

The County Farms Estate – Annual Report 2021/22

Report of the Director of Finance and Public Value

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 thirty-first annual report of the County Farms Estate and the twelfth year in this revised format since the Devon County Council Farms Estate Strategic Review of March 2010.
2. Introduction
 - 2.1 It seems most tenant's businesses have thankfully weathered the Covid-19 disruption although some diversified businesses have not returned to pre-pandemic levels of trading. Swiftly following the Covid-19 disruption tenant's businesses are now being affected by rapidly rising input costs such as fuel, fertiliser, feed and electricity. The potential impact is being closely monitored. It has been an exceptionally busy year for the Estate with the number of farms being relet probably at or very near an all-time Estate record. This has stretched the capacity of an already thinly resourced management team.
 - 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 2021/22.
 - 3.1 Following the County Election's, the Estate saw three former members of the committee stand down, including two past chairpersons. Cllrs Richard Edgell, Caroline Chugg and Tony Inch were thanked by the incoming (returning) Chairman, Cllr Yabsley for their past contributions to the committee.
 - 3.2 In turn, the Committee welcomed two new members, Cllrs Samuel and Gent.
 - 3.3 The committee also welcomed a new representative of the Devon Federation of Young Farmers Clubs, Rupert Shinner.
 - 3.4 The Farms Estate Committee met on 14 June, 27 September, 29 November 2021, and 7 February 2022. In addition to the usual financial and management matters other issues discussed by the Committee included:
 - Annual Report 2020/21
 - Monitoring of tenants on initial Farm Business Tenancies

- Requests for Landlord's consent for Tenant's Improvements
- The Veterans Farm Able Foundation
- Outstanding Debts

3.5 Interview panels met on five occasions to interview applicants for the tenancies of Great Stone Farm, South Molton; Higher Bradaford Farm, Virginstow; Southacott Farm, Mariansleigh; Higher Artiscombe Farm, Gulworthy; Topshayes Farm, Aylesbeare; Little Stone Farm, South Molton; Thorndon Farm, Broadwoodwidge; Ten Oaks Farm, Roborough; Perriton Barton Farm, Whimble; Coppa Dolla Farm, Denbury; and Nunford Farm, Colyton.

3.6 The Chairman, Vice Chairman and the Senior Land Agent also visited the Parish of Holsworthy to undertake a tenant's monitoring visit.

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 2022 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 2021/22 was £1,190,887 compared with a target of £1,124,000.

4.3.2 Miscellaneous income totalled £34,450 compared with a target of £40,000.

4.3.3 Therefore total income secured was £1,225,337 against a target of £1,164,000.

Revenue Income	2018/19	2019/20	2020/21	2021/22
Rental	£1,075,411	£1,148,703	£1,084,719	£1,190,887
Miscellaneous	£33,275	£27,434	£35,848	£34,450
Total	£1,108,686	£1,176,137	£1,120,567	£1,225,337

Revenue Income Analysis	2018/19	2019/20	2020/21	2021/22
Actual	£1,108,686	£1,176,137	£1,120,567	£1,225,337
(a) Per Farm	£17,056	£18,094	£17,239	£18,851
(b) Per Hectare	£287	£304	£289	£316
(c) As a % of Target	99.5%	101%	96%	105%

4.4 Revenue Expenditure

4.4.1 The target spend for 2021/22 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 £296,888 on repair and maintenance of which 75% (£222,627) was planned maintenance and 25% (£74,261) 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	2018/19	2019/20	2020/21	2021/22
Programme	£241,666	£152,856	£255,414	£222,627
Unforeseen	£80,202	£86,189	£69,064	£74,261
Total Maintenance	£321,868	£239,045	£324,478	£296,888

4.4.3 However, in addition to the above maintenance spend, £11,287 was spent on Landlord's health and safety improvements, removing and replacing asbestos and demolishing redundant buildings.

4.4.4 £3,500 was spent on drilling a borehole on a dairy farm to help a tenant reduce a significant overhead.

4.4.5 £211,062 was spent in total on professional fees relating to Estate Management; the procurement of repairs, maintenance, compliance management, service term contracts and other works; and on the inspection and security of empty properties.

4.4.6 £17,056 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.

4.4.7 £5,216 was spent on roadside tree surgery works arising as a consequence of periodic surveys and other ground maintenance works.

4.4.8 £8,396 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.

4.4.9 £174,306 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 £465,998 was achieved compared with the target of £464,000.

Revenue Surplus	2018/19	2019/20	2020/21	2021/22
Target	£414,000	£464,000	£464,000	£464,000
Actual	£411,721	£464,043	£467,374	£465,998
As a % of Target	99.8%	100%	101%	101%

4.6 Running Costs

4.6.1 Running costs for 2021/22 were £548,277 against a target of £470,000. The increase in in year spend principally related to an increase in the end of tenancy compensation liability.

