

The County Farms Estate – Annual Report 2017/18
Report of the County Treasurer

1 Background/Introduction

1.1 This is the twenty-seventh annual report of the County Farms Estate and the eighth year in this revised format since the Devon County Council Farms Estate Strategic Review of March 2010.

1.2 This report is divided into the following sections:
Committee Functions
Financial Performance
Estate Management Performance
Other Notable Estate Achievements and Events

2 Meetings and other activities of the Farms Estate Committee 2017/18

2.1 The Farms Estate Committee met on 22 June, 18 September, 11 December 2017 and 12 February 2018. In addition to the usual financial and management matters other issues discussed by the Committee included:

- Annual Report 2016/17
- Recognising success at the Devon Farm Business Awards 2017
- Opportunities to offer wider rural business start-up opportunities
- Freshstart Land Enterprise Centre
- Monitoring of tenants on initial Farm Business Tenancy's
- Review and update of standard Farm Business Tenancy
- Requests for Landlord's consent for Tenant's Improvements

2.2 An interview panel met on two occasions during the year to interview tenants for Middle Yeo Farm, Down St Mary; North Ground Farm, Milton Abbot; and Manor Farm, Holcombe.

2.3 The Chairman, a second member of the Committee and the Senior Land Agent also visited the Parishes of Braunton, South Molton, Holsworthy, Denbury and Dawlish to undertake tenant's monitoring visits.

2.4 The Chairman and vice Chairman of the Committee and the Senior Land Agent met with representatives of Rattery Parish Council.

2.5 New members of the Committee received a presentation on the Estate Management Strategy and Plan, protocols and procedures.

3 **Finance**

- 3.1 The financial performance of the Estate is again analysed in four areas, namely revenue income and expenditure, capital receipts and capital investment.
- 3.2 The Estate revenue budget outturn statement for the year ending 31 March 2018 is appended (Appendix A). At the request of the Committee details of some of the key result areas for the three previous trading years have been added to offer some form of trend comparator analysis.

4 **Revenue Income**

- 4.1 Rental income from the Estate in 2017/18 was £1,055,448 compared with a target of £1,052,000.
- 4.2 Miscellaneous income totalled £42,505 compared with a target of £40,000.
- 4.3 Therefore total income secured was £1,097,953 against a target of £1,092,000.

Revenue Income	2014/15	2015/16	2016/17	2017/18
Rental	£997,812	£965,357	£1,093,939	£1,055,448
Miscellaneous	£63,156	£41,949	£34,458	£42,505
Total	£1,060,968	£1,007,306	£1,128,397	£1,097,953

Revenue Income Analysis	2014/15	2015/16	2016/17	2017/18
Actual	£1,060,968	£1,007,306	£1,128,397	£1,097,953
(a) Per Farm	£15,603	£14,599	£16,354	£16,146
(b) Per Hectare	£273	£259	£291	£283
(c) As a % of Target	114%	96%	105%	101%

5 **Revenue Expenditure**

- 5.1 The target spend for 2017/18 on programme and unforeseen repairs and maintenance was £310,000 of which 68% (£210,000) was planned and 32% (£100,000) was unforeseen.

5.2 There was an overall actual spend of £308,599 on repair and maintenance of which 74% (£227,711) was planned maintenance and 26% (£80,888) was unforeseen and reactive work. The proportion of programme maintenance spend has increased significantly from 57% in 2016/17.

Expenditure	2014/15	2015/16	2016/17	2017/18
Programme	£153,065	£126,141	£190,461	£227,711
Unforeseen	£139,722	£114,810	£145,392	£80,888
Total Maintenance	£292,787	£240,951	£335,853	£308,599

5.3 £235,022 was spent in total on professional fees relating to estate management, Farmwise Devon and the procurement of repairs, maintenance, compliance management, service term contracts and other works.

5.4 £7,082 was spent on servicing plant and equipment on the Estate including private water supplies and boilers owned by the Landlord.

5.5 £2,519 was spent on roadside tree surgery works arising as a consequence of periodic surveys and other ground maintenance works.

5.6 £7,384 was spent on Landlord's health and safety improvements, removing and replacing asbestos and demolishing redundant buildings.

