

The County Farms Estate – Annual Report 2015/16
Report of the County Treasurer

1 Background/Introduction

- 1.1.1 This is the twenty-fifth annual report of the County Farms Estate and the sixth year in this revised format since the Devon County Council Farms Estate Strategic Review of March 2010.
- 1.1.2 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 2015/16

- 2.1.1 The Farms Estate Committee met on 30 April, 16 July, 5 November 2015 and 19 February 2016. In addition to the usual financial and management matters other issues discussed by Committee included:
Annual Report 2014/15
Monitoring of tenant's on initial Farm Business Tenancy's
Agricultural Holdings Act 1986 – Case A Notice's to Quit
Requests for extensions to existing Tenancy's
Requests for Landlord's consent for Tenant's Improvements
- 2.1.2 An interview panel met on four occasions during the year to interview tenants for New Gulliford Farm, Merrifield Farm, Coppa Dolla Farm and Little Stone Farm.
- 2.1.3 The Chairman, a second member of the Committee and a Land Agent also visited the Parishes of Braunton, Yarnscombe, Silverton, Down St Mary and Milton Abbot to undertake tenant's monitoring visits.
- 2.1.4 The committee attended site visits at East Fingle Farm and Higher Fingle Farm, Drewsteignton and Lower Henland Farm, Kentisbeare.

3 **Finance**

3.1.1 The financial performance of the Estate is again analysed in four areas, namely revenue income and expenditure, capital receipts and capital investment.

3.1.2 The Estate revenue budget outturn statement for the year ending 31 March 2016 is appended (Appendix A). At the request of the committee details of some of the key results areas for the three previous trading years have been added to offer some form of trend comparator analysis.

3.2 **Revenue Income**

3.2.1 Revenue income from the Estate in 2015/16 was £965,357 compared with a target of £993,000. This shortfall can be accounted for by the fact that some tenant right valuation liabilities due from the landlord to tenants were offset against rent owing by those tenants to the landlord.

3.2.2 Miscellaneous income totalled £41,949 compared with a target of £61,000. This shortfall is largely due to reduced income from the mast share at Ilfracombe, following a programme of end user infrastructure consolidation.

3.2.3 Therefore total income secured was £1,007,306 against a target of £1,054,000.

Revenue Income	2012/13	2013/14	2014/15	2015/16
Rental	£897,760	£928,614	£997,812	£965,357
Miscellaneous	£35,576	£49,613	£63,156	£41,949
Total	£933,336	£978,227	£1,060,968	£1,007,306

Revenue Income Analysis	2012/13	2013/14	2014/15	2015/16
Actual	£933,336	£978,227	£1,060,968	£1,007,306
(a) Per Farm	£12,453	£13,789	£15,603	£14,599
(b) Per Hectare	£240	£254	£273	£259
(c) As a % of Target	102%	107%	114%	96%

3.3 **Revenue Expenditure**

3.3.1 There was an overall spend of £240,951 on repair and maintenance of which 52% (£126,141) was planned maintenance

and 48% (£114,810) was unforeseen and reactive work. The proportion of unforeseen maintenance spend has increased slightly from 47% in 2014/15.

Expenditure	2012/13	2013/14	2014/15	2015/16
Programme	£133,697	£76,523	£153,065	£126,141
Unforeseen	£109,122	£130,333	£139,722	£114,810
Total Maintenance	£242,819	£206,856	£292,787	£240,951

3.3.2 £257,973 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.

3.3.3 £8,099 was spent on other professional fees and independent legal advice or barristers opinions.

3.3.4 £22,748 was spent on the Estate contribution towards financing the Devon Federation of Young Farmers Clubs County Organisers post.

3.3.5 £16,676 was spent on servicing plant and equipment on the Estate including private water supplies and boilers owned by the Landlord.

3.3.6 £2,200 was spent on roadside tree surgery works arising as a consequence of periodic surveys and other ground maintenance works.

3.3.7 £18,050 was spent on Landlord's health and safety improvements, removing and replacing asbestos and demolishing redundant buildings.

3.3.8 £54,733 was spent on compensating tenants for fixtures, fittings and improvements on 8 farms.

3.4 **Revenue Surplus**

3.4.1 A revenue surplus of £325,571 was achieved compared with a target of £337,000.

Revenue Surplus	2012/13	2013/14	2014/15	2015/16
Target	£272,600	£300,000	£273,000	£337,000
Actual	£274,853	£307,731	£273,714	£325,571
As a % of Target	101%	102%	100%	97%

3.5 Running Costs

3.5.1 Running costs for 2015/16 were £425,000 against a target of £517,000. The reduced in year spend principally related to a reduction in Land Agents Initiatives, revenue funded restructuring, and some programme and unforeseen maintenance expenditure.

