

**The County Farms Estate
Capital Monitoring (Month 10) 2022/23**

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 endorses the report.

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**1. Background/Introduction**

- 1.1 Each year the County Farms Estate generates significant capital receipts from the sale of surplus assets associated with an approved restructuring or rationalisation programme and through the sale of high value development opportunities.
- 1.2 The Estate bids for Capital for essential inward investment to maintain and improve critical infrastructure. Capital is bid for in competition with other front-line services.
- 1.3 The following table shows the current five-year capital allocation for the County Farms Estate and the capital allocation before the recent capital budget reductions.

| Year             | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | Total |
|------------------|---------|---------|---------|---------|---------|-------|
|                  | £'000   | £'000   | £'000   | £'000   | £'000   | £'000 |
| Current Capital  | 750     | 450     | 450     | 450     | 0       | 2100  |
| Previous Capital | 1000    | 600     | 600     | 600     | 0       | 2800  |

**2. Capital Monitoring for the period 1 April 2022 to 31 January 2023.**

- 2.1 The Capital budget presented to Corporate Infrastructure and Regulatory Services Scrutiny Committee on 24 January 2022 and approved at County Council on 17 February 2022 included schemes totalling £1,000,000.
- 2.2 There was an 'underspend' of £25,787 in 2021/22 and an in-year receipt of £30,000 bringing the balance of capital available to spend in 2022/23 to £1,055,787.

- 2.3 As at month 10 almost 80% of the budget has been spent and the remaining budget is forecast to be spent by year end.

### **3 Nitrate Vulnerable Zone Compliance**

- 3.1 Retention monies are left to pay on only one slurry store constructed in a previous financial year. No new slurry store schemes were progressed this financial year.
- 3.2 Forecast spend stands at £3,888 on retention monies associated with NVZ compliant schemes in 2022/23.

### **4 Compensation Payments (Tenants Improvements, etc.)**

- 4.1 It is probable that some of the capital budget will need to be spent on end of tenancy compensation liabilities arising at 25 March 2023. The end of tenancy valuations are currently being negotiated.

### **5 Enhancements and Improvements**

- 5.1 The 2022/23 programme currently consists of:
- (a) 14 projects that were started in previous years and have either been completed in year or remain in defects.
  - (b) 3 new whole house refurbishment projects started this financial year.
  - (c) 4 further sewage treatment plants and one further scheme being considered
  - (d) 3 further whole house refurbishment schemes are being considered where the tenants will be vacating their holdings at 25 March 2023 and may be able to vacate the dwellings earlier to afford unencumbered access to carry out the works.
- 5.2 At the County Farms Estate Committee meeting of 9 December 2022 members asked, and officers agreed to confirm, how far adrift the refurbishment programme was likely to be from what was proposed at the start of the year.
- 5.3 From the analysis of the capital programme, it can be confirmed that the 14 projects started in the previous year have been completed to the specification proposed; some previously specified items on the 3 new projects have been omitted such as the PV panels at Thorndon Farm (considered to be a poor return on investment following a detailed feasibility study); and the four sewage treatment plants have been or are currently being installed.
- 5.4 In the month 7 monitoring report presented to the committee on 5 December 2022 (report DF/22/85 refers), three further refurbishment schemes were being considered. These have been postponed, not because they were planned to be delivered within the in-year capital budget provision, but because the 2023/24 capital budget could not be brought forward.

- 5.5 An analysis of the three whole house refurbishments referred to in 5.1(a) above show that compared to the Building Surveyors budget estimates (on which the total capital programme is built), tenders returned where anywhere between 18% and 55% above budget estimate and contracts let were for sums 18% to 35% higher than the budget estimates. On these three projects alone, an additional £180,000 (25% average increase) was required to deliver the same programme of work.
- 5.6 Actual spend at month 10 is now £839,753 with a further £246,055 committed (orders placed) to date. It is anticipated to outturn as per budget.

## **6 Land Acquisitions**

- 6.1 No land acquisition opportunities are currently being explored.

## **7 Capital Receipts Generated in year**

- 7.1 At the County Farms Estate Committee meeting of 26 September 2022, members requested an update at all future meetings of all capital receipts completed in year to date.
- 7.2 The table below schedules all County Farms Estate disposals that have completed by month 7 and contributed towards to the Corporate Capital Programme. The table now includes the acreage sold (as requested by members at the meeting of 5 December 2022).

| Asset Sold                                     | Acreage Sold | Capital Receipt (net of costs) | Date of completion |
|------------------------------------------------|--------------|--------------------------------|--------------------|
| Part Aldens Farm (West)                        | 5.39         | £3,167,920                     | 30 June 2022       |
| Land at Tithebarne Way (part Monkerton Farm)   | 4.64         | £3,096,000                     | 11 July 2022       |
| Barn at Lower Farm, High Bickington            | 0.12         | £34,560                        | 16 September 2022  |
| Uppacott Farm, Mariansleigh (overage payment)  | nil          | £76,901                        | 26 July 2022       |
| East Hill Farm, Knowestone (deed of variation) | nil          | Forecast of £11,869            | 28 October 2022    |
|                                                |              |                                |                    |
| <b>Total</b>                                   | <b>10.15</b> | <b>£6,387,250</b>              |                    |

## **8.0 Options/Alternatives**

- 8.1 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.

## **9.0 Consultations/Representations/Technical Data**

9.1 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.

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

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

## **10.0 Strategic Plan**

10.1 <https://www.devon.gov.uk/strategic-plan/>

10.2 The prudent management of the County Farms Estate, in accordance with the County Farms Estate Strategic Review (April 2010), is well aligned with Strategic Plan priorities such as:

- Responding to the climate emergency – help wildlife and landscapes recover
- Responding to the climate emergency – take opportunities to improve the energy efficiency of homes and buildings
- Responding to the climate emergency – encourage sustainable lifestyles
- Responding to the climate emergency – continue to reduce carbon emissions across all our services
- Investing in Devon’s economic recovery – deliver £500 million Council capital investment programme over five years
- Investing in Devon’s economic recovery - ensure financial resilience of the Council.
- Improving health and wellbeing – give people greater opportunities for walking and cycling to increase their physical activity

## **11.0 Financial Considerations**

11.1 The Author is not aware of any financial 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 Environmental Impact Considerations (Including Climate Change)**

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

## **14.0 Equality Considerations**

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

#### **15.0 Risk Management Considerations**

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

#### **16.0 Summary/Conclusions/Reasons for Recommendations**

16.1 The Author has prepared this report in accordance with the findings of the County Farms Estate Strategic Review (April 2010).

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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

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