

The County Farms Estate – Annual Report 2019/20
Report of the County Treasurer

1 Background/Introduction

1.1 This is the twenty-ninth annual report of the County Farms Estate and the tenth 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 2019/20

2.1 The Farms Estate Committee met on 20 May, 9 September and 9 December 2019 and 24 February 2020. In addition to the usual financial and management matters other issues discussed by the Committee included:

- Annual Report 2018/19
- Monitoring of tenants on initial Farm Business Tenancies
- Requests for extensions of tenancy
- Requests for Landlord's consent for Tenant's Improvements
- Climate emergency and action plan
- CPRE Report – Reviving County Farms
- NFU Report – Achieving Net Zero – Farming's 2040 Goal

2.2 An interview panel met on one occasion during the year to interview tenants for Merryfield Farm, Holsworthy.

2.3 The Chairman, Vice Chairman and the Senior Land Agent also visited the Parishes of Milton Abbot, Dawlish, Marwood and Yarnscombe to undertake tenant's monitoring visits.

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 2020 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 2019/20 was £1,148,703 compared with a target of £1,124,000.

3.3.2 Miscellaneous income totalled £27,434 compared with a target of £40,000.

3.3.3 Therefore total income secured was £1,176,137 against a target of £1,164,000.

Revenue Income	2016/17	2017/18	2018/19	2019/20
Rental	£1,093,939	£1,055,448	£1,075,411	£1,148,703
Miscellaneous	£34,458	£42,505	£33,275	£27,434
Total	£1,128,397	£1,097,953	£1,108,686	£1,176,137

Revenue Income Analysis	2016/17	2017/18	2018/19	2019/20
Actual	£1,128,397	£1,097,953	£1,108,686	£1,176,137
(a) Per Farm	£16,354	£16,146	£17,056	£18,094
(b) Per Hectare	£291	£283	£287	£304
(c) As a % of Target	105%	101%	99.5%	101%

3.4 Revenue Expenditure

3.4.1 The target spend for 2019/20 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 £239,045 on repair and maintenance of which 64% (£152,856) was planned maintenance and 36% (£86,189) was unforeseen and reactive work. It is noted that significant inflationary pressures within the construction industry continues to put immense strain on this budget and far less work is capable of being delivered year on year for the same budget provision. Some landlord's repair and maintenance liabilities are not therefore capable of being carried out.

Expenditure	2016/17	2017/18	2018/19	2019/20
Programme	£190,461	£227,711	£241,666	£152,856
Unforeseen	£145,392	£80,888	£80,202	£86,189
Total Maintenance	£335,853	£308,599	£321,868	£239,045

- 3.4.3 However, in addition to the above maintenance spend, £100,636 was spent on Landlord's health and safety improvements, removing and replacing asbestos and demolishing redundant buildings.
- 3.4.4 £223,060 was spent in total on professional fees relating to Estate Management, Farmwise Devon at the County Show and the October Event, and the procurement of repairs, maintenance, compliance management, service term contracts and other works.
- 3.4.5 £7,658 was spent on servicing plant and equipment on the Estate including private water supplies, boilers, electrical wiring systems, sewage treatment plants, radon pumps etc owned by the Landlord.
- 3.4.6 £10,129 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 following the frequency of inspections being increased to an annual cycle.
- 3.4.7 £4,129 was spent on condition surveys to help inform planned maintenance programmes and to manage landlord's risks associated with the Defective Premises Act 1972 and Occupiers Liability Acts 1957 and 1984.
- 3.4.8 £86,727 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 £464,043 was achieved compared with the increased target of £464,000.

Revenue Surplus	2016/17	2017/18	2018/19	2019/20
Target	£362,000	£382,000	£414,000	£464,000
Actual	£389,442	£393,682	£411,721	£464,043
As a % of Target	108%	103%	99.8%	100%

3.6 Running Costs

3.6.1 Running costs for 2019/20 were £489,034 against a target of £470,000. The increase in in year spend principally related to increased statutory end of tenancy compensation payments to tenants.

