

**The County Farms Estate – Annual Report 2018/19
Report of the County Treasurer**

1 Background/Introduction

1.1 This is the twenty-eighth annual report of the County Farms Estate and the ninth 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 2018/19

2.1 The Farms Estate Committee met on 15 May, 3 September, 3 December 2018 and 25 February 2019. In addition to the usual financial and management matters other issues discussed by the Committee included:

- Annual Report 2017/18
- Monitoring of tenants on initial Farm Business Tenancy's
- Requests for extensions of tenancy
- Requests for Landlord's consent for Tenant's Improvements
- Improving the marketing exposure of the County Farms Estate
- The Agriculture Bill and Policy Statement
- DEFRA Clean Air Strategy 2018
- Tenant's Training Academy

2.2 An interview panel met on five occasions during the year to interview tenants for Chapel Farm, Marwood; Prixford Barton Farm, Marwood; East Catkill Farm, Rose Ash; Furze Cottages Farm, Ashreigney; Fairfield Farm, Denbury; Churchlands Farm, Ermington; Ten Oaks Farm, Roborough; Moorhouse Farm, Bovey Tracey; and Coppa Dolla Farm, Denbury.

2.3 The Chairman, a second member of the Committee and the Senior Land Agent also visited the Parishes of Braunton, Churchstow, Bickleigh and Down St Mary to undertake tenant's monitoring visits.

2.4 The County Council Chairperson, Councillor Caroline Chugg, invited dignitaries, including the High Sheriff of Devon and the Lord Lieutenant of Devon and all the County Farms Estate Tenants to a

civic reception at County Hall on 27 November 2018 to Celebrate the Estate and many of its successful achievements.

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 2019 is appended (Appendix A). Details of some of the key result areas for the three previous trading years have been included to offer some form of trend comparator analysis.

3.3 **Revenue Income**

3.3.1 Rental income from the Estate in 2018/19 was £1,075,411 compared with a target of £1,074,000.

3.3.2 Miscellaneous income totalled £33,275 compared with a target of £40,000.

3.3.3 Therefore total income secured was £1,108,686 against a target of £1,114,000.

Revenue Income	2015/16	2016/17	2017/18	2018/19
Rental	£965,357	£1,093,939	£1,055,448	£1,075,411
Miscellaneous	£41,949	£34,458	£42,505	£33,275
Total	£1,007,306	£1,128,397	£1,097,953	£1,108,686

Revenue Income Analysis	2015/16	2016/17	2017/18	2018/19
Actual	£1,007,306	£1,128,397	£1,097,953	£1,108,686
(a) Per Farm	£14,599	£16,354	£16,146	£17,056
(b) Per Hectare	£259	£291	£283	£287
(c) As a % of Target	96%	105%	101%	99.5%

3.4 **Revenue Expenditure**

3.4.1 The target spend for 2018/19 on programme and unforeseen repairs and maintenance was £310,000 of which 68% (£210,000) was planned and 32% (£100,000) was unforeseen.

3.4.2 There was an overall actual spend of £321,868 on repair and maintenance of which 75% (£241,666) was planned maintenance and 25% (£80,202) was unforeseen and reactive work. It is noted that significant inflationary pressures within the construction industry, is putting immense strain on this budget and far less work is capable of being delivered year on year for the same budget provision.

Expenditure	2015/16	2016/17	2017/18	2018/19
Programme	£126,141	£190,461	£227,711	£241,666
Unforeseen	£114,810	£145,392	£80,888	£80,202
Total Maintenance	£240,951	£335,853	£308,599	£321,868

3.4.3 £264,681 was spent in total on professional fees relating to Estate Management, Farmwise Devon at the County Show and the October Event, Tenants Training Academy, and the procurement of repairs, maintenance, compliance management, service term contracts and other works. It is noted that in 2018/19 NPS took on more responsibility for Farmwise and procured a far higher than normal volume of farm relettings than experienced in a normal year.

3.4.4 £17,713 was spent on servicing plant and equipment on the Estate including private water supplies, boilers, electrical wiring systems, sewage treatment plants etc owned by the Landlord. This is only set to rise as more plant and equipment is installed.

3.4.5 £7,548 was spent on roadside tree surgery works arising as a consequence of periodic surveys and other ground maintenance works. This cost is set to rise in future years as the health of Devon's trees deteriorates and the frequency of inspections increases.

3.4.6 £11,192 was spent on Landlord's health and safety improvements, removing and replacing asbestos and demolishing redundant buildings.

3.4.7 £11,550 was spent on condition surveys to help inform planned maintenance programmes and to manage landlords risks associated with the Defective Premises Act 1972 and Occupiers Liability Acts 1957 and 1984.

3.4.8 £25,038 was spent on compensating tenants for fixtures, fittings and improvements at end of tenancy.

