

## The County Farms Estate – Annual Report 2020/21

### Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

Recommendation: that the Committee endorse the annual report

1. Summary
  - 1.1 This is the thirtieth annual report of the County Farms Estate.
2. Introduction
  - 2.1 It has been a tumultuous year for the Estate due to the ongoing effects of the Covid-19 pandemic and associated movement restrictions. Managing the estate and organising farm reletting viewing days and interviews in a Covid-19 safe and compliant manner was a logistical and resource hungry challenge, as was procuring revenue funded repairs and maintenance and capital works. The impact on several tenant's businesses was initially significant and worrying. Affected businesses were supported and signposted to government grant and loan schemes as well as other resources. Some businesses, particularly farm shops, saw an increase in turnover during lockdown. At year end it is hoped and believed all tenant's businesses have weathered the storm and will survive.
  - 2.2 This report is divided into the following sections:
    - Committee Functions
    - Financial Performance
    - Estate Management Performance
    - Other Notable Estate Achievements and Events
3. Meetings and other activities of the Farms Estate Committee 2020/21
  - 3.1 The Farms Estate Committee met (virtually) on 21 September and 7 December 2020, and 22 February 2021. The meeting of 18 May 2020 was cancelled. In addition to the usual financial and management matters other issues discussed by the Committee included:
    - Annual Report 2019/20
    - Monitoring of tenants on initial Farm Business Tenancies
    - Requests for extensions of tenancy
    - Requests for Landlord's consent for Tenant's Improvements
    - Collaboration with the North Devon UNESCO Biosphere Reserve Partnership
    - The Agriculture Act 2020
    - The Agricultural Transition Plan
    - Progress report on farmhouse refurbishment programme
    - Interim Devon Carbon Plan 2020

- 3.2 The Chairman wrote to the Right Honourable George Eustice MP on the Agricultural Act 2020 - proposed New Entrant Scheme, which was followed by an invitation for the Chairman and Senior Land Agent to meet with DEFRA officers as part of the Scheme 'Co-design'.
- 3.3 Interview panels met (in person) on four occasions to interview applicants for the tenancies of Lower Pilehayes Farm, Woodbury; Bulleigh Elms Farm, Ipplepen; Buckridge Farm, Denbury; Lomans Farm, Broadhempston; Southcott Farm, Okehampton and Middle Winsham Farm, Braunton.
- 3.4 The Chairman, Vice Chairman and the Senior Land Agent also visited the Parishes of Broadwoodwidge, Dawlish, Denbury, Ermington, Hennock, High Bickington, Musbury, Roborough, Rockbeare and Rose Ash to undertake tenant's monitoring visits.

#### 4 Finance

- 4.1 The financial performance of the Estate is again analysed in four areas, namely revenue income and expenditure, capital receipts and capital investment.
- 4.2 The Estate revenue budget outturn statement for the year ending 31 March 2021 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.
- 4.3 Revenue Income
- 4.3.1 Rental income from the Estate in 2020/21 was £1,084,719 compared with a target of £1,124,000.
- 4.3.2 Miscellaneous income totalled £35,848 compared with a target of £40,000.
- 4.3.3 Therefore total income secured was £1,120,567 against a target of £1,164,000.
- 4.3.4 The primary reason for the shortfall relates to an accrued bad debt for a former tenant who was served a Notice to Quit for non payment of rent.

Revenue Income	2017/18	2018/19	2019/20	2020/21
Rental	£1,055,448	£1,075,411	£1,148,703	£1,084,719
Miscellaneous	£42,505	£33,275	£27,434	£35,848
Total	£1,097,953	£1,108,686	£1,176,137	£1,120,567

Revenue Income Analysis	2017/18	2018/19	2019/20	2020/21
Actual	£1,097,953	£1,108,686	£1,176,137	£1,120,567
(a) Per Farm	£16,146	£17,056	£18,094	£17,239
(b) Per Hectare	£283	£287	£304	£289
(c) As a % of Target	101%	99.5%	101%	96%

#### 4.4 Revenue Expenditure

4.4.1 The target spend for 2020/21 on programme and unforeseen repairs and maintenance was £310,000 of which 68% (£210,000) was planned and 32% (£100,000) was unforeseen.

4.4.2 There was an overall actual spend of £324,478 on repair and maintenance of which 79% (£255,414) was planned maintenance and 21% (£69,064) 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	2017/18	2018/19	2019/20	2020/21
Programme	£227,711	£241,666	£152,856	£255,414
Unforeseen	£80,888	£80,202	£86,189	£69,064
Total Maintenance	£308,599	£321,868	£239,045	£324,478

4.4.3 However, in addition to the above maintenance spend, £5,481 was spent on Landlord's health and safety improvements, removing and replacing asbestos and demolishing redundant buildings.