5.7 £113,753 was spent on compensating tenants for fixtures, fittings and improvements at end of tenancy.

6.0 Revenue Surplus

6.1 A revenue surplus of £393,682 was achieved compared with a target of £382,000.

Revenue Surplus	2014/15	2015/16	2016/17	2017/18
Target	£273,000	£337,000	£362,000	£382,000
Actual	£273,714	£325,571	£389,442	£393,682
As a % of Target	100%	97%	108%	103%

7.0 Running Costs

7.1 Running costs for 2017/18 were £469,249 against a target of £480,000. The reduction in in year spend principally related to a

significant saving on expenditure on Health & Safety works, redundant buildings and asbestos removal.

Running Cost	2014/15	2015/16	2016/17	2017/18
(d) Per Farm	£8,046	£6,159	£7,300	£6,900
(e) Per Hectare	£141	£109	£129.79	£121.15
(f) As a % of Income	57%	42%	45%	43%

8.0 Management Costs

8.1 Management costs (managing the Estate, running Farmwise Devon and the procurement of repairs, maintenance, compliance management, service term contracts and other works) for 2017/18 were £235,023 against a target of £230,000.

Management Cost	2014/15	2015/16	2016/17	2017/18
(g) Per Farm	£3,531	£3,739	£3,409	£3,456
(h) Per Hectare	£62	£66	£60.62	£60.68
(i) As a % of Income	23%	26%	21%	21%

9.0 Capital Receipts

9.1 In 2017/18 the Estate generated £11,130,000 from the sale of land west of Cumberland Way (Monkerton) for residential development.

Capital Receipts	2014/15	2015/16	2016/17	2017/18
Actual	£605,519	£3,813,001	£1,476,115	£11,130,000
Target	£1,197,000	N/A	N/A	N/A
As a % of Target	51%	N/A	N/A	N/A

9.2 At year end a further 11 properties were 'sold subject to contract and planning' with a potential capital receipt value of £10,030,621 expected to be received in 2018/19.

10.0 Capital Investments

10.1 Capital investment amounted to £778,599. Investment was made in further slurry and dirty water storage capacity and farmhouse renovation works and improvements.

10.2 At year end a total of £1,068,360 of capital funding is committed to previously approved schemes on the Estate, alongside £236,595 of savings from completed schemes; both of which have been carried forward to the new financial year. It is anticipated this money will be spent in 2018/19.

11.0 Net capital contribution to the Corporate Capital Programme

11.1 After the County Farms Estate inward capital investment expenditure is deducted from the capital receipts generated by the sale of surplus Estate assets, a net capital contribution of £10,351,401 was made by the Estate to the corporate capital programme in 2017/18.

11.2 In addition to the direct contribution of capital receipts, the Estate also contributed to corporate priorities by way of land provision at no cost to the Highways Highways, Infrastructure Development & Waste Service:

- (i) Land at Monkerton Farm, Pinhoe – land required for highway's Sustainable Urban Drainage Scheme (SUD's).

12.0 Estate Management Performance

12.1 The achievements for 2017/18 are analysed, as on previous occasions, in two areas – namely tenant matters and property matters.

12.2 Tenant Matters

- Two tenants have progressed off the Estate to larger tenanted farms with the Duchy of Cornwall and Clinton Devon Estates.
- Three tenants have progressed off the Estate to their own owner occupied holdings.
- Two tenants have retired.
- One progression farm was offered to let internally with no takers.
- Three Farms (Middle Yeo Farm, Down St Mary; North Ground Farm, Milton Abbot; and Manor Farm, Holcombe) were re-let to new tenants where the standard of applicants was extremely high.
- Two more farms (Chapel Farm and Prixford Barton Farm, Marwood) were held in hand at year end pending works to farmhouses and further open market advertising.

12.3 Property Matters

The size of the Estate decreased to 3,872.99 ha (9,570.16 acres) during 2017/18. This was the net result of sales of part Monkerton Farm.

