

15th March 2012.

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET PORTFOLIO HOLDER REPORT

Report to County Councillors Mrs Kath Roberts-Jones, Portfolio Holder for Corporate Governance and Assets and Wynne Jones, Portfolio Holder for Regeneration and Culture.

REPORT AUTHOR: Nigel Baldwin, Senior Assistant Valuer, Local and Environmental Services

SUBJECT: Leighton Model Farm - Transfer to Mr. James Potter - Proposed Deed of Variation

REPORT FOR: Decision

1.0 Summary

1.0 The transfer of the Leighton Model Farm to James Potter via a long lease agreement for 200 years was completed on 19th August 2011. The lease agreement includes an option to purchase the freehold for £1 on completion of an agreed schedule of repairs within a period of 10 years from the date of the lease agreement.

1.1 The lease agreement includes, inter alia:

- (i) A requirement that the tenant will complete the schedule of repair works within 10 years of the lease commencement date (Clause 3.7)
- (ii) To insure the premises for a value of £14,482,639, a figure specified by the Council's insurance section (Clause 3.12).
- (iii) The option to purchase the freehold reversion upon completion of the schedule of repairs to the Landlord's satisfaction and before 10 years of the lease has elapsed. (Clause 5.2)
- (iv) A requirement that the tenant submits a draft Conservation Management Plan to the landlord for its approval within 6 months of the lease commencing and the landlord to respond within 3 months. The tenant then to complete repairs to a specified building to set a Benchmark standard to be approved by the landlord for all future repair works and before moving on to repair the other buildings (the Second Schedule)

2.0 Proposal

2.1 It is proposed to enter into a Deed of Variation of the lease agreement to cover the following matters:

- (a) Insert an amended plan of the area included in the lease to correct an error on the original lease plan by excluding an area of land which had been sold off previously, but was included in the lease plan in error.
- (b) Amend the amount of the insurance valuation following a re-assessment of the value by expert assessors instructed by the tenant.
- (c) Extend the period of time for the completion of the repair works and exercise of the option to purchase the freehold by one more year, i.e. from

ten to eleven years from the commencement of the lease.

2.2 Insurance Valuation

2.2.1 Prior to the signing of the lease agreement, the amount specified in Clause 3.12 was questioned by the tenant who supplied his own much lower assessment of the reinstatement value. It was agreed that the tenant would commission an expert assessment by a suitable qualified firm and if there was a significant difference the landlord would agree to substitute the revised assessment in the lease. The amount of cover provided is, obviously, reflected in the insurance premium

2.2.2 The assessors instructed by the tenant were Cunningham Lindsey who were recommended by the NFU Mutual as having the expertise to assess a range of historic, listed buildings such as those at Leighton. They have assessed the reinstatement cost of the Leighton buildings at £13,277,000 and it is proposed to substitute this amount for the current figure of £14,482,639 in Clause 3.12. of the lease.

2.3 Ten Year Repair programme.

2.3.1 Prior to signing the lease the tenant had commissioned a comprehensive ecology survey of the buildings and surrounding land. This survey identified significant bat roosts for various bat species in the buildings. The tenant was advised that any repairs to the roofs of the buildings i.e. above wall plate level, could only be carried out in the period between October and April each year.

Each building repaired would require a Bat Licence to be issued.

A Bat Licence can only be granted after Listed Building Consent (LBC) has been obtained for roof repairs and it takes about 8 weeks to issue.

2.3.2 The tenant submitted a draft Conservation Management Plan in a timely manner, but this required some consideration of what constituted "like for like" repairs to Listed buildings, which did not require any LBC, and those repairs, which did need LBC. This further involved consultation with CADW over some of the methods proposed in the draft plan e.g. the use of a thin wood wool slab on the underside of slates on areas to be re-roofed, as a key for lime torching to be applied as per the original construction. This method of repair was approved and the LBC application for the specified building (referred to as building "T" in the repair schedule) was submitted in late November 2011.

2.3.3 LBC was granted for building "T" last month and the Bat Licence application submitted but this will not be approved in time to complete the re-roofing of building T by the April 2012 cut off date for such repairs.

