fund Corporate priorities, in particular the 21st Century Schools programme. The Estate cannot generate capital receipts indefinitely with compromising its future sustainability and ability to generate revenue which must underpin its long term viability.

In overall terms, the Estate currently now extends to around 11,250 acres, but whereas in 2005 it comprised 188 tenancies, there are now 140 let equipped farms with 30 secondary lettings. Of the equipped farms, 97 (69%) are now let under fixed term Farm Business Tenancies with terms of either 8 years (Starter farms), or 12

years (Progression farms). The remaining farms are let under older Agricultural Holding Acts legislation which generally offers the tenant lifetime security of tenure.

A comprehensive condition assessment of buildings and infrastructure on the Estate, completed in 2015, identified urgent liabilities of £4m. It is critical that these liabilities are addressed in a sustainable fashion so that the Estate may continue to fulfil its operational function whilst maintaining and enhancing its financial performance and ensuring that risk to the Authority is minimised.

2. The Purpose of the Farm Estate Delivery Plan

The County Farm Estate is held under the provisions of Part 3 of the Agriculture Act 1970 which states that the Authority should make it its general aim to provide opportunities for persons to be farmers on their own account by letting holdings to them. The Estate is therefore held as an operational asset rather than an investment vehicle, where properties are held solely for capital or revenue gain. Consequently, whilst these types of gain are important, they should not be seen as the main driver behind the retention of the Estate.

The letting of County Council starter farms is largely unique in offering a route into farming for those unable to inherit a family farm or without the necessary capital to acquire one. The high capital cost of establishment, the scarcity of equipped farms to rent in the private sector and the low returns generated by conventional farming form a matrix of obstacles facing new entrants to farming that is rarely encountered in other industries.

The Estate gives the Authority a direct link to one of the largest industrial sectors in Powys and an opportunity to introduce new vitality to it.

Whilst the impact from the Estate in the overall context of service delivery in Powys may be seen as modest, as the service only provides active employment (and homes) for around 140 families of Powys, it plays an important role in community cohesion, skill development and the retention of young people who might otherwise leave the area. Indeed the Estate retains the ability to attract economically active young people to Powys which is of course an increasingly rare attribute.

As with all its assets the Council must ensure that the Farm Estate is used as effectively as possible, and also that it continues to offer young entrants an opportunity to enter the agricultural industry and develop their businesses.

Whilst the County Farm Estate provides an opportunity for new entrants, the use of modern Farm Business Tenancies helps to ensure that these opportunities are available to as large a group as possible, and the Tenancy process is managed to ensure that upward mobility of tenants is encouraged as much as is possible, with

options for lease renewal and progression allowing an FBT tenant to remain on the Council Estate for up to 40 years. This process sets down clearly the length of tenancy available to each new entrant, with the ultimate outcome being reached when the most successful tenants move into the private sector, either as tenants or in some cases farm owners. The availability of larger farms on the Estate is crucial in allowing progressive tenants to genuinely compete for the commercial farm units that are generally offered to let by private landowners.

The Farm Estate Delivery Plan (FEDP) will provide a further tool to the Council to review, challenge and change its behaviours and the management of its agricultural estate.

The FEDP will seek to support and lay out how we will meet our vision for the County Farm Estate as set out below: -

FARMS VISION

“To provide a good quality, efficient farm estate that encourages new entrants into the farming industry and enables progression which support the Powys economy.”

3. Mechanisms of the Farm Estate Delivery Plan (FEDP)

The FEDP will seek to use a range of tools to identify a clear focus and a framework within which Powys will operate its Estate safely and efficiently. The Corporate Property team will be responsible for setting targets via their Rationalisation Strategy and for meeting those targets.

A - Financial Management

Capital Bids – The Farm Estate is currently able to submit bids for corporate capital funding, along with all other service areas of the County Council as part of the Financial Resource Model process.

With limited and decreasing capital funding now available to the Council, it has become increasingly difficult to identify monies. This poses a risk to the Council.

Remedial funds – The Authority holds two types of Remedial funds, each having clear application criteria. These funds support services where Compliance Management (servicing, testing and inspection) works have identified significant failure and urgent repairs or upgrading works have to be undertaken.

Receipts – In the case of the County Farm Estate, 90% of all capital receipts are currently treated as corporate resources and allocated to central reserves, with the remaining 10% ring-fenced to the Service for reinvestment.

B – Other Initiatives

The Council will also employ other approaches to help it maximise the efficient and effective operation of its Estate. Where appropriate we will work in partnership with tenants to maximise potential benefits from Government industry support and funding programmes.