Running Cost	2018/19	2019/20	2020/21	2021/22
(d) Per Farm	£6,646	£7,524	£6,810	£8,435
(e) Per Hectare	£112.00	£126.62	£114.28	£141.59
(f) As a % of Income	39%	42%	39.5%	45%

4.7 Management Costs

4.7.1 Management costs for 2021/22 were £211,062 against a target of £230,000.

Management Cost	2018/19	2019/20	2020/21	2021/22
(g) Per Farm	£4,062	£3,432	£3,239	£3,247
(h) Per Hectare	£68.45	£57.75	£54.35	£54.50
(i) As a % of Income	24%	19%	19%	17%

4.8 Capital Receipts

4.8.1 In 2021/22 the Estate generated £4,786,667 from the sale of land at Aldens Farm, Alphington, a barn at Middle Winsham Farm, Braunton, and the release of a covenant at Cobberton Farm, Dartington.

Capital Receipts	2018/19	2019/20	2020/21	2021/22
Actual	£2,700,644	£1,569,062	£570,000	£4,786,667

4.8.2 At year end a further 6 properties were 'sold subject to contract and/or planning' with a potential capital receipt value of £6,809,608 expected to be received in 2022/23 or 2023/24.

4.9 Capital Investments

4.9.1 Capital investment amounted to £1,189,233. Investment was mainly made on further farmhouse renovation and improvement schemes. Some expenditure was incurred on an end of tenancy compensation liability.

4.9.2 £25,787 has been carried forward to the 2022/23 budget. It is anticipated this money will be spent in 2022/23.

- 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 Estate contributed a net sum of £3,597,434 to the Corporate capital programme in 2021/22.

Net Capital Contribution	2018/19	2019/20	2020/21	2021/22
Actual	£1,032,260	£379,837	- £384,093	£3,597,434

5 Estate Management Performance

5.1 The achievements for 2021/22 are analysed, as on previous occasions, in two areas – namely tenant matters and property matters.

5.2 Tenant Matters

- One tenant has retired
- One tenant has returned home and taken over a family farm in the private sector
- Two tenants have purchased their own farms
- Three tenants have progressed off the Estate to a larger tenanted farm in the private sector
- Four tenants have progressed internally on the Estate moving from starter farms to progressions farms (Topshayes Farm, Aylesbeare; Southacott Farm, Mariansleigh; Great Stone Farm, South Molton; and Higher Bradaford Farm, Virginstow)
- Seven 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
- Five tenancies were renewed.
- One new '54 Act lease was created.

5.3 Property Matters

The size of the Estate decreased to 3,872.28 hectares (9,568.39 acres) during 2021/22. This was the net result of sales of land at Aldens Farm, Alphington and a barn at Middle Winsham Farm, Braunton, and the purchase of land adjacent to Nutcombe Farm, Rose Ash.

Size of the Estate	2018/19	2019/20	2020/21	2021/22
Hectares	3,867.11	3,862.34	3,873.61	3,872.28
Acres	9,555.50	9,543.84	9,571.68	9,568.39

5.4 The overall picture of the Estate as at 31 March 2022 was as follows:

	2018/19	2019/20	2020/21	2021/22
Number of let residential farms	65	65	65	65
Total AHA 86 Farms	15	14	12	12
AHA 86 Lifetime Tenancies	8	8	7	7
AHA 86 Retirement Tenancies	7	6	5	5
Total ATA 95 (FBT) Farms	50	51	53	53
FBT's more than seven years	19	19	21	21
FBT's seven years or less	31	32	32	32

