

County Farms Capital Receipts

Joint Report of the County Treasurer and the Head of Business Strategy and Support

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendation(s): *That the Cabinet approves*

- i. An amendment to the current approach to capital receipts generated from the sale of farm land and buildings set out in the County Farms Strategic Review of 2010, specifically that all future capital receipts will be received corporately.
- ii. That the County Farms Committee will be required to submit capital programme funding requests to the Corporate Capital Group in consultation with the Corporate Asset Manager to enable relative priority for funding to be considered across the organisation, as is the process for all other parts of the authority.
- iii. Where funding requirements increase or where there is a need to change the funding allocation, the Farms Committee be required to seek approval through either the Cabinet Member for Policy & Resources, in line with the provisions of the Council's Constitution, or by the Cabinet itself.
- iv. That this revised approach is adopted with effect from 1st August 2014.

1.0 Background

- 1.1 The County Farms Strategic Review which was approved by Farms Committee on 30th March 2010 and reported to Cabinet on 14th April 2010 made provision for the County Farms Estate (the Estate) to retain 100% of the capital receipts generated by farm disposals. Where land is sold for development the Estate retains 16% (with the residual 84% of the capital receipt being received corporately).
- 1.2 The retained receipts were to be used to meet the costs of current and future statutory obligations and inward investment in the Farms Estate.
- 1.3 To date c. £2.7 million has been spent on completing 19 Nitrate Vulnerable Zone (NVZ) compliant schemes across the Estate and further capital has been invested in reducing the backlog maintenance figure to below £1 million (from the 2010 figure).

- 1.4 The authority faces serious financial challenges and needs to realise both savings and capital receipts across all services and prioritise capital investment.

2.0 Current and Future farms estate Liability

- 2.1 The County Farms Estate will continue to require funding for critical backlog maintenance obligations, improving and upgrading infrastructure to maintain/enhance value, meeting statutory regulations and standards, as well as meeting end of tenancy compensation liabilities.

3.0 Objectives and Principles

- 3.1 Discussions have taken place between Members and officers of the Council and the County Council's Land Agent (NPS SW Ltd) on the current approach in relation to Farms Estate capital receipts and it has been agreed that the following objectives and principles should in future be applied to the Farms Estate:
- Equality with other services across the organisation
 - A consistent corporate process to consider and approve projects for funding
 - Recognition of the obligations and liabilities inherent in managing, maintaining and improving an agricultural estate.

4.0 Proposed approach

- 4.1 It is proposed that the County Farms Estate should no longer retain capital receipts from the disposal of farms, farm buildings or farm land. In future all receipts will be managed centrally and capital projects will be funded from corporate capital resources.
- 4.2 The Farms Committee will therefore be responsible for overseeing the management of the Estate, and through professional advice received from the authority's Land Agent (NPS SW Ltd) agree appropriate capital funding requests for projects relating to the Farms Estate.
- 4.3 Approved schemes/programmes will therefore be funded from the corporate capital resources and will have been considered alongside other capital investment priorities across the authority.

5.0 Financial Considerations

- 5.1 For this financial year (14/15) the County Farms Estate Capital Programme was set in the Budget at £1,197,000 for specific improvement, upgrade, compliance projects and tenancy liabilities. On going projects (including land acquisitions) are the subject of a carry forward from 13/14 of £2,069,524 (therefore a combined commitment of £3,466,524).

6.0 Legal and Risk Management Considerations

6.1 In reaching a recommended way forward it is acknowledged that the authority have legislative and legal duties in relation to the management of the County Farms Estate, and that there will be an on-going requirement to ensure that all legislation is complied with and our duties as a landlord are discharged which will require a level of capital funding.

7.0 Other Considerations

7.1 Any issues relating to equality, sustainability, carbon impact and public health impact have been considered in developing the approach recommended

8.0 Conclusions

8.1 This report recommends aligning the treatment of Farms Capital Receipts to the approach taken with capital receipts generated from the disposal of corporate land and buildings to ensure a consistent and equitable approach to capital across the authority.

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Electoral Divisions: ALL

Local Government Act 1972: List of Background Papers
Farms Estate Committee – CR/10/38 30th March 2010

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