Running Cost	2012/13	2013/14	2014/15	2015/16
(d) Per Farm	£5,672	£5,944	£8,046	£6,159
(e) Per Hectare	£108	£110	£141	£109
(f) As a % of Income	46%	43%	57%	42%

3.6 Management Costs

3.6.1 Management costs for 2015/16 were £258,000 against a target of £200,000 but the additional costs principally related to additional speculative planning design work, completing the in depth development appraisal, Farmwise Devon (October 2015) and the extra summer Farmwise event at the County Show (May 2015).

Management Cost	2012/13	2013/14	2014/15	2015/16
(g) Per Farm	£3,118	£3,507	£3,531	£3,739
(h) Per Hectare	£60	£65	£62	£66
(i) As a % of Target	25%	25%	23%	26%

4 Capital Receipts

4.1.1 In 2015/16 the Estate generated £3,843,000 from the sale of three surplus assets.

Capital Receipts	2012/13	2013/14	2014/15	2015/16
Actual	£1,247,500	£1,021,500	£605,519	£3,813,001
Target	£925,000	£1,254,000	£1,197,000	N/A
As a % of Target	135%	81%	51%	N/A

4.1.2 No target for capital receipts was specifically set for the County Farms Estate in 2015/16 as all sales are now considered as part of the overall corporate capital receipts target.

4.1.3 At year end a further 8 properties were 'sold subject to contract' with a potential capital receipt value of £6,036,600 expected to be received in 2016/17.

- 4.1.4 A further 4 properties have been declared permanently surplus to the operational requirements of the Estate, are with vacant possession and awaiting marketing. Estimated further capital receipt potential value of £765,000 likely to be generated in 2016/17.

5 **Capital Investments**

- 5.1.1 Capital investment amounted to £1,284,000. Investment was targeted at further slurry and dirty water storage capacity to ensure more dairy farms had sufficient capacity to comply with anti-pollution regulations. Further costs were incurred on end of tenancy compensation liabilities, listed building preservation works, farmhouse renovation works and improvements.
- 5.1.2 At year end a total of £771,000 of capital funding is committed to previously approved schemes on the Estate and carried forward to the new financial year. It is anticipated this money will be spent in 2016/17.

6 **Net capital contribution to the Corporate Capital Programme**

- 6.1.1 After the County Farms Estate inward capital investment programme is deducted from the capital receipts generated by the sale of surplus Estate assets, a net capital contribution of £2,559,000 was made by the Estate to the corporate capital programme in 2015/16.

7 **Estate Management Performance**

- 7.1.1 The achievements for 2015/16 are analysed, as on previous occasions, in two areas – namely tenant matters and property matters.
- 7.1.2 Tenant Matters
- One tenant has progressed off the Estate to a larger tenanted farm in the private sector. One tenant has retired and one has surrendered his tenancy to pursue another career. No progression farms were relet internally. Four Farms (New Gulliford, Merrifield, Coppa Dolla and Little Stone) were relet to new tenants where the level of interest and standard of applicants was extremely high.
- 7.1.3 Property Matters
- The size of the Estate decreased to 3,892.71 ha (9,618.89 acres) during 2015/16. This was the net result of sales at part Monkerton Farm, Slade Farm and part Higher Bradaford Farm and the transfer to the Estate of Dainton Depot and part Lower Farm.

Size of the Estate	2012/13	2013/14	2014/15	2015/16
Hectares	3,905.28	3,848.30	3,920.08	3,892.71
Acres	9,649.81	9,509.02	9,686.52	9,618.89

7.1.4 The overall picture of the Estate as at 31 March 2016 was as follows:

	2012/13	2013/14	2014/15	2015/16
Number of let residential farms	75	71	68	69
Total AHA 86 Farms	31	26	23	20
AHA 86 Lifetime Tenancies	17	14	12	11
AHA 86 Retirement Tenancies	14	12	11	9
Total ATA 95 (FBT) Farms	44	45	45	49
FBT's more than seven years	19	18	18	20
FBT's seven years or less	27	25	25	29

7.1.5 One 'cottage' tenancy has been let to a former '86 Act 'retirement' tenant.

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

7.1.7 Five blocks of bare land are let to non core estate agricultural tenants (land at Whitsun Farm, Part Middle Winsham Farm, Cofton Cross, Part East Hill Farm and Part Greenhills Farm).

7.1.8 Three farmsteads are declared surplus to the operational requirements of the estate and are currently vacant pending disposal (Parks Farm, Tapps Farm and East Hill Farm).