4. Application Dependencies

4.1 Application

The Farm Estate Delivery Plan principally applies to the Place Directorate, being the Directorate in which the Service sits. It is considered it will have only limited impact on each of the other Directorates – People and Finance. However, the capital receipts and revenue income generated from the Estate contributes to the entire Council.

Strategy	Outcomes or dependencies
<p>1. The County Farm Estate will continue to provide opportunities to new entrants into the agricultural industry and support them in their progression to larger holdings.</p>	<ul style="list-style-type: none"> • Appropriate movement of tenants in all sectors – both Council and Private
<p>2. The Estate will provide efficient, good quality farms that serve the needs of both new entrants and progression tenants.</p>	<ul style="list-style-type: none"> • Appropriate levels of financial support being provided by Cabinet • Good basic range of farm buildings to enable a business to establish and grow, without additional heavy investment – thereby reducing the current high level of end of tenancy compensation claims, and enhancing rental income.
<p>3. We will identify and provide rationalisation opportunities through appropriate and considered Estate amalgamation to provide more viable farms and provide capital receipts/ service benefits through a strategic disposals programme and a continued income stream for the Medium Term Financial Plan.</p>	<ul style="list-style-type: none"> • Member support for sale of identified rationalisation opportunities • Movement of tenants across the portfolio • “Live” disposals programme • Improved Estate Holding • Identification of Programme of works
<p>4. The 10% funding from capital receipts which the Estate can retain and revenue income will be used to upgrade and improve the quality of retained holdings.</p>	<ul style="list-style-type: none"> • Member and Cabinet support for capital improvement programme • Implementation of Programme of Works • Improved rental values • Increased number and higher calibre of applications for lettings • Reduced liability

4.2 How will we achieve this?

WHAT WE'LL DO

1. Offer genuine good quality commercial opportunities to new entrants to agriculture.
2. Offer good quality opportunities for progression and business growth through the application of sound Estate Management principles, lease duration and renewals policy.
3. Work with tenants to explore diversification opportunities which complement the primary agricultural purpose of the letting.
4. Maintain & enhance revenue income.
5. Facilitate provision of retirement accommodation and / or opportunities for AHA tenants, thereby freeing up more letting opportunities for new entrants.
6. Continually review the Estate, investing in those farms that contribute to a viable business operation to manage risk and add value to the portfolio.
7. Review potential disposals to ensure the long-term integrity and viability of the Estate is not compromised.
8. Work with colleagues in Regeneration, Housing and Welsh Government to promote business opportunities and awareness to our Tenant Farmers.
9. Develop a costed programme of works to tackle identified maintenance issues.
10. Identify potential development opportunities to maximise capital income or otherwise support Council services for the corporate benefit of the Council.
11. Seek to maximise income through diversification opportunities and commercial management of the Woodland Estate and renewable energy initiatives.
12. Implement and review our tenant liaison to ensure that all available opportunities are communicated, that feedback from tenants is recorded and actioned where appropriate, and that a genuine partnership is developed in the future management of the Estate

HOW WE'LL DO IT

A. Identify a core estate of farm units both at starter and progression level by reference to the following matrix of considerations:

<ul style="list-style-type: none">• The extent to which the property, if re-let, will offer a genuine commercial opportunity to a progressive new entrant to farming.
<ul style="list-style-type: none">• The condition of the property and the extent of any current and future maintenance liabilities.
<ul style="list-style-type: none">• Whether the sale of a house and amalgamation of retained land with an adjoining farm will allow the creation of a larger more commercial farm unit, and possibly a progression opportunity for tenants of smaller farms.
<ul style="list-style-type: none">• The availability of Farms Estate holdings in the area and the level of demand for new lettings locally.

B. Invest in the core Estate to ensure all core Estate holdings are fit for purpose and compliant with statutory standards.

C. Identify non-core assets for future disposal or service use when appropriate to shape the Estate to fit our future requirements.

D. Maintain rental income through the letting of Holdings with good quality residential accommodation and adequate fixed equipment.

E. Evaluate opportunities to enhance income streams through renewable energy schemes and the use of the woodland estate.

F. Adopt asset management policies which support regeneration and reduce risk to the Authority.

5. Analysis

5.1 The Authority will be faced with many challenges when seeking to deliver this plan. The key analysis is outlined below in order to identify at an early stage those areas that require attention or opportunities that need to be taken.