Running Cost	2016/17	2017/18	2018/19	2019/20
(d) Per Farm	£7,300	£6,900	£6,646	£7,524
(e) Per Hectare	£129.79	£121.15	£112.00	£126.62
(f) As a % of Income	45%	43%	39%	42%

3.7 Management Costs

3.7.1 Management costs for 2019/20 were £223,060 against a target of £230,000.

Management Cost	2016/17	2017/18	2018/19	2019/20
(g) Per Farm	£3,409	£3,456	£4,062	£3,432
(h) Per Hectare	£60.62	£60.68	£68.45	£57.75
(i) As a % of Income	21%	21%	24%	19%

3.8 Capital Receipts

3.8.1 In 2019/20 the Estate generated £1,569,062 from the sale of land at Monkerton Farm, Exeter; Part East Hill Farm, Knowestone; and Part Lower Parks Farm, Crediton.

Capital Receipts	2016/17	2017/18	2018/19	2019/20
Actual	£1,476,115	£11,130,000	£2,700,644	£1,569,062

3.8.2 At year end a further 4 properties were 'sold subject to contract and planning' with a potential capital receipt value of £5,306,000 expected to be received in 2020/21.

3.9 Capital Investments

3.9.1 Capital investment amounted to £1,189,225. Investment was made in eight farmhouse renovation and improvement schemes and eight septic tanks were replaced with sewage treatment plants.

3.9.2 At year end a total of £569,112 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 2020/21.

- 3.9.3 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 £379,837 was made by the Estate to the corporate capital programme in 2019/20.

Net Capital Contribution	2016/17	2017/18	2018/19	2019/20
Actual	£368,421	£10,351,401	£1,032,260	£379,837

- 4.2 In addition to the direct contribution of capital receipts, the Estate also contributed to corporate initiatives by way of land provision:

- (i) Land at Lower Chitterley Farm, Bickleigh – 0.17 hectares of land used for tree planting.

Approximately 200 mixed native species deciduous trees were obtained free of charge from the Woodland Trust and planted by approximately 25 volunteers from the County Council's Environment Directorate.

5 Estate Management Performance

- 5.1 The achievements for 2019/20 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.
- One Farm (Merrifield Farm, Holsworthy) was re-let to a new tenant where the standard of applicants remained extremely high.
- Four tenancies were renewed or extended.

5.3 Property Matters

The size of the Estate decreased to 3,862.34 hectares (9,543.84 acres) during 2019/20. This was the net result of sales of land at Monkerton, Exeter; Part East Hill Farm, Knowestone and Part Lower Parks Farm, Crediton.

No suitable land was identified to purchase in year.

Size of the Estate	2016/17	2017/18	2018/19	2019/20
Hectares	3,880.91	3,872.99	3,867.11	3,862.34
Acres	9,589.73	9,570.16	9,555.50	9,543.84

5.4 The overall picture of the Estate as at 31 March 2020 was as follows:

	2016/17	2017/18	2018/19	2019/20
Number of let residential farms	69	68	65	65
Total AHA 86 Farms	20	18	15	14
AHA 86 Lifetime Tenancies	11	9	8	8
AHA 86 Retirement Tenancies	9	9	7	6
Total ATA 95 (FBT) Farms	49	50	50	51
FBT's more than seven years	21	21	19	19
FBT's seven years or less	28	29	31	32

5.5 Two farm cottages remain sublet by Estate tenants (with landlord's consent).

5.6 One traditional building remains let on a Landlord and Tenant Act 1954 lease to a micro-brewery operator.

5.7 Two surplus farm buildings are sublet (with landlord's consent) to rural businesses on Landlord and Tenant Act 1954 leases.

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 Five leases are granted for community internet apparatus installed on the County Farms Estate.