8 **Other notable Estate achievements and events**

- 8.1.1 Farmwise –
(i) For the first time, Farmwise was present at the County Show for the three days 21, 22 and 23 May. By kind permission and free of charge a cut down version of the main October event was hosted in the Wadsworth Pavilion at the centre of the show ground. The exhibit won the Devon County Agricultural Association (DCAA) ‘Gold’ Award for the best feature stand.
- (ii) The third Farmwise Devon event was held on 13 October 2015 at Westpoint. The following key facts are worthy of note:
Approximately 1,400 pupils
Approximately 27 schools
12 zones (dairy, beef, sheep, pigs, poultry, fruit, vegetables, arable, wildlife, forestry, food and environment)
8 tenants from within the estate volunteering and running zone exhibits.
- 8.1.2 County Show – young farmer and new entrant farm business planning drop in sessions. While present at the show manning the Farmwise exhibit, the land agents made themselves available to guide prospective tenants through the mire of cashflows, budget, and business plan preparation.
- 8.1.3 County Show – The Estate made full use of the availability of the Wadsworth Pavilion over the show days and invited all Estate tenants to an informal ‘pig and pint’ night. A superb hog roast was provided by Keith and Roz Partridge of Duckaller Farm; ‘Aunty Moo’s’ fantastic range of ice cream was provided by Chris and Lou Carpenter of Fairfield Farm, Denbury; and the now world famous ‘Sandford Orchard’s’ apple juice and cider was provided by Barny and Marie Butterfield of Lower Parks Farm, Crediton.
- 8.1.4 Devon Federation of Young Farmers Clubs – The Estate part funded the County Organisers costs of employment.
- 8.1.5 Devon Federation of Young Farmers Clubs – The Senior Land Agent held two farm business planning workshops for young farmers looking at preparation of cashflows and budgets, business plan preparation, presentation and interview skills.
- 8.1.6 The Estate hosted the Devon YFC farm business planning competition viewing evening at Lower Uppacott Farm, Mariansleigh, with kind permission of Estate tenants, Ben and Catherine Rowland.
- 8.1.7 In partnership with the Devon Federation of Young Farmers Clubs, all tenants were invited to a farm health and safety training day.

8.1.8 Biodiversity and Public Access Audits – As part of the farm reletting process three farms let were subject to a new biodiversity and public access audit carried out by the County Councils Environment Directorate. The findings of the audits will be put forward for the new tenants consideration and implementation wherever reasonably practical.

8.1.9 Addington Fund – Devon Farm Business Awards

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 Francis Clark Chartered Accountants
- Best Dairy Farmer – sponsor to be confirmed
- Best Woman in Farming – sponsored by Natwest
- The John Neason Diversification Award – sponsored by 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 2015 the land agents worked with two tenants to apply:

Chris and Lou Carpenter of Fairfield Farm, Denbury applied for the John Neason **Diversification Award**.



Although unsuccessful, the following text is an extract from the judges comments:

*The second visit was to **Fairfield Farm, Denbury** where **Chris and Louise Carpenter** have very recently taken the step of adding value to the very high quality milk produced by their pedigree Guernsey Cows in the form of 'Aunty Moo's' ice cream. As new entrant tenants of a Devon County Council owned farm they have already invested significantly in an on farm processing unit. Although the product is relatively new and only recently sufficiently well established to finance specialist marketing support, the high quality ice cream is selling increasingly well. The ability to produce a consistent quality product available to both wholesale and retail markets combined with the added value premium over the volatile wholesale milk price is beginning to yield attractive financial returns. Although not new, adding value to a raw milk product is becoming much more than a niche market outlet for the dairy industry. Chris and Lou have incredibly exciting plans for developing further added value products. The potential health benefits of the apparent unique proteins found in Guernsey cow milk makes Aunty Moo's a product to watch for the future!*

Marcus and Liz Warner of Lower Henland Farm, Kentisbeare applied for the **Best Young Farmer Award** and again, although unsuccessful, the feedback from the judges was highly commending.

'With an aspiration to become the largest producers of 'free to fly' quail eggs in the UK, and a very impressive eye for detail and financial business acumen, the judges could see that the Warner's were destined to be highly successful farmers'.

9 **Options/Alternatives**

- 9.1.1 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.

10 **Consultations/Representations/Technical Data**

- 10.1.1 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 of the committee.
- 10.1.2 No other parties have been consulted and no other representations for or against the proposal have been received.
- 10.1.3 The technical data is believed to be true and accurate.

11 **Considerations**

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

12 **Summary/Conclusions/Reasons for Recommendations**

- 12.1.1 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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