4.4.4 £210,520 was spent in total on professional fees relating to Estate Management, and the procurement of repairs, maintenance, compliance management, service term contracts and other works.

4.4.5 £25,060 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. This cost is rising rapidly as more plant and equipment associated with the farmhouse improvement works is installed.

4.4.6 £20,103 was spent on roadside tree surgery works arising as a consequence of periodic surveys and other ground maintenance works. This cost is twice as much as it was in 2019/20 and forecast to rise further as the health of Devon's trees deteriorates and following the frequency of inspections being increased to an annual cycle.

4.4.7 £5,438 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.

4.4.8 £37,031 was spent on compensating tenants for fixtures, fittings and improvements at end of tenancy.

#### 4.5 Revenue Surplus

4.5.1 A revenue surplus of £467,374 was achieved compared with the increased target of £464,000.

Revenue Surplus	2017/18	2018/19	2019/20	2020/21
Target	£382,000	£414,000	£464,000	£464,000
Actual	£393,682	£411,721	£464,043	£467,374
As a % of Target	103%	99.8%	100%	101%

#### 4.6 Running Costs

4.6.1 Running costs for 2020/21 were £442,674 against a target of £470,000. The reduction in in year spend principally related to reduced spend on landlord's health and safety works, redundant buildings and asbestos removal.

Running Cost	2017/18	2018/19	2019/20	2020/21
(d) Per Farm	£6,900	£6,646	£7,524	£6,810
(e) Per Hectare	£121.15	£112.00	£126.62	£114.28
(f) As a % of Income	43%	39%	42%	39.5%

#### 4.7 Management Costs

4.7.1 Management costs for 2020/21 were £210,520 against a target of £230,000.

Management Cost	2017/18	2018/19	2019/20	2020/21
(g) Per Farm	£3,456	£4,062	£3,432	£3,239
(h) Per Hectare	£60.68	£68.45	£57.75	£54.35
(i) As a % of Income	21%	24%	19%	19%

#### 4.8 Capital Receipts

4.8.1 In 2020/21 the Estate generated £610,000 from the sale of the farmstead at East Week, South Tawton, Land at Corwents Farm, Halberton, and a barn at Lomans Farm, Broadhempston.

Capital Receipts	2017/18	2018/19	2019/20	2020/21
Actual	£11,130,000	£2,700,644	£1,569,062	£610,000

4.8.2 At year end a further 6 properties were 'sold subject to contract and planning' with a potential capital receipt value of £12,957,840 expected to be received in 2021/22 or 2022/23.

#### 4.9 Capital Investments

4.9.1 Capital investment amounted to £954,093. Investment was made on one NVZ compliant slurry store complete with the estates first Clean Air Strategy compliant cover, and seven farmhouse renovation and improvement schemes.

4.9.2 At year end a total of £215,019 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 2021/22.

- 4.9.3 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) Increasing controls on the storage of farm waste and feed stuffs
  - (iv) Renewable energy, energy efficiency, carbon offsetting and sequestration
  - (v) More onerous electrical regulations for farm buildings

#### 4.10 Net capital contribution to the Corporate Capital Programme

- 4.10.1 After the County Farms Estate inward capital investment expenditure is deducted from the capital receipts generated by the sale of surplus Estate assets, the Council contributed a net sum of £344,093 to the Estate capital programme in 2020/21.

Net Capital Contribution	2017/18	2018/19	2019/20	2020/21
Actual	£10,351,401	£1,032,260	£379,837	- £344,093

## 5 Estate Management Performance

- 5.1 The achievements for 2020/21 are analysed, as on previous occasions, in two areas – namely tenant matters and property matters.

### 5.2 Tenant Matters

- Three tenants have retired
- One tenant has progressed off the Estate to a larger tenanted farm in the private sector
- One tenant has progressed by returning to his family farm and taking major control of that farm business
- One tenant has progressed internally (Bulleigh Elms Farm, Ipplepen)
- Five farms (Lower Pilehayes Farm, Woodbury; Buckridge Farm, Denbury; Lomans Farm, Broadhempston; Southcott Farm, Okehampton; and Middle Winsham Farm, Braunton) were re-let to new tenants
- One tenancy was renewed.

### 5.3 Property Matters

The size of the Estate increased to 3,873.61 hectares (9,571.68 acres) during 2020/21. This was the net result of sales of the farmstead at East Week, South Tawton and a barn at Lomans Farm, Broadhempston, and the purchase of land adjacent to Nutcombe Farm, Rose Ash.