SWOT Analysis:

Strengths	Weakness
<ul style="list-style-type: none"> • Unique opportunities for starter farmers to grow their businesses. • The County Farm Estate is still relevant and remains true to its original rationale of providing opportunities for new entrants • Adds value to Powys County Council's property portfolio. • Potential to generate operational financial surpluses. • Secures capital value appreciation. • Enshrined in legislation, thereby providing a measure of safeguard. • Beneficial to the wider agricultural industry of Wales. • Provides opportunities to develop renewable energy initiatives • Support of Regeneration and Housing colleagues 	<ul style="list-style-type: none"> • Lack of positive investment over many years, (revenue and capital) resulting in a generally low standard of condition – both in respect of the tenants' houses and farm buildings. • Most holdings are located in Montgomeryshire – limited opportunity in Brecon and Radnorshire. • Security of Tenure of older AHA tenants limiting opportunities for new entrants. • Inconsistent political interest, involvement, support, and policy determination in the past. • Largely historic lack of mobility within and off the estate, thereby frustrating ability of able and ambitious tenants to grow their farming businesses
Opportunities	Threats
<ul style="list-style-type: none"> • Exploitation of renewable energy development initiatives. • Service modernisation • Promotion of local produce to local markets. • Forging closer linkages with RDP and YES schemes to lever in additional funding sources for the direct benefit of individual tenants • Diversification opportunities – not just for Tenants (e.g. redundant buildings = craft workshops / holiday lettings?) • Opportunity to identify land within the Estate suitable for valuable development – e.g. residential development. • Best practice agreements with other farm estate authorities to encourage movement. • To review and endorse the retention of the Farm Estate in times of need, to maximise income generation, promote strong communities etc 	<ul style="list-style-type: none"> • Increasing financial pressures on L.A. • Vulnerability as a discretionary Service. • Continuing lack of funding to improve essential estate infrastructure and expose the Authority to risk • Lack of political awareness and appreciation of Service Rationale and future direction • Decisions of other authorities to dispose of their Farm Estates – precedent impact • Geography – lack of mobility

5.2 Investment Portfolio

Although the primary role of the Farm Estate is as an operational portfolio, with its key objective being to introduce entrants to the agricultural industry, it is recognised the Estate needs to be self-financing, and it therefore sits within the commercial property portfolio. Based upon current market evidence, it is proposed a target for income generation of 1.3% of the existing use value of the estate will be established (this figure from industry analysis undertaken by Strutt & Parker and Savills).

6. ACTION PLAN

6.1 The following 'live' appendices will be used:

Live Documents intended for General Internal Publication:

1. Action Plan – summary of Farm Estate Rationalisation proposals, including not only identified sales, but also issues such as retirement accommodation, development opportunities, and farm diversification schemes.
2. Trackers – used to monitor progress of all workstreams identified within the Farms Estate Delivery Plan
3. Disposal List – Assets declared and accepted as surplus

The Action Plan outlines which holdings it is proposed will be retained and (where possible through amalgamation) enlarged through the process of Farm Estate rationalisation. By implication, the Action Plan will also identify those holdings which can be disposed of, further reducing the Landlord liability of property maintenance issues, whilst generating capital receipts for reinvestment across the authority and within the Farm Estate.

As indicated above, the Action Plan will also identify those holdings where opportunities exist to increase revenue by encouraging the older (over 70 years of age) tenants to retire and move into suitable retirement accommodation thereby freeing up farms for new entrants or progression tenants, identify potential capital receipts through targeted land sales for development, and diversification opportunities such as tourism and craft workshops as well as the more obvious residential conversion opportunities.

As these appendices will be 'live' they are not attached or published with this document. Therefore, any officer seeking the latest position will need to contact the following:

Contact	Phone	E-mail
<u>Commercial Property Manager</u> - David Micah	01597 82 6054	david.micah@powys.gov.uk
<u>Estate Manager</u> - Hugo Van-Rees	01686 61 1812	hugo.van-rees@powys.gov.uk

The Action Plan, Tracker and Disposals List will be maintained at least quarterly or as circumstances prove necessary.

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Cyngor Sir Powys County Council

Impact Assessment (IA)

The integrated approach to support effective decision making



This **Impact Assessment (IA)** toolkit, incorporating Welsh Language, Equalities, Well-being of Future Generations Act, Sustainable Development Principles, Communication and Engagement, Safeguarding, Corporate Parenting, Community Cohesion and Risk Management, supporting effective decision making and ensuring compliance with respective legislation.

Please read the accompanying guidance before completing the form.