- 5.12 One site is let to the Environment Agency as a remote weather station.
- 5.13 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).
- 5.14 Three 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 two are due to be advertised for sale as soon as practically possible (Baxters Farm, Musbury; and Beara Down Farm, Bratton Fleming).

6 Other notable Estate achievements and events

- 6.1 Farmwise –
(i) For the sixth year in a row, Farmwise was present at the County Show for the three days on the 16, 17 and 18 May 2019.

This year the NPS organising team won Gold Medal for Best Feature.

David Rutley MP and Sir Harry Studholme, President of the Devon County Show for 2019 got involved in the baking activities organised by Devon Norse.



(ii) The seventh Farmwise Devon event was held on 15 October 2019 at Westpoint.

The following key facts are worthy of note:

Approximately 1,600 pupils and 150 teachers attended

Approximately 40 schools plus groups of home schooled children attended

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

10 tenants from within the estate volunteered and ran zone exhibits.

6.2 Supporting Local Agricultural Colleges

For the third year in succession the Estate hosted the Duchy College Level 4 Apprenticeship students sitting their farm business planning module. A mock viewing was held at Buckridge Farm, Denbury and the Chairman of the Committee, Senior Land Agent and tenant of the holding interviewed students at the Devon YFC Centre, Cheriton Bishop for the hypothetical tenancy.

6.2 The Devon Farm Business Awards 2019

Luke and Emily Knight of Cotley Farm, Ottery St Mary (pictured below) won the **CAAV John Neason Diversification Award** for their care farming combined with a rapidly expanding farm shop. Luke and Emily are currently expanding into work with youth offenders and children with SEND (Special Education Needs and Disability).



Jamie Vanstone of Chapel Farm, Marwood was a finalist in the **Best Young Farmer** category nominated for his hard work and determination setting up his dairy herd of Fleckviehs alongside installing a new parlour and remodelling much of the infrastructure at the farm.

6.3 County Farms Estate Support Armed Forces Covenant

David and Michelle Wootton, formerly of Moorhouse Farm, Bovey Tracey, very kindly welcomed the Veterans Farm-Able Foundation to the farm to learn the art of dry and wet stone walling. The Veterans Farm-Able Foundation works with farmers in Devon, Somerset and Cornwall to support veterans and emergency services personnel in transition from their service by learning rural skills on farms as part of rehabilitation and resettlement. Feedback received after the course stated *“both Michelle and David were warm, welcoming...at all times they were aware of our needs and were always supportive. I found the dry stone walling extremely compelling and it was only after looking at before and after photos that I realised what I had achieved and I felt extremely proud”*

6.4 Exmoor Hill Farming Network

In January 2020 the Senior Land Agent presented at an Exmoor Hill Farming Network Event titled ‘An Introduction to Farm Tenancy Applications and Lettings and Business Plans for Tenant Farmers’. The Chairman of the Committee was also in attendance along with representatives of the NFU, National Trust and Lloyds Bank.

6.5 Best Practice Case Study

Attached at Appendix B is a case study on the diversified business ventures at Higher Fingle Farm, Drewsteignton. This case study was put forward for DEFRA’s Annual Report to Parliament on ‘Smallholdings’.

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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COUNTY FARMS ESTATE - FINANCIAL REPORTS
FINANCIAL STATEMENT - FINAL OUTTURN 2019/20

