

MEADS FARMHOUSE, WARBOYS – REPLACEMENT DWELLING

To: **Commercial and Investment Committee**

Meeting Date: **13 September 2019**

From: **Chris Malyon, Deputy Chief Executive**

Electoral division(s): **Ramsey & Bury and Warboys & The Stukeleys**

Forward Plan ref: **N/a** *Key decision:* **No**

Purpose: **The Committee is asked to approve capital funds to replace a farmhouse on the County Farms Estate that is beyond economic repair.**

Recommendation: **To approve capital funds for the proposed replacement dwelling and grant a new 15 year Farm Business Tenancy to the current Tenant.**

<i>Officer contact:</i>	<i>Member contact:</i>
Name: Hugo Mallaby	Names: Cllr Joshua Schumann
Post: Asset Manager (Rural)	Post: Committee Chair
Email: Hugo.mallaby@cambridgeshire.gov.uk	Email: Joshua.schumann@cambridgeshire.gov.uk
Tel: 01223 728359	Tel: 01223 706398/07841524007

1. BACKGROUND

- 1.1 Meads Farmhouse, Puddock Road, Warboys is a 3 bedroom house extending to approximately 135 m² which was constructed in 1932, and has been suffering from subsidence related issues for many years. This movement is particularly common in the Fens and is apparent on Puddock Road, which adjoins Meads Farm.
- 1.2 The dwelling has been monitored on an ongoing basis, with only minor repairs in line with the budget had been undertaken to keep the house habitable during the previous tenant's occupation whilst keeping these costs as low as possible. It was recognised by officers that the dwelling would need significant structural repairs at the end of the tenancy in October 2017.
- 1.3 With this in mind, PRP Structural Engineers (PRP) were instructed to inspect the property in May 2016. The structural report confirmed that the dwelling's stability was compromised and it required re-levelling or temporary ties to maintain the stability in the short term.
- 1.4 A potential alternative to re-level the dwelling was assessed in 2017 by PRP, but the specialist contractor was unable to guarantee the work and so it was advised that a replacement dwelling would be the most economical solution. The proposed replacement dwelling totals 150m². Copies of the plans and elevations are shown in **Confidential Appendix 1** as part of the business case.
- 1.5 At the end of a long tenancy it is anticipated that a property will undergo a full refurbishment prior to a new Tenant moving in, including a new kitchen, bathroom, electrical and plumbing works and basic decoration. At Meads Farm, the current Tenant is the previous Tenant's son and was fully aware of the property's issues. He was happy to move into the property without any refurbishment, with the appropriate works to proceed in time. Following the PRP assessment, the Tenant was made aware that the property was beyond economic repair.
- 1.6 The current tenant, who is 29, was granted a 5 year farm business tenancy from 11th October 2017 and has proved to be successful in managing the 146 hectare (361 acres) holding. It is anticipated that he will, subject to agreeing terms, be suitable to farm the holding for the next 35 years.
- 1.7 Given the long term nature of structural movement even with run off from previous insurance, an insurance claim for a replacement dwelling would not have been accepted at this time.
- 1.8 External consultants were instructed to obtain planning permission for a replacement dwelling, which was granted on 8th March 2019 by Huntingdonshire District Council.
- 1.9 The Council's Capital Programme Board approved the business case at its meeting in June 2019; the project was referred to the Commercial and Investment Committee by the General Purposes Committee on 16th July 2019.
- 1.10 Subject to the Committee's instructions, tenders for the replacement dwelling are due by the end of September: these are anticipated to be less than the budgeted business case

shown at **Confidential Appendix 1**. A more detailed breakdown of the likely costs is shown at **Confidential Appendix 2**.

2. MAIN ISSUES

- 2.1** The farm was let as a fully equipped holding, with both a farmhouse and buildings integral to the property and is also the site of the tenant's own building.
- 2.2** There is a potential risk that the current subsidence issue will accelerate and become a Health and Safety risk to the current tenant. Also at the beginning of what he anticipates will be a career as a tenant farmer for the next 30 years he wants to live in a property that will be good to live in.
- 2.3** The average farm rent for the Council's neighbouring farms indicate a rental value for the holding of between £45,000 and £50,000. This is estimated to reduce by £7,500 per annum were the farm to lose the farmhouse. The financial detail showing how rent reduction and income attributed to the new dwelling is shown in **Confidential Appendix 3**.
- 2.4** The grant of a new 15 year tenancy helps to protect the investment, as the tenant is capable, has suitable capital to run a business in the current uncertain climate and the long term desire to build a successful rural enterprise.
- 2.5** Using a rental value of £7,500 per annum, each new 15 year tenancy would contribute **£112,500** revenue towards the new dwelling. It is anticipated that the current tenant will wish to remain on the holding (where he grew up) until retirement – anticipated at 2050 to 2055. Assuming he retires in 2050, the revenue contribution to the dwelling's cost would be **£225,000**.
- 2.6** A new farmhouse would be built to the National House Building Council standards and, as such, would benefit from 10 years' warranty from completion, meaning that there would be no repair costs to the Council for the first decade. It is anticipated that the new dwelling's "design life" will be 50 years.

3. ALIGNMENT WITH CORPORATE PRIORITIES

Report authors should evaluate the proposal(s) in light of their alignment with the following three Corporate Priorities.

3.1 Developing the local economy for the benefit of all.

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

This is a maximum cost of £295,000. It is anticipated that there will be significant savings arising from the ongoing tender process.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

The proposed project uses the Council's standard procurement procedures.

4.3 Statutory, Legal and Risk Implications

A potential Health and Safety risk as set out in 2.2 above.

4.4 Equality and Diversity Implications

N/A

4.5 Engagement and Communications Implications

N/A

4.6 Localism and Local Member Involvement

Cllr Rogers is aware that the farmhouse needs to be rebuilt and has had direct discussions with the farm tenant.

4.7 Public Health Implications

N/A

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes by Capital Programme Board on 7 th June 2019.
Have the procurement/contractual/Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	N/A: Using LGSS procurement to run the tender process.
Has the impact on statutory, legal and risk implications been cleared by LGSS	N/A

Law?	
Have the equality and diversity implications been cleared by your Service Contact?	N/A
Have any engagement and communication implications been cleared by Communications?	N/A
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Cllr Rogers is aware of the matter.
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
1. Report from PRP Structural Engineers: 16 10 13 Structural Inspection – Meads Farm 2. Planning permission 18/02728/FUL	2 nd Floor The Octagon, Shire Hall, Cambridge