Draft versions of the assessment should be watermarked as "Draft" and retained for completeness. However, only the final version will be made publicly available. Draft versions may be provided to regulators if appropriate. In line with Council policy IAs should be retained for 7 years.

Service Area	Corporate Property	Head of Service	Ken Yorston	Director	Nigel Brinn	Portfolio Holder	Cllr Rosemarie Harris
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Proposal To review

Outline Summary / Description of Proposal

Integral to the Farms Estate Development Plan 2018 (FEDP) is an enhanced focus on maintaining the long-term viability County Farms Estate through retention of a core asset base. Whilst Estate reorganisation and the sale of certain property assets will remain part of the strategic management approach set out in the FEDP, the review recognises that the Estate cannot continue to generate capital receipts year after year without fatally compromising the long term viability of the asset. The contribution made by the Estate to Corporate capital resources will therefore decrease over time. The Estate has consistently generated aggregated capital receipts of £1m per annum but aggregated receipts will now fall to around £450k per annum over the next 6 years.

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Profile of savings delivery (if applicable)

2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
£-550,000	£-550,000	£-550,000	£-550,000	£-550,000	£2.75m

2. Consultation requirements

Consultation Requirement	Consultation deadline	Feedback considered
No consultation required (please provide justification)		Choose an item.

3. Version Control (services should consider the impact assessment early in the development process and continually evaluate)

Version	Author	Job Title	Date
1	Hugo Van Rees	Farms Estate Manager	1/2/2018
2	Natasha Morgan	Professional Lead- Strategic Property	13/6/2018

Cyngor Sir Powys County Council

Impact Assessment (IA)

The integrated approach to support effective decision making



4. Impact on Other Service Areas

Does the proposal have potential to impact on another service area? (Including implication for Health & Safety and Corporate Parenting)
PLEASE ENSURE YOU INFORM / ENGAGE ANY AFFECTED SERVICE AREAS AT THE EARLIEST OPPORTUNITY

The Farms Estate will reduce the amount of capital it generates for Corporate programmes and other Service Areas.

There is a finance accounting implication if farms are amalgamated.

Service Area informed:	Yes	Contact Officer liaised with:	Joseph Abrahams-Koranteng
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Mitigation

Joseph is on the farms project board. He has advised that farms need to be revalued in the event that they are amalgamated and so this will be actioned.

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How does your proposal impact on the council's strategic vision?

Council Priority	How does the proposal impact on this priority?	IMPACT Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
The Economy We will develop a vibrant economy	Maintaining the Estate's property base will enhance the number of business opportunities offered to new and existing tenants	Good		Neutral
Health and Care We will lead the way in effective, integrated rural health and care	No impact	Neutral		Neutral
Learning and skills We will strengthen learning and skills	Sustaining the number of core County Farms holdings will support business development amongst current and prospective tenants	Good		Neutral
Residents and Communities We will support our residents and communities	County Farms holdings will offer a safe and desirable place to live and keep economically active people in rural communities	Good		Neutral

Source of Outline Evidence to support judgements
Intended outcomes

6. How does your proposal impact on the Welsh Government’s well-being goals?

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Well-being Goal	How does proposal contribute to this goal?	IMPACT Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
A prosperous Wales: An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through securing decent work.	County Farms properties sustain rural employment and wealth-creation by supporting business establishment and growth.	Good	Continued investment in the built fabric of the Estate will allow it to consistently offer opportunities to new entrants to farming.	Good
A resilient Wales: A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).	No impact	Neutral		
A healthier Wales: A society in which people’s physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.	No impact	Neutral		
A Wales of cohesive communities: Attractive, viable, safe and well-connected Communities.	No impact	Neutral		Neutral

Cyngor Sir Powys County Council

Impact Assessment (IA)