	2019/20 ANNUAL TARGET	2019/20 OUTTURN	2018/19 OUTTURN	2017/18 OUTTURN	2016/17 OUTTURN
	£'000	£'000	£'000	£'000	£'000
<u>INCOME</u>					
Rent	(1,124)	(1,149)	(1,075)	(1,055)	(1,094)
Other	(40)	(27)	(33)	(43)	(34)
TOTAL INCOME	(1,164)	(1,176)	(1,108)	(1,098)	(1,128)
<u>EXPENDITURE</u>					
<u>STATUTORY COSTS</u>					
Tenant Right Valuation	20	87	25	114	102
SUB - TOTAL	20	87	25	114	102
<u>PREMISES COSTS</u>					
Building Maintenance - unforeseen	100	86	80	81	145
Building Maintenance - programmed	210	153	242	228	190
Building Maintenance - Surveys	10	4	11	2	1
Building Maintenance - STC	20	8	18	7	12
Building Maintenance - other (incl. land agents initiatives, redundant buildings, asbestos and health & safety)	61	101	11	7	8
Grounds Maintenance	10	10	7	2	7
Rents & other landlord charges	14	11	14	14	14
Rates, Electricity and Water Charges	6	15	10	3	0
SUB - TOTAL	431	388	393	344	377
<u>SUPPLIES & SERVICES</u>					
Insurance	0	0	0	0	0
Adverts	2	1	6	3	4
NPS Fees	230	223	264	235	235
Legal Fees	4	1	1	(1)	(1)
Professional Fees	6	10	3	7	1
Other Fees & Charges (DFYF, SHLAA, GPDO)	7	2	4	2	21
SUB - TOTAL	249	237	278	246	260
TOTAL EXPENDITURE	700	712	696	704	739
Revenue Funded Restructuring	0	0	0	0	0
NET OPERATIONAL (SURPLUS)/DEFICIT	(464)	(464)	(412)	(394)	(389)

Best Practice Case Study

HIGHER FINGLE FARM (AKA ‘DRAKES FARM’), CROCKERNWELL,
DEVON



Higher Fingle Farm, Crockernwell comprises a house, buildings and 56 acres of land and was let to Colin and Kim Drake as a new entrant starter holding in 2013. Since then a further 98 acres has been let to the Drake's by the County Council.

The holding is Organically Certified and on entry came with an established organic poultry abattoir. Colin and Kim's business is however primarily a beef and sheep unit and although they were able to convert the poultry abattoir to a licenced meat cutting plant and started butchering and marketing direct to the consumer some finished cattle and lamb, the unit went largely underutilised.

In 2017 the Drake's applied for landlords consent to 'sublet' the cutting plant to a separate trading partnership (comprising themselves and another local farmer who had previously owned a farm shop) on a '54 Act security of tenure excluded lease'. Consent was granted, planning consent was obtained for a farm shop, and '**Oinkers at Drakes Farm**' was formed.

Almost all beef and lamb finished on the holding is now hung, butchered, packaged and sold direct to the consumer through the farm shop. The farm shop supports a range of other local businesses through the sale of other meats, honey, veg, milk, cream and eggs etc. The shop is always looking to support local and the range of local produce sold through the shop is increasing all the time.

In 2018, the Drake's secured a Leader Grant through Dartmoor National Park Authority



for a multifunctional educational building, café and cookery school to further their business. Please see website for details <https://www.drakesfarm.net/>



The café occupies half of the building, known as '**Drakes Farm & Café**' and utilises produce from the farm shop wherever possible.

Within the building, Kim Drake runs very popular hands-on educational sessions for 0-5 year olds called '**Little Farmers**'. This programme's core learning aspect is based on practical learning surrounding a theme. Themes range from sheep shearing, the pony, piglets, building a wormery and planting seed to many more. Kim also currently runs 'Little Farmer' themed birthday parties for children up to 8 years old.



The other half of the building is again sublet with landlords consent under a '54 Act security of tenure excluded lease' to another local couple to run a cookery school known as '**Ground Up Cookery**' whose ethos surrounds seasonality of food, localness and foraging. Please see website for details <https://www.groundupcookeryschool.co.uk/>



Through adopting a collaborative and flexible working relationship between landlord and tenant the relatively small Higher Fingle Farm has been able to accommodate a number of rural business employing up to 10 full and part time staff, adding value to locally sourced farm produce, and providing a range of valuable services to the local community.