

**CABINET RESPONSE TO : MEMBER LED REVIEW – COUNTY FARMS ESTATE**

**To: Cabinet**

**Date: 24<sup>th</sup> May 2011**

**From: Nicholas Dawe, LGSS Director of Finance**

**Electoral division(s): All**

**Forward Plan ref: Not applicable**                      **Key decision: No**

**Purpose: Cabinet Response to the County Farms Member Led Review from Corporate Issues Scrutiny Committee**

**Recommendation: i) To thank Scrutiny for producing a valuable and detailed report.**

**ii) To approve the proposed response to the Member Led Review on the County Farms Estate, as set out in Section 2 of this report.**

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## **1. BACKGROUND**

- 1.1 The Member Led Review from the Corporate Services Scrutiny Committee on the County Farms Estate has produced a report which contains four recommendations for consideration by Cabinet.
- 1.2 Cabinet would like to thank Scrutiny for producing the report and seeking the views of officers and members during the study.
- 1.3 The report is comprehensive and detailed, and is welcomed by Cabinet and officers within the Authority with responsibility for the County Farms Estate.

## **2. RESPONSE TO RECOMMENDATIONS**

- 2.1 The proposed response to the recommendations of the Member Led Review is set out below.
- 2.2 **Recommendation 1: Retain the Estate**

Members believe that the Estate is a valuable strategic asset that the Council should make a long term commitment to retain.

### **Proposed response**

Cabinet agrees with this recommendation and notes that the Council has signalled its commitment to the County Farms Estate by major investments through the Better Use of Property Assets (BUPA) programme and since 1988 regular reviews of policies, objectives and Farm Management Plans. The latter have given both the Council and its tenants a long term strategic framework to operate and develop viable businesses and has generated excellent financial and non financial returns.

Internal Rate of Return calculations produced by Bidwells show returns of 4.95% and 6.74% for the period 2010 to 2050 which are comparable with privately held estates.

In addition land on the Estate may form part of the Northstowe development, be used for the proposed Recycling Centre at Trumpington and also a rowing lake at Waterbeach.

Furthermore the Estate provides opportunities for people to start farming businesses supporting 64 new entrants since 1998 as well as encouraging existing tenants to diversify their income streams and become more innovative.

Many new woods and permissive paths have been created on the Estate making the County a better place to live in. The latest community woodland planted at Oakington has well received new public access links.

## **2.3 Recommendation 2 : Financial returns must be the top priority during the current economic situation**

The County Farms Estate (CFE) has several social, economic and environmental objectives. These are not mutually exclusive as land can often meet several objectives at once. Nonetheless, given the financial difficulties facing the Council, Members believe that the top priority at the moment should be to generate financial returns to supply funds for mainstream services.

### **Proposed response**

Cabinet agree the objectives are not mutually exclusive and that the financial contribution made by the Estate to the Council is most important whilst also recognising the important non financial benefits such as providing opportunities for local communities to enjoy the countryside. Capital receipts have averaged £3m pa for the last decade while rents have increased by approximately £400,000 in the last 3 years and further rental increases are expected as farming profitability improves as a result of global demand for food.

## **2.4 Recommendation 3: Encourage Purchase of Land**

The current Estate policies do not explicitly allow or encourage officers to purchase land where this is deemed advantageous, and there is little evidence of land purchases in recent years. Members believe that CFE policy should be amended so that officers actively seek sites for purchase, to partially mitigate the reduction in the Estate. This will help strengthen the Estate's role as a long term strategic asset.

### **Proposed Response**

The Better Use of Property Assets (BUPA) project currently provides funding for capital investment on the Estate including land purchases where a sound business case can be made.

In the current economic climate a good business case would be required to justify land purchases. Land might be bought where there is marriage value. E.g. to unlock areas with potentially greater value in the long term or to expand existing holdings. Several blocks of land have been considered for purchase in recent years.

However an active campaign by the Council to purchase land could be counter productive as prospective vendors are likely to set enhanced prices.

Local agents currently provide officers with details of land for sale but supply has for several years been limited and prices as a result too high to justify acquisition based on purely agricultural returns.

Officers will continue to monitor the market for sites where a suitable business case can be made to justify a purchase.

## **2.5 Recommendation 4: Ensure proceeds from the Estate continue to support Council services**

The Pensions Committee has given some consideration to the possibilities of acquiring some of the CFE. As stated in recommendation 1, Members believe that the Council should retain the Estate as a strategic asset and recommend that Cabinet should ensure that proceeds from the Estate continue to support Council services.

### **Proposed Response**

Cabinet notes the Scrutiny Committee's recommendation. The Pensions Committee's investigations into its overarching investment strategy are ongoing and no conclusions have been reached. If that strategy included direct investment in property incorporating all or part of the County Farms Estate, detailed Member discussion would be required together with the agreement of both the Pension Committee and Cabinet, before any transfer took place.

## **3. ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING**

### **3.1 Supporting and protecting vulnerable people when they need it most**

There are no significant implications for this priority.

### **3.2 Helping people live healthy and independent lives in their communities**

There are no significant implications for this priority

### **3.3 Developing the local economy for the benefit of all**

The report above sets out details of significant implications in paragraphs 2.2, 2.3 and 2.4.

### **3.4 Ways of Working**

The report above sets out details of significant implications in paragraphs 2.2, 2.3, 2.4 and 2.5.

## **4.0 SIGNIFICANT IMPLICATIONS**

### **4.1 Resource and Performance Implications**

The report above sets out details of significant implications in paragraphs 2.2, 2.3, 2.4 and 2.5.

### **4.2 Statutory, Risk and Legal Implications**

There are no significant implications for any of the prompt questions within this category.

### 4.3 Equality and Diversity Implications

There are no significant implications for any of the prompt questions within this category

### 4.4 Engagement and Consultation

There are no significant implications for any of the prompt questions within this category

<b>Source Documents</b>	<b>Location</b>
Scrutiny Report	<a href="http://cccs086/db/council2.nsf/e0c624b01b2e9ade80256b14004eb73b/6b6f340e4e69969180257854003cd b02?OpenDocument">http://cccs086/db/council2.nsf/e0c624b01b2e9ade80256b14004eb73b/6b6f340e4e69969180257854003cd b02?OpenDocument</a>