Size of the Estate	2017/18	2018/19	2019/20	2020/21
Hectares	3,872.99	3,867.11	3,862.34	3,873.61
Acres	9,570.16	9,555.50	9,543.84	9,571.68

5.4 The overall picture of the Estate as at 31 March 2021 was as follows:

	2017/18	2018/19	2019/20	2020/21
Number of let residential farms	68	65	65	65
Total AHA 86 Farms	18	15	14	12
AHA 86 Lifetime Tenancies	9	8	8	7
AHA 86 Retirement Tenancies	9	7	6	5
Total ATA 95 (FBT) Farms	50	50	51	53
FBT's more than seven years	21	19	19	21
FBT's seven years or less	29	31	32	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 Four 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; and Part East Week Farm).
- 5.14 Two farmsteads remain declared surplus to the operational requirements of the Estate and are 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

Due to the Covid-19 pandemic the Farmwise events planned for 2020 were cancelled.

### 6.2 Supporting Local Agricultural Colleges

For the fourth 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 Lower Henland Farm, Kentisbeare and the Chairman of the Committee, Senior Land Agent and tenant of the holding interviewed students virtually for the hypothetical tenancy.

### 6.3 North Devon Biosphere – woods for water grant – Lower Farm, High Bickington

In spring 2021 the tenant of Lower Farm, High Bickington worked with officers of the North Devon Biosphere to put together a grant application to fund tree planting, form leaky dams, erect fencing and provide additional water troughs for drinking livestock. The project delivered 0.5 hectares of new mixed broadleaved native deciduous tree planting (600 stems), 7 new water troughs, 642 meters of new fencing and 3 leaky dams. The scheme should help to improve water quality and help reduce the risk of downstream flooding.

## 7. 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. 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. Financial Considerations

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

## 10. Legal Considerations

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

- 11. Environmental Impact Considerations (Including Climate Change)
  - 11.1 The Author is not aware of any environmental impact (including climate change) issues arising from this report.
- 12. Equality Considerations
  - 12.1 The Author is not aware of any equality issues arising from this report.
- 13. Risk Management Considerations
  - 13.1 The Author is not aware of any obvious risks to manage.
- 14. Public Health Impact
  - 14.1 The Author is not aware of any public health impact.
- 15. 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).

Name

*Mary Davis – County Treasurer*

Electoral Divisions: All

Local Government Act 1972: List of Background Papers

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Background Paper	Date	File Reference
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Nil

The above mentioned Reports are published on the Council's Website at:  
<http://democracy.devon.gov.uk/ieDocHome.aspx?bcr=1>



**COUNTY FARMS ESTATE - FINANCIAL REPORTS**  
**FINANCIAL STATEMENT - FINAL OUTTURN 2020/21**

	2020/21 ANNUAL TARGET £'000	2020/21 OUTTURN £'000	2019/20 OUTTURN £'000	2018/19 OUTTURN £'000	2017/18 OUTTURN £'000
<b>INCOME</b>					
Rent	(1,124)	(1,085)	(1,149)	(1,075)	(1,055)
Other	(40)	(36)	(27)	(33)	(43)
<b>TOTAL INCOME</b>	<b>(1,164)</b>	<b>(1,121)</b>	<b>(1,176)</b>	<b>(1,108)</b>	<b>(1,098)</b>
<b>EXPENDITURE</b>					
<b>STATUTORY COSTS</b>					
Tenant Right Valuation	20	37	87	25	114
<b>SUB - TOTAL</b>	<b>20</b>	<b>37</b>	<b>87</b>	<b>25</b>	<b>114</b>
<b>PREMISES COSTS</b>					
Building Maintenance - unforeseen	100	69	86	80	81
Building Maintenance - programmed	210	255	153	242	228
Building Maintenance - Surveys	10	5	4	11	2
Building Maintenance - STC	20	25	8	18	7
Building Maintenance - other (incl. land agents initiatives, redundant buildings, asbestos and health & safety)	61	6	101	11	7
Grounds Maintenance	10	20	10	7	2
Rents & other landlord charges	14	11	11	14	14
Rates, Electricity and Water Charges	6	7	15	10	3
<b>SUB - TOTAL</b>	<b>431</b>	<b>398</b>	<b>388</b>	<b>393</b>	<b>344</b>
<b>SUPPLIES &amp; SERVICES</b>					
Insurance	0	0	0	0	0
Adverts	2	1	1	6	3
NPS Fees	230	211	223	264	235
Legal Fees	4	1	1	1	(1)
Professional Fees	6	6	10	3	7
Other Fees & Charges (DFYF, SHLAA, GPDO)	7	0	2	4	2
<b>SUB - TOTAL</b>	<b>249</b>	<b>219</b>	<b>237</b>	<b>278</b>	<b>246</b>
<b>TOTAL EXPENDITURE</b>	<b>700</b>	<b>654</b>	<b>712</b>	<b>696</b>	<b>704</b>
<b>NET OPERATIONAL (SURPLUS)/DEFICIT</b>	<b>(464)</b>	<b>(467)</b>	<b>(464)</b>	<b>(412)</b>	<b>(394)</b>