Size of the Estate	2014/15	2015/16	2016/17	2017/18
Hectares	3,920.08	3,892.71	3,880.91	3,872.99
Acres	9,686.52	9,618.89	9,589.73	9,570.16

12.4 The overall picture of the Estate as at 31 March 2018 was as follows:

	2014/15	2015/16	2016/17	2017/18
Number of let residential farms	68	69	69	68
Total AHA 86 Farms	23	20	20	18
AHA 86 Lifetime Tenancies	12	11	11	9
AHA 86 Retirement Tenancies	11	9	9	9
Total ATA 95 (FBT) Farms	45	49	49	50
FBT's more than seven years	18	20	21	21
FBT's seven years or less	25	29	28	29

12.5 One cottage remains let to a retired estate tenant.

12.6 Two further farm cottages remain sublet by Estate tenants (with landlords consent).

12.7 One traditional building is now let on a Landlord and Tenant Act 1954 lease to a micro-brewery operator.

12.8 Two surplus farm buildings are now sublet with landlords consent to rural businesses on Landlord and Tenant Act 1954 leases.

12.9 Three blocks of bare land are let to Parish Council's for community use (playing field and allotments).

12.10 Six allotments are let direct to members of the public.

12.11 A lease was granted at 'under value' for community internet apparatus to be installed on a County Farm.

12.12 Four blocks of bare land are let to non-core Estate agricultural tenants (land at Whitsun Farm, Land at Cofton Cross, Part East Hill Farm and Part Greenhills Farm).

12.13 Three farmsteads are declared surplus to the operational requirements of the Estate. One is currently sold subject to contract and planning (East Hill Farm) and two are due to be advertised for sale as soon as practically possible (Baxters Farm, Musbury and Beara Down Farm, Bratton Fleming).

13.0 **Other notable Estate achievements and events**

13.1 Farmwise –

(i) For the third year in a row, Farmwise was present at the County Show for the three days 18, 19 and 20 May 2017.

(ii) The fifth Farmwise Devon event was held on 10 October 2017 at Westpoint. The following key facts are worthy of note:

Approximately 1,400 pupils (Farmwise has now reached over 25,000 children in the last 5 years)

Approximately 27 schools

12 zones (dairy, beef, sheep, pigs, poultry, fruit, vegetables, arable, wildlife, forestry, food and environment)

12 tenants from within the estate volunteering and running zone exhibits.

13.2 Devon Federation of Young Farmers Clubs – The Senior Land Agent again held a farm business planning workshop for young farmers looking at preparation of cashflows and budgets, business plan's, and presentation and interview skills.

13.3 The Estate hosted the Devon Federation of Young Farmers Clubs farm business planning competition viewing evening at North Ground Farm, Milton Abbot, with kind permission of Estate tenants, Sam and Nell Walker.

13.4 For the first time the Estate hosted the Duchy College Level 4 Apprenticeship students sitting their farm business planning module. Again a mock viewing was held at North Ground Farm and the Chairman of the Committee, Senior Land Agent and tenant of the holding interviewed students for the hypothetical tenancy in Launceston.

The Estate put forward a prize of £250 for the best student's written business plan and presentation. The winner of the prize was Sarah Cann, daughter of Estate former tenant John Cann of North Ground Farm, Milton Abbot. Sarah was awarded the prize by Cllr Chugg at the Colleges' Awards Ceremony.



13.5 Environmental endeavours:

The Land Agents have been working with the Communities, Public Health, Environment and Prosperity Service on the following projects

- Get Devon Buzzing Campaign
- Natural Capital Pilot
- Over-haul of the Re-lettings report
- Hill fort survey at Chapel Farm

13.6 Addington Fund – Devon Farm Business Awards 2017

The awards are organised by a partnership of the Addington Fund, the Devon County Agricultural Association (DCAA), and Stephens & Scown Solicitors.

There are eight award categories for farmers and growers in Devon to apply for:

- Best Commercial Farmer – sponsored by PKF Francis Clark Chartered Accountants
- Best Dairy Farmer – sponsored by Crediton Dairy
- Best Woman in Farming – sponsored by Natwest

- The John Neason Diversification Award – sponsored by the County Farms Estate and the Central Association of Agricultural Valuers
- Devon’s Farming Champion – sponsored by the NFU and NFU Mutual
- Devon’s Best Young Farmer – sponsored by Savills.