5.5 An Option Agreement has been signed with a solar farm developer for the grant of a lease on a site.

5.6 One farm cottage remains sublet by Estate tenants (with landlord's consent).

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

5.8 One site has been let on a Landlord and Tenant Act 1954 lease to a green waste composting operator.

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

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

5.11 One block of woodland is now let to the North Devon Biosphere Reserve as a best practice demonstration site.

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

- 5.13 A small length of fishing rights is separately let on the river otter.
- 5.14 Two telecommunication masts are let on the County Farms Estate.
- 5.15 Five leases are granted for community internet apparatus installed on the County Farms Estate.
- 5.16 One site is let to the Environment Agency as a remote weather station.
- 5.17 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).
- 5.18 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). A small barn at Lower Farm, High Bickington is also now in declared surplus and is to be marketed for sale shortly.
- 5.19 One block of land amounting to 5.39 acres or thereabouts is sold on a subject to contract and planning basis for residential development (Part Aldens Farm [West], Alphington).
- 5.20 One block of land amounting to 2.68 acres or thereabouts is being marketed for sale for residential development (Part Manor Farm, Holcombe).
- 5.21 A barn and 12.08 acres or thereabouts of land is sold subject to contract at Endfield Farm, Sandford. A small corner of a field amounting to 0.17 acres or thereabouts at Lower Henland Farm, Kentisbeare is also sold on a subject to contract basis to a neighbouring special purchaser.
- 6 Other notable Estate achievements and events:
- 6.1 Farmwise
- Due to the Covid-19 pandemic the Farmwise events planned for 2021 were cancelled. It is hoped that Farmwise will return in 2022.
- 6.2 Supporting Local Agricultural Colleges
- For the fifth 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 Nunford Farm, Colyton and the Chairman of the Committee, Senior Land Agent and Mr Marcus Warner interviewed students for the hypothetical tenancy.
- 6.3 North Devon UNESCO Biosphere Reserve Partnership
- A lease has been granted to the North Devon UNESCO Biosphere Reserve Partnership of 11.86 acres or thereabouts of semi-ancient woodland to be used as a best practice demonstration site and for tests and trials relating to assessing the carbon sequestration capacity of good active management of such woodlands.

6.4 Tree planting at Middle Winsham Farm, Braunton

An area of approximately 0.56 acres has been planted with 325 mixed broadleaved trees at Middle Winsham Farm, Braunton.



- 6.5 Exeter University energy consumption data logging
Exeter University has been commissioned to log the electricity consumption on 10 farms on the estate. The data is being analysed with the intention of being able to identify changes in working practices or investments in more energy efficient technologies to reduce the energy consumption and associated carbon emissions of the holdings.

6.6 North Devon UNESCO Biosphere Reserve Partnership

A disproportionately high number of estate tenants from across the North Devon and Torridge area are participating in the Biosphere Reserve pilot test and trials on healthy soils. The project will involve Rothamstead Research taking soil samples from the farms and based on the lab analysis the tenants will be given a set of recommendations for future management that will enhance the soils. Awareness training on how healthy soils can increase profitability will also be provided.

6.7 Environment Agency Advice on the River Axe Catchment

Prior to the reletting of Nunford Farm, Colyton the Environment Agency was invited to the farm to discuss suitable options for the future occupation and use of the holding given that the farm falls within the River Axe is a Special Area of Conservation (SAC) and a Site of Special Scientific Interest (SSSI) and through recent monitoring of the River the EA has shown that the river is not meeting conservation targets and that it is in decline due to nutrients (phosphates) enrichment and sediment pollution. Appropriate land use management prescriptions were imposed on reletting to ensure that farming this part of the estate does not adversely affect the river water quality.

- 6.8 Boreholes – Under the Estate Policy another borehole was drilled to help a tenant reduce a significant overhead.

- 6.9 Tyres – Almost 3000 waste tyres have been removed from two farms by licensed contractors.
- 6.10 Waste Plastic – A tenant has set up a farm waste plastic collection centre in partnership with Farm XS.
- 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

Angie Sinclair – Director of Finance and Public Value

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 2021/22

	2021/22 ANNUAL TARGET £'000	2021/22 OUTTURN £'000	2020/21 OUTTURN £'000	2019/20 OUTTURN £'000	2018/19 OUTTURN £'000
INCOME					
Rent	(1,124)	(1,191)	(1,085)	(1,149)	(1,075)
Other	(40)	(34)	(36)	(27)	(33)
TOTAL INCOME	(1,164)	(1,225)	(1,121)	(1,176)	(1,108)
EXPENDITURE					
STATUTORY COSTS					
Tenant Right Valuation	20	174	37	87	25
SUB - TOTAL	20	174	37	87	25
PREMISES COSTS					
Building Maintenance - unforeseen	100	74	69	86	80
Building Maintenance - programmed	210	223	255	153	242
Building Maintenance - Surveys	10	8	5	4	11
Building Maintenance - STC	20	17	25	8	18
Building Maintenance - other (incl. land agents initiatives, redundant buildings, asbestos and health & safety)	61	15	6	101	11
Grounds Maintenance	13	5	20	10	7
Rents & other landlord charges	11	12	11	11	14
Rates, Electricity and Water Charges	6	10	7	15	10
SUB - TOTAL	431	364	398	388	393
SUPPLIES & SERVICES					
Insurance	0	0	0	0	0
Adverts	2	0	1	1	6
NPS Fees	230	211	211	223	264
Legal Fees	4	2	1	1	1
Professional Fees	6	7	6	10	3
Other Fees & Charges (DFYF, SHLAA, GPDO)	7	1	0	2	4
SUB - TOTAL	249	221	219	237	278
TOTAL EXPENDITURE	700	759	654	712	696
Revenue Funded Restructuring	0	0	0	0	0
NET OPERATIONAL (SURPLUS)/DEFICIT	(464)	(466)	(467)	(464)	(412)