3.5 Revenue Surplus

3.5.1 A revenue surplus of £411,721 was achieved compared with a target of £414,000.

Revenue Surplus	2015/16	2016/17	2017/18	2018/19
Target	£337,000	£362,000	£382,000	£414,000
Actual	£325,571	£389,442	£393,682	£411,721
As a % of Target	97%	108%	103%	99%

3.6 Running Costs

3.6.1 Running costs for 2018/19 were £432,284 (excluding management fees) against a target of £470,000. 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	2015/16	2016/17	2017/18	2018/19
(d) Per Farm	£6,159	£7,300	£6,900	£6,650
(e) Per Hectare	£109	£129.79	£121.15	£112.00
(f) As a % of Income	42%	45%	43%	39%

3.7 Management Costs

3.7.1 Management costs for 2018/19 were £264,681 against a target of £230,000. It is noted that in 2018/19 NPS took on more responsibility for Farmwise and procured a far higher than normal volume of farm relettings than experienced in a normal year.

Management Cost	2015/16	2016/17	2017/18	2018/19
(g) Per Farm	£3,739	£3,409	£3,456	£4,072
(h) Per Hectare	£66	£60.62	£60.68	£68.44
(i) As a % of Income	26%	21%	21%	24%

3.8 Capital Receipts

3.8.1 In 2018/19 the Estate generated £2,398,000 from the sale of land adjacent to Cumberland Way (Monkerton); land adjacent to Exeter College, Monkerton; Part Cordwents Farm, Halberton; Ogbear Woods, Gulworthy; and Firsdon Barns, Ashreigney.

Capital Receipts	2015/16	2016/17	2017/18	2018/19
Actual	£3,813,001	£1,476,115	£11,130,000	£2,700,644

3.8.2 At year end a further 5 properties were 'sold subject to contract and planning' with a potential capital receipt value of £4,523,621 expected to be received in 2019/20.

3.9 **Capital Investments**

- 3.9.1 Capital investment amounted to £1,365,740. Investment was made in one slurry and dirty water storage system and ten farmhouse renovation and improvement schemes.
- 3.9.2 At year end a total of £558,337 of capital funding was committed to previously approved schemes on the Estate which has been carried forward to the new financial year. It is anticipated this money will be spent in 2019/20.
- 3.9.3 Two insurance claims were made by the Estate in 2018/19. One building was badly damaged by fire and another building damaged beyond repair by excessive snow load.
- 3.9.4 In future years the Estate is likely to require ongoing capital investment in:
- (i) Further ongoing farmhouse renovation and improvement works
 - (ii) Meeting the requirements of the Clean Air Strategy
 - (iii) New sewage treatment plants
 - (iv) Renewable energy, energy efficiency, carbon offsetting and sequestration
 - (v) More onerous electrical regulations for farm buildings

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

- 4.1 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 £1,032,260 was made by the Estate to the corporate capital programme in 2018/19.

Net Capital Contribution	2015/16	2016/17	2017/18	2018/19
Actual	£2,559,000	£368,421	£10,351,401	£1,032,260

- 4.2 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, Infrastructure Development & Waste Service:
- (i) Land at Moorhouse Farm, Bovey Tracey – 0.54 hectares of land used for tree planting to mitigate loss of dormouse habitat unavoidably caused by the A382 highway improvement programme.

5 **Estate Management Performance**

- 5.1 The achievements for 2018/19 are analysed, as on previous occasions, in two areas – namely tenant matters and property matters.

5.2 Tenant Matters

- One tenant has progressed off the Estate to a larger tenanted farm in the private sector.
- Three tenants have progressed off the Estate to their own owner occupied holdings.
- Six tenants have retired.
- Two tenants progressed within the Estate to larger farms (Furze Cottages Farm, Ashreigney and Fairfield Farm, Denbury).
- Eight Farms (Cotley Farm, Ottery St Mary; Chapel Farm, Marwood; Prixford Barton Farm, Marwood; East Catkill Farm, Rose Ash; Churchlands Farm, Ermington; Ten Oaks Farm, Roborough; Moorhouse Farm, Bovey Tracey; and Coppa Dolla Farm, Denbury) were re-let to new tenants where the standard of applicants remains extremely high.
- Two tenancies were renewed or extended.

5.3 Property Matters

The size of the Estate decreased to 3,867.11 hectares (9,555.50 acres) during 2018/19. This was the net result of sales of land adjacent to Cumberland Way (Monkerton); land adjacent to Exeter College, Monkerton; Part Cordwents Farm, Halberton; Ogbear Woods, Gulworthy; and Firsdon Barns, Ashreigney.

No suitable land was identified to purchase in year.

