

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
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Background Papers used to prepare Report:

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.