

COUNTY FARMS ESTATE REVIEW OF POLICIES OBJECTIVES AND PLANS

REVISED ESTATE OBJECTIVES

To reflect the changes in EU support funding and the needs of the County Council the objectives for the Estate have been revised and are set out below:

1. To promote (full-time) fixed term commercial farm business opportunities and foster links between the Council and private/institutional estate landlords with the aim of securing tenant progression and development.
2. To promote short term/part-time fixed term opportunities for new entrants by making best use of land held pending long term development/sale.
3. To realise, only at vacant possession value, the sale of identified surplus property on the Estate by taking proactive steps to bring forward a continuing stream of capital receipts whilst at the same time protecting and enhancing the asset value of the retained Estate.
4. To make financial provision for the proper management of the Council's statutory and contractual repair liabilities.
5. To maintain or increase rental income, so far as is practicable, significant items of capital expenditure will be justified with a business case.
6. To provide a positive experience of the Estate/countryside by promoting and publicising environmental initiatives to increase biodiversity, public access, archaeological protection / enhancement and conservation / amenity projects.
7. To support rural development and economic re-generation by encouraging wider farm diversification, letting appropriate facilities for non-agricultural use and identifying land sales for social housing.

RECOMENDATIONS

THE CASE FOR REINVESTMENT IN THE ESTATE (INCLUDING LEASEHOLD DISPOSALS)

Recommendation 1: Annual Maintenance

- (a) Retain the policy to identify for sale properties with a high maintenance liability.
- (b) Identify in a progressive planned maintenance programme the latent liability for repairs, in particular those falling under statutory or contractual responsibilities.
- (c) The budget must cover the statutory and contractual liabilities of the Council (but not to a standard beyond recognised good practice).
- (d) Prioritise repairs where the cost is shared with tenants under the tenancy contract.
- (e) Ensure tenants repair covenants are enforced.
- (f) Maintenance expenditure will be set at a level commensurate with good asset management practice and will be measured by levels of tenant satisfaction

Capital Improvements

Recommendation 2: Capital Improvements

- (a) Farm management plan reviews should design out the need for investment, where possible.
- (b) The annual budget should contain a provision for the payment of contractual compensation to tenants at the end of tenancy for approved improvements and fixtures where the option to purchase is taken by the Council.
- (c) It is acknowledged that tenants will sometimes invest in capital improvements on their holdings, which will normally remain their property until the end of the tenancy. The Council will encourage this investment by approving investment and agreeing compensation write off terms.
- (d) The Council will prioritise alternative ways of investing in the estate, for example, sharing investment with tenants in return for a more secure rent.
- (e) The Council will prioritise investment on improvements or replacement fixed equipment to facilitate the generation of capital receipts.

Sales and Purchases

Recommendation 3: Sales and Purchases

- (a) The Council will continue to manage proactively its capital sales programme. Professional resources will be directed to accelerating capital receipts, including those currently defined as speculative projects.
- (b) The Council will identify for capital receipts targets the specific resources required to achieve those targets, for example, compensation to tenants, necessary restructuring investments, specialist advice (architects, planners, highways etc).
- (c) Sales will only be of property at vacant possession value.
- (d) Sales will not be encumbered with covenants or restrictions unless this is necessary to protect the value of retained property.
- (e) Sales to tenants of identified surplus land at a vacant possession value will be permitted subject to the Council being satisfied with the valuation.
- (f) In accordance with the Council's current disposal policy the Council will continue to seek best consideration for all sales and all exceptions will be considered on their merits by Cabinet.
- (g) Capital purchase of land will normally only be approved where the business case can show it unlocks marriage value from the Council's existing landholdings.

ADDITIONAL RECOMMENDATIONS NOT APPROVED BY CABINET

- (h) Additionally, if cumulative receipts from sales exceed in any year the cumulative medium term sales target, consideration will be given to the use of part of the excess receipts to purchase of land which will assist the County Farms Estate to achieve its environmental, public access, and community objectives.
- (i) The aspiration will be, through such purchases, to maintain the County Farms Estate at around its present size. This recommendation recognises that the financial, environmental, public access and community benefits of the Estate are broadly proportional to its size, and that by maintaining the size of the Estate these benefits will be maintained for future generations

ENVIRONMENT, PUBLIC ACCESS AND COMMUNITY VALUE

Recommendation 4: Environment, Public Access and Community Value

- (a) The value of the County Farms Estate to the wider community is to be publicised by working closely with the Office of Environment and Community Services and Parish Councils to provide better public access opportunities, and to promote conservation and amenity projects.
- (b) To take full advantage of EU and DEFRA farm conservation funding which now actively supports greater public access and environmental protection.
- (c) Environmental credentials will be used to select new tenants when business credentials are equal but will receive a higher weight where care for the environment is the pre-eminent feature of the farm.
- (d) Archaeological features will continue to be protected, taking advantage of DEFRA “High Level Scheme” grants where appropriate. SLAs should be retained in full to maintain work completed to-date, and to improve sites where very visible and well used by the public. This responsibility will require a revenue budget provision.
- (e) The market for biomass is at an early stage and will be kept under review by the Council.