The integrated approach to support effective decision making



Well-being Goal	How does proposal contribute to this goal?	IMPACT Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
A globally responsible Wales: A nation which, when doing anything to improve the economic, social, environmental and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.	No impact	Neutral		Neutral
A Wales of vibrant culture and thriving Welsh language: A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.				
<i>Opportunities for persons to use the Welsh language, and treating the Welsh language no less favourable than the English language</i>	No impact	Neutral		Neutral
<i>Opportunities to promote the Welsh language</i>	No impact	Neutral		Neutral
<i>Welsh Language impact on staff</i>	No impact	Neutral		Neutral
<i>People are encouraged to do sport, art and recreation.</i>	No impact	Neutral		Neutral
A more equal Wales: A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).				
<i>Age</i>	Continuing to offer County Farms holdings to let presents young entrants to agriculture with an opportunity to establish farming businesses	Good	Ongoing investment into the Estate will make holdings more attractive to a wider range of potential applicants	Good
<i>Disability</i>	No impact	Neutral		Neutral
<i>Gender reassignment</i>	No impact	Neutral		Neutral
<i>Marriage or civil partnership</i>	No impact	Neutral		Neutral
<i>Race</i>	No impact	Neutral		Neutral
<i>Religion or belief</i>	No impact	Neutral		Neutral
<i>Sex</i>	No impact	Neutral		Neutral
<i>Sexual Orientation</i>	No impact	Neutral		Neutral
<i>Pregnancy and Maternity</i>	No impact	Neutral		Neutral

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Source of Outline Evidence to support judgements
Intended outcomes

7. How does your proposal impact on the council's other key guiding principles?

Principle	How does the proposal impact on this principle?	IMPACT Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
Sustainable Development Principle (5 ways of working)				
<i>Long Term: Looking to the long term so that we do not compromise the ability of future generations to meet their own needs.</i>	Sustaining the number of core properties on the estate will allow future generations to benefit from the same opportunities afforded previously.	Good	Improved property will attract a broader range of better quality applicants.	Good
<i>Collaboration: Working with others in a collaborative way to find shared sustainable solutions.</i>	No impact	Neutral		Neutral
<i>Involvement (including Communication and Engagement): Involving a diversity of the population in the decisions that affect them.</i>	No impact	Neutral		Neutral
<i>Prevention: Understanding the root causes of issues to prevent them from occurring.</i>	No impact	Neutral		Neutral
<i>Integration: Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives.</i>	No impact	Neutral		Neutral
Preventing Poverty: Prevention, including helping people into work and mitigating the impact of poverty.	No impact	Neutral		Neutral

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Principle	How does the proposal impact on this principle?	IMPACT Please select from drop down box below	What will be done to better contribute to positive or mitigate any negative impacts?	IMPACT AFTER MITIGATION Please select from drop down box below
Unpaid Carers: Ensuring that unpaid carers views are sought and taken into account	No impact	Neutral		Neutral
Safeguarding: Preventing and responding to abuse and neglect of children, young people and adults with health and social care needs who can't protect themselves.	No impact	Neutral		Neutral
Impact on Powys County Council Workforce	No impact	Neutral		Neutral
Source of Outline Evidence to support judgements				
Intended outcomes				

8. Achievability of proposal?

Impact on Service / Council	Risk to delivery of the proposal	Inherent Risk
High	Low	Low
Mitigation		

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9. What are the risks to service delivery or the council following implementation of this proposal?

Risk Identified		Mitigation	Residual Risk Rating
Reduced capital contribution made by Farms Estate relative to previous years		Central treasury to reflect capital contributions to be made by Farms Estate in developing future programmes	Low
	Low		Choose an item.
	Choose an item.		Choose an item.
Overall judgement (to be included in project risk register)			
Very High Risk	High Risk	Medium Risk	Low Risk
			✓

10. Indicative timetable for actions to deliver change proposal, if approved

Action	Target Date	Outcome	Decisions made
Review forward disposals programme	March 2018		
Portfolio Holder decision required	Choose an item.	Date required	
Cabinet decision required	Yes	Date required	10 July 2018
Council decision required	Choose an item.	Date required	

11. Indicative resource requirements (FTE) – link to Resource Delivery Plan

Support Requirements	2018-19				2019-20				2020-21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

12. Overall Summary and Judgement of this Impact Assessment?

Outline Assessment (to be inserted in cabinet report)	Cabinet Report Reference:
There will be positive impact on the sustainability of the farms estate and thereby the economy of Powys. The income of c£1m should be able to be retained. There may be implications for the Council if the capital receipts from the estate reduces but finance have been informed of this at the earliest opportunity and so can plan the next capital programme accordingly.	

13. Is there additional evidence to support the Impact Assessment (IA)?

PCC: Impact Assessment Toolkit (Oct 2017)

What additional evidence and data has informed the development of your proposal?

14. On-going monitoring arrangements?

What arrangements will be put in place to monitor the impact over time?

Review forthcoming lettings and planned disposals at quarterly Farms Project Board meetings.

Please state when this Impact Assessment will be reviewed.