In 2017 the land agents nominated three tenants:

Colin Latham of Latham Partners (Chapel Farm, Marwood) were nominated for the **Best Commercial Farmer Award**



Colin Latham was judged to be **Category winner** and named **Devon’s Farmer of the Year** for 2017.

This was the second year in a row that an Estate tenant had been named Devon’s Farmer of the Year!

Stewart and Ann Taylor of New Standon Farm, Bridestowe were nominated for **Best Dairy Farmer**

Alex Wilson-North of Little Stone Farm, South Molton was nominated for **Best Young Farmer** and was the runner up

Phil Reed, partner and head of rural services at Stephens & Scown said: *“Passion and perseverance are crucial ingredients in any farm, and tonight’s nominees and winners show what can be achieved with this attitude. Farming has long been woven into the way of life in Devon, and the farmers we are celebrating tonight show the valuable contribution that the sector continues to make to the success of the region as a whole. Hearing the stories of our nominees and winners it would be hard not to be impressed – they are doing Devon proud.”*

Mary Quicke MBE, Chairman of Council of Devon County Agricultural Association said: *“Once again, our Devon Farm Business Award winners are demonstrating that, for all the current uncertainties, farming remains an industry of enterprise and opportunity. They are an inspiration to their fellow farmers, and standard bearers for Devon farming to the wider world. The Devon County Agricultural Association is proud to have been able to help give these outstanding farming people and businesses the recognition they deserve.”*

13.7 Other notable events/activities

- The tenants of Lower Henland Farm, Kentisbeare have hosted a number of school visits
- The tenants of North Ground Farm, Milton Abbot took part in Open Farm Sunday
- Two farm shops have opened - one at Cotley Farm, Ottery St Mary & the second at Higher Fingle Farm, Drewsteignton.
- Glas-Denbury, a community spirited family focused music and arts festival, was again hosted on Fairfield Farm, Denbury

14.0 Options/Alternatives

14.1 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.

15.0 Consultations/Representations/Technical Data

15.1 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 of the committee.

15.2 No other parties have been consulted and no other representations for or against the proposal have been received.

15.3 The technical data is believed to be true and accurate.

16.0 Considerations

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

17.0 Summary/Conclusions/Reasons for Recommendations

17.1 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 - FINAL OUTTURN 2017/18

	ANNUAL TARGET £'000	YEAR END OUTTURN £'000	2016/17 OUTTURN £'000	2015/16 OUTTURN £'000	2014/15 OUTTURN £'000
INCOME					
Rent	(1,052)	(1,055)	(1,094)	(991)	(998)
Other	(40)	(43)	(34)	(16)	(63)
TOTAL INCOME	(1,092)	(1,098)	(1,128)	(1,007)	(1,061)
EXPENDITURE					
STATUTORY COSTS					
Tenant Right Valuation	20	114	102	55	33
SUB - TOTAL	20	114	102	55	33
PREMISES COSTS					
Building Maintenance - unforeseen	100	81	145	115	140
Building Maintenance - programmed	210	228	190	126	153
Building Maintenance - Surveys	10	2	1	0	4
Building Maintenance - STC	20	7	12	17	8
Building Maintenance - other (incl. land agents initiatives, redundant buildings, asbestos and health & safety)	61	7	8	18	43
Grounds Maintenance	10	2	7	11	7
Rents & other landlord charges	14	14	14	14	14
Rates, Electricity and Water Charges	6	3	0	8	9
SUB - TOTAL	431	344	377	309	378
SUPPLIES & SERVICES					
Insurance	0	0	0	0	43
Adverts	2	3	4	3	2
NPS Fees	230	235	235	258	255
Legal Fees	4	(1)	1	8	0
Professional Fees	6	7	(1)	8	25
Other Fees & Charges (DFYF, SHLAA, GPDO)	17	2	21	41	41
SUB - TOTAL	259	246	260	318	366
TOTAL EXPENDITURE	710	704	739	682	777
Revenue Funded Restructuring	0	0	0	0	10
NET OPERATIONAL (SURPLUS)/DEFICIT	(382)	(394)	(389)	(325)	(274)