

The County Farms Estate

Revenue Monitoring (Provisional Outturn) 2015/16 & Revenue Budget 2016/17

Report of the County Treasurer

1. Monitoring 2015/16 (Provisional Outturn)

- 1.1 The financial statement is herewith attached at Appendix A.
- 1.2 The target surplus agreed at County Council on 19th February 2015 was £293,000 (inclusive of inflation).
- 1.3 This assumed that insurance costs would be met from the County Farms Revenue budget. However, these costs will now be funded centrally, enabling the County Council to manage its insurance needs in a more efficient & economic way, whilst also reducing the administrative burden of internal recharging. This has resulted in a budget virement, with these costs no longer borne by County Farms. As a result the target surplus is now set at £337,000.
- 1.4 Provisional outturn figures show a net surplus of £325,000, an over spend of £12,000.
- 1.5 This follows a reduction in rental income of £19,000 following agreement to offset a tenancy compensation payment (due to the tenant) against rental arrears (due from the tenant). The impact of this is a reduction in rental income in the Revenue budget, with a corresponding reduction in expenditure against the Capital budget (see report CT/16/47).
- 1.6 Rental income is also lower than previously forecast due to two agreements that offset rental arrears against tenant rights valuation payments due to the tenant. This results in reduced income with a corresponding reduction in tenants right valuation payments.
- 1.7 Despite this, tenants right valuation costs are higher than previously forecast due to a number of recent high value settlements being negotiated and agreed. However, the liabilities have proved to be cost effective improvements in essential infrastructure.

- 1.8 Professional fees associated with end of tenancy valuations at 25 March 2015 and 25 March 2016 are yet to be invoiced, hence the current underspend in this respect.
- 1.9 Building maintenance spend in year is lower than budgeted. Some repair, maintenance and replacement schemes developed to the point of being able to instruct contractors were delayed in order to contain net spend, with other works not substantially complete by year end and not able to be accrued as in-year costs.
- 1.10 The rolling quinquennial condition survey programme was completed in 2015, which informed a priority programme of repair and maintenance requirements for 2015/16. There remains sufficient knowledge from that exercise to inform and prioritise a full programme of works for the 2016/17 financial year. For this reason NPS were not commissioned to carry out further surveys resulting in a net saving.
- 1.11 In terms of building maintenance 'other' costs, the budget for the revenue funded contribution to restructuring was not committed and an underspend in Land Agents initiatives planned in order to accommodate increased costs in respect of Tenant right valuations.
- 1.12 As previously forecast, NPS fees are higher than budgeted, as a result of additional speculative planning design works, completing the in-depth development appraisal, and the extra summer Farmwise event at the County Show. All of this is on top of an already very busy year in terms of management, restructuring and multiple farm letting campaigns.

2 Draft Revenue Budget 2016/17

- 2.1 The Revenue Budget presented to Corporate Service Scrutiny Committee on 22nd January included a target surplus of £318,000 for the County Farms Estate, in accordance with targets set by Cabinet at its meeting on 13th January 2016.
- 2.2 This takes account of inflationary increases, anticipated rent reviews and increased expenditure in respect of future year's development potential.
- 2.3 The transfer of Insurance budgets to be managed centrally (as set out in 1.3 above), the target surplus has now been revised to £362,000. This has no impact on the County Farms Revenue budget as insurance costs will no longer be borne by this budget

3 **Options/Alternatives**

- 3.1.1 Alternative options have been considered and discounted as they are believed to either be contrary to current Estate policy and/or not in the best financial interests of the Estate.

4 **Consultations/Representations/Technical Data**

- 4.1.1 The views and opinions of the Devon Federation of Young Farmers Clubs and the Estate Tenants Association will be presented by the two co-opted members to the committee.
- 4.1.2 No other parties have been consulted and no other representations for or against the proposal have been received.
- 4.1.3 The technical data is believed to be true and accurate.

5 **Considerations**

- 5.1.1 The Author is not aware of any financial, sustainability, carbon impact, equality, legal, risk management or public health issues arising from this report.

6 **Summary/Conclusions/Reasons for Recommendations**

- 6.1.1 The Author has prepared this report in accordance with the findings of the County Farms Estate Strategic Review (April 2010).

Mary Davis – County Treasurer

Electoral Divisions: ALL

Local Government Act 1972: List of Background Papers

None

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COUNTY FARMS ESTATE - FINANCIAL REPORTS
FINANCIAL STATEMENT - PROVISIONAL OUTTURN 2015/16

<u>INCOME</u>	YEAR TO DATE £'000	ANNUAL TARGET £'000
Rent	(966)	(993)
Other	(42)	(61)
TOTAL INCOME	(1,008)	(1,054)
<u>EXPENDITURE</u>		
<u>STATUTORY COSTS</u>		
Tenant Right Valuation	55	20
SUB - TOTAL	55	20
<u>PREMISES COSTS</u>		
Building Maintenance - unforeseen	115	124
Building Maintenance - programmed	126	150
Building Maintenance - Surveys	0	10
Building Maintenance - STC	17	20
Building Maintenance - other (incl. land agents initiatives, redundant buildings, asbestos and health & safety)	18	77
Grounds Maintenance	11	10
Rents & other landlord charges	14	16
Rates, Electricity and Water Charges	8	9
SUB - TOTAL	309	416
<u>SUPPLIES & SERVICES</u>		
Insurance	0	0
Adverts	3	2
NPS Fees	258	200
Legal Fees	8	5
Professional Fees	8	16
Other Fees & Charges (DFYF, SHLAA, GPDO)	42	58
SUB - TOTAL	319	281
TOTAL EXPENDITURE	683	717
NET OPERATIONAL (SURPLUS)/DEFICIT	(325)	(337)