2.3.4 As a consequence the roofing work to building T cannot be commenced until October 2012 and by the time it is completed and approved by the landlord and further building(s) nominated for repair in the forthcoming 12 month period and LBC and Bat Licences applied for (requiring a new Bat survey each time) more than one year of the ten year period will have been lost

2.3.5 In the meantime the tenant has progressed with other items of repair on a like for like basis and not involving roof work e.g. replacing a large timber beam which failed in one of the main hay barns.

2.3.6 Therefore, the tenant has applied for the original period of ten years to be extended by a year to eleven years to complete the repairs and exercise his option to purchase the freehold.

3.0 Powys Change Plan and Risk to the Council

3.1 The disposal of the Leighton Model Farm for primarily the restoration of the listed buildings and regeneration of the centre will achieve a long term aim of the Council. The substantial receipt received from Mr Potter was a secondary "bonus".

3.2 The risk that Mr Potter should fail to purchase the freehold has no financial consequence to the Council.

The risk that Mr Potter should fail to complete the repairs in a timely manner could lead to a forfeiture of the lease but this is considered to be a low risk. Mr Potter has instructed a suitable experienced conservation architect to advise him on the repairs, and he has already carried out some items in the schedule, demonstrating his good intentions.

4.0 Options Considered / Available

4.1 The only alternative option to agreeing to allow a one year extension of the ten year period would be to refuse this request. The reasons for the loss of one year's work has been outlined above and is not due to any lack of diligence by the tenant.

5.0 Preferred Choice and Reasons

5.1 The preferred choice is to enter into a Deed of Variation with James Potter to deal with items (a), (b), and (c) described in paragraph 2.1.

The need for a revised plan is self explanatory. The insurance re-instatement value, whilst lower, has been assessed by suitable experienced assessors. The request to allow one more year to complete the repairs and exercise the option is not unreasonable in the circumstances. There may be opportunities to recover lost time in future years and the work can be completed in 10 years time but the extension by one year will give the tenant comfort and "breathing space".

6.0 Sustainability and Environmental Issues / Equalities / Crime and Disorder / Other Policies

6.1 The transfer of the Leighton model Farm will sustain the long term life of this important range of Victorian, listed buildings and offer significant regeneration opportunities.

7.0 Comments of Local Member

7.1 Councillor Mrs Linda Corfield was kept advised of the sale process, but she has not been consulted on this particular matter of a Deed of Variation. Councillor Corfield has been supportive of James Potter's proposals for the model farm all through the transfer process.

8.0 Other Consultations Undertaken

8.1 None, but there are no financial implications to the County Council by entering into a Deed of Variation to cover the matters specified.

9.0 Statutory Officers

9.1 The views of the Strategic Director, Finance & Infrastructure (Section 151 Officer) is that the proposals are within existing budget.

9.2 The Strategic Director, Law & Governance (Monitoring Officer) is content with the Report and Recommendation.

Recommendation:	Reason for Recommendation:
1. To enter into a Deed of Variation of the Leighton Model Farm lease agreement dated 19th August 2011 for the purpose of: (a) amending the lease plan (b) Reducing the insurance amount following expert assessment (c) Increasing by one year, to eleven years, the period for the tenant to complete the schedule of repair works and exercise the option to purchase the freehold reversion.	To rectify an error in the lease plan and to reflect the loss of one year's repair work due to procedural matters and Statutory requirements.

Relevant Policy :	Code of Procedure for the Disposal of Surplus Land and Property		
Within Policy:	Yes	Within Budget:	N/A

Relevant Local Member(s):	Councillor Mrs Linda Corfield
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Person(s) To Implement Decision:	Nigel Baldwin, Senior Assistant Valuer
Date By When Decision To Be Implemented:	Immediately

Contact Officer Name:	Tel:	Fax:	Email:
Nigel Baldwin	0870 1923874	01938 551233	nigel.baldwin@powys.gov.uk

Background Papers used to prepare Report:

- 1. Correspondence and Minutes of meetings with agents for Mr. James Potter.**

The Recommendation is approved.

Signed

**County Councillor Kath Roberts-Jones
Portfolio Holder for Corporate Governance and Assets**

Signed

**County Councillor Wynne Jones
Portfolio Holder for Regeneration and Culture**

Dated

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