Size of the Estate	2015/16	2016/17	2017/18	2018/19
Hectares	3,892.71	3,880.91	3,872.99	3,867.11
Acres	9,618.89	9,589.73	9,570.16	9,555.50

5.4 The overall picture of the Estate as at 31 March 2019 was as follows:

	2015/16	2016/17	2017/18	2018/19
Number of let residential farms	69	69	68	65
Total AHA 86 Farms	20	20	18	15
AHA 86 Lifetime Tenancies	11	11	9	8
AHA 86 Retirement Tenancies	9	9	9	7
Total ATA 95 (FBT) Farms	49	49	50	50

FBT's more than seven years	20	21	21	19
FBT's seven years or less	29	28	29	31

- 5.5 Two farm cottages remain sublet by Estate tenants (with landlords consent).
- 5.6 One traditional building remains let on a Landlord and Tenant Act 1954 lease to a micro-brewery operator.
- 5.7 One surplus farm building remains sublet (with landlords consent) to a rural business on a Landlord and Tenant Act 1954 lease.
- 5.8 Three blocks of bare land are let to Parish Council's for community use (playing field and allotments).
- 5.9 Six allotments are let direct to members of the public.
- 5.10 Two telecommunication masts are let on the County Farms Estate.
- 5.11 Three leases are granted for community internet apparatus installed on the County Farms Estate.
- 5.12 Nine blocks of bare land are let to non-core Estate agricultural tenants (land at Whitsun Farm, Land at Cofton Cross, Part East Hill Farm, Part Greenhills Farm, Part Beara Down Farm, Part Middle Winsham Farm, Part Manor Farm, Part Manor Farm, Part East Week Farm).
- 5.13 Four farmsteads are declared surplus to the operational requirements of the Estate. At the end of the financial year one was sold subject to contract and planning (East Hill Farm) and three are due to be advertised for sale as soon as practically possible (Baxters Farm, Musbury; East Week Farm, South Tawton; and Beara Down Farm, Bratton Fleming).
- 5.14 A farmstead (Barton Farm, Aylesbeare) was vacated and surrendered back to the head landlord.

6 Other notable Estate achievements and events

- 6.1 Farmwise –
- (i) For the fourth year in a row, Farmwise was present at the County Show for the three days 17, 18 and 19 May 2018. The event won the Nethway Perpetual Challenge Trophy for the overall best trade stand at the show.



(ii) The sixth Farmwise Devon event was held on 16 October 2018 at Westpoint. The following key facts are worthy of note:
Approximately 1,275 pupils attended
Approximately 30 schools plus groups of home schooled children attended
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.

- 6.2 For the second year the Estate hosted the Duchy College Level 4 Apprenticeship students sitting their farm business planning module. A mock viewing was held at New Standon Farm, Bridestowe and the Chairman of the Committee, Senior Land Agent and tenant of the holding interviewed students in Lifton for the hypothetical tenancy.
- 6.3 Tenants Training Academy –
For the first time the Estate organised its own Tenants Training Academy, aimed at helping existing tenants improve their business skills and chances of progressing beyond the Estate. The event was supported financially by the Princes Countryside Trust. Speakers included consultants and professionals from Kite, Promar, Savills, Bateman Hosegood, Michelmores Solicitors, and the Duchy of Cornwall. One existing and one former tenant also kindly presented one of the sessions.
24 tenants and/or tenants partners attended one or more of the six training sessions.
- 6.4 Environmental endeavours:

- Seven sets of Solar Panels were installed on farmhouses during the year. Each system is between 3 and 4 kw in size and is estimated to be capable of producing approximately 14,000 kw of green and free electricity per annum.
- An event was organised at Topshayes Farm, Aylesbeare in partnership with Clinton Devon Estates for both Estates tenants to learn of the 'Business Benefits of Farming for Biodiversity'. Speakers at the planned event were Dr. Grace Twiston-Davies (Exeter University) and Becky Hughes (FWAG).
- Approximately 300 deciduous trees were planted on Moorhouse Farm, Bovey Tracey.



- The 2018 Devon Hedge Laying competition was hosted at East Fingle Farm, Drewsteington. The competitors worked hard to transform many meters of traditional Devon hedgerows.



6.5 Other notable events/activities

- Two educational and informational Newsletters were published in year.
- Social media was used for the first time to great success to advertise farms to let.
- The Estate Tenant's Association held a farm walk at Lower Henland Farm, Kentisbeare
- A sheep collection centre for St Merryn meat was established at Lower Chitterley Farm, Bickeigh
- Glas-Denbury, a community spirited family focused music and arts festival, was again hosted on Fairfield Farm, Denbury

7.0 Options/Alternatives

- 7.1 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.

8.0 Consultations/Representations/Technical Data

8.1 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.

8.2 No other parties have been consulted and no other representations have been received

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

9.0 Financial Considerations

9.1 The Author is not aware of any financial issues arising from this report.

10.0 Environmental Impact Considerations (including Climate Change)

10.1 The Author is not aware of any environmental impact (including climate change) issues arising from this report.

11.0 Equality Considerations

11.1 The Author is not aware of any equality issues arising from this report.

12.0 Legal Considerations

12.1 The Author is not aware of any legal issues arising from this report.

13.0 Risk Management Considerations

13.1 The Author is not aware of any obvious risks to manage.

14.0 Public Health Impact

14.1 The Author is not aware of any public health impact.

15.0 Summary/Conclusions/Reasons for Recommendations

15.1 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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