March 2019

15. Sign Off

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Position	Name	Signature	Date
Impact Assessment Lead:	Hugo Van Rees		
Head of Service:	Ken Yorston		
Director:	Nigel Brinn		
Portfolio Holder:	CLlr Harris		

16. Governance

Decision to be made by	Date required
Cabinet	10 July 2018

FORM ENDS

From: Councillor P Roberts – Chair of LSE Scrutiny Committee

To: Councillor R Harris – Leader and Portfolio Holder for County Farms

- **County Farms Review**

1. *Definitions of: lifetime tenancy, retirement tenancy, bare land/secondary lettings.*

- 1.1 Lifetime Tenancy

Where the tenant is conferred with lifetime security of tenure under the Agricultural Holdings Act 1986. The legislation sets out grounds for termination of such a tenancy by the Landlord before death of the tenant but these are limited.

- 1.2 Retirement Tenancy

Where there is provision in the tenancy agreement the Landlord may terminate a tenancy granted between 12/9/1984 and 1/9/1995 on the tenant reaching 65 years of age, subject to conditions relating to the provision of housing.

- 1.3 Bare Land/Secondary Lettings

Where the letting does not include a farmhouse. Such lettings are usually parcels of farmland let to an Estate tenant with a principal Holding in the locality.

2. *How many Starter Farms does the Estate have?*

The Estate has 102 starter farms.

3. *How many Progression Farms does the Estate have?*

The Estate has 31 Progression farms.

4. *For each year for the last four years how many new lettings and how many re-lettings have been agreed.*

New Lettings	2014	2015	2016	2017	2018
Equipped Holdings	7	9	5	5	5
Secondary Lettings	0	2	2	5	0
Renewals					
Equipped Holdings	3	10	6	5	3
Secondary Lettings	0	0	5	2	1

5. *What is the full age profile of tenants:*

	FBT Starter Farm	FBT Progression Farm	FBT Retirement/ Residential	AHA tenancy (original)	AHA tenancy (succession)
Over 75	0	0	3	10	Not Applicable
65-74	4	1	1	14	Not Applicable
55-64	9	6	0	13	Not Applicable
45-54	11	8	3	3	Not Applicable
35-44	19	5	0	0	Not Applicable
25-34	16	3	0	2	Not Applicable
Under 24	3	0	0	0	Not Applicable
Total	61	23	8	43	Not Applicable

Are there any vacant farms?

There are presently no vacant farms. We do have 3 vacant dwellings which are currently advertised for sale, and a vacant cottage at Adfa which we intend to declare surplus and offer for sale pending a house clearance.

6. *What revenue income was received in 2017/18?*
Gross revenue in 2017/18 was £1,126,578.

7. *What capital income receipts have been received each year from 2010 to present?*

2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
£1,283,097	£1,999,083	£494,705	£742,500	£545,000	£1,447,600	£1,774,861	£553,938

8. *What is the projected contributions to the Council's capital receipts for the next three years?*

18/19	19/20	20/21	21/22
£1,312,950	£725,000	£745,000	£460,000

9. *What work has been undertaken since 2015 to address the urgent liabilities identified to a cost of £4million. What is the current cost of urgent liabilities?*

Work to address urgent liabilities has been completed across numerous sites. 4 buildings have been demolished, 11 roofs have been replaced, failed domestic drainage systems have been replaced on 9 holdings and new heating systems have been installed in a further 9 farmhouses.

Of the original survey estimate of £4.5m of urgent liabilities it is estimated that some £3.8m remain outstanding.

10. *How much has end of tenancy compensation cost for the last four years?*

14/15	15/16	16/17	17/18
£42,048.55	£20,536.47	£40,907.25	£10,335.00

11. *Can the 'live' appendices referred to in the document be provided.*

These background papers are provided as:

- Appendices Property Review August 2018
- Appendices Property Notes for 7 6 2018

12. *What steps have been taken to date towards addressing the following action outlined in Vision 2025*

'By 2020 we will investigate the possibilities for using council owned farms for innovation, education, forestation or social care'.

The Professional Lead Strategic Property has held an initial discussion with the CEO of NPTC Group to explore the potential for Farms Estate tenants to work in partnership with NPTC Group, particularly in relation to trialling the viability of farming systems, alternative crops and diversification enterprises. Welsh Government's 'Sustainable Management Grant Scheme' may offer potential for grant money to support the development of such a proposal.

In the meantime NPTC Group continue to rent County Farms Estate land at Mochdre and Sarn as part of their College Farm operation based at Newtown.

We have promoted the Glastir Woodland Creation grant scheme to our tenants and continue to promote the principle of diversification via the Farms Estate newsletter.