THE CASE FOR RETAINING THE MANAGEMENT OF THE ESTATE IN-HOUSE OR WHETHER IT SHOULD BE OUT-SOURCED

Recommendation 5: Management of the Estate and Governance

- (a) The core management responsibility will remain in-house as this is the most efficient use of resources and important for the delivery, with others, of the capital sales programme. Private sector resources will continue to be used for specialist projects, for example, mineral development or rent arbitrations, where the in-house team may not have experience.
- (b) There is scope for dealing with routine estate management more efficiently, and releasing qualified senior professional staff to carry out more suitable work, by following the private sector practice of recruiting and training ‘estate managers’, not graduate surveyors (who tend to be short term and have a heavy training commitment).
- (c) Member governance of the delivery of objectives/policies will be achieved by the provision of regular reports to the Corporate Services Portfolio Holder and Corporate Services Spokes; the use of a Member Advisory Group on tenant selection and the submission of an annual report to the Corporate Services SDG.

THE JUSTIFICATION FOR RETAINING THE ESTATE AS A WHOLE

Recommendation 6: Retention of the Estate

The Council will not sell the entire estate, nor accelerate the capital sales programme beyond property identified by existing policies.

FLEXIBILITY OF LETTING; CONTRACTING AND SUB-LETTING

Recommendation 7: Flexibility of Letting; Contracting and Sub-Letting

- (a) Subletting of whole farms will not be permitted. Subletting of fields for specialist cropping, and subletting in particular for crops grown by other County Farms Estate tenants, will be permitted but subject in each case to approval in advance (and at an agreed fee) and by standard licences to ensure proper management practices and to protect the Council's property.
- (b) Residency on holding will be required where a dwelling is provided except in the last five years of the tenancy (an end date will be required in all cases). In each case any exception, is subject to approval in advance and where a subletting is intended (at an agreed fee), and by standard 'licences' to ensure proper management practices and to protect the Council's property.

END OF TENANCY COMPENSATION

Recommendation 8: End of Tenancy Compensation

(a) Improvements

The approved improvements for which there is a latent liability will be identified; a provision in the revenue budget will be made to meet this liability.

(b) Single Farm Payment Entitlements

The "Historic Entitlements" owned by an outgoing tenant will be compensated (but on a reducing scale to 2012); regard will be had to the open market value but the compensation may be less than this level. A provision will be made in the revenue budget to meet this liability.

(c) In-going Tenants

- (i) Where ingoing tenants hold their entitlements, compensation will not be paid to the outgoing tenant (but each case will be judged on its merits).
- (ii) Existing policies for ingoing tenants paying for crop 'tenant right' compensation will continue.

FARM SIZE AND PROGRESSION HOLDINGS

Recommendation 9: Farm Size and Progression Holdings

- (a) The Council will increase target (excluding starter, specialist or diversified holdings) farm size to an average in the range 150-200Ha.**
- (b) Investigate options to facilitate the retirement of older tenants, through the provision of retirement tenancies (where legally possible), or social housing provided by other authorities.**
- (c) The Council will provide starter, smaller specialist or diversified holdings to create opportunities for entrepreneurs where it is sensible/in the Landlord's interest to do so, e.g. where land is being held pending longer term disposal.**
- (d) Applications for nationally advertised holdings to let, will be considered in the following sequence:
 - 1) New entrants;**
 - 2) Existing County Farm tenants;**
 - 3) Others.****
- (e) Letting to non-farming bodies will be considered where supported by a business case and the letting is appropriate to the location/site.**
- (f) Extending tenancies of tenants over 65 will be considered in exceptional circumstances where it is in the Landlord's interest to do so.**
- (g) Tenancy length for new entrants will be 5-15 years and in the case of the longer tenancies with an 'option' between years 5 and 10 for either the landlord or tenant to call for a performance review to assess whether the tenancy is extended or terminated at the end of the current period.**
- (h) Tenant selection (see environment, Recommendation 4 (c)).**
- (i) Foster links between the Council and private/institutional estate landlords with the aim of securing tenant progression and development.**