

**The County Farms Estate
Revenue Monitoring (Final Outturn) 2022/23, and 2023/24 (Budget)**

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 The County Farms Estate is wholly self-funded with operational costs paid for through rents and other income streams generated. Each year a substantial revenue surplus is delivered to support expenditure elsewhere in the County Council and cover the cost of centralised overheads. The County Farms Estate has consistently delivered a revenue surplus since at least 1992.

**2. Revenue Monitoring for the period 1 April 2022 to 31 March 2023.**

2.1 The Revenue Budget presented to Corporate Infrastructure and Regulatory Services Scrutiny Committee on 24 January 2022 and approved at County Council on 17 February 2022 included a target surplus of £534,000 for the County Farms Estate. This is an increase of £70,000 on the previous year's target.

2.2 Appendix A provides a summary of the annual budget and the year-end outturn alongside four previous years outturns so that a year on year comparison of performance can be made.

2.3 Rent invoiced by year end amounted to £1,212,999 and other income (easement and wayleave payments, licence fees, telecommunication mast site rents etc) accrued by year end amounted to £108,919. Total income for the Estate is therefore £1,321,908.

2.4 The month 10 monitoring position was reported to the Farms Estate Committee at its meeting of 20 February 2023 (DF/23/21 refers). By year end there has been £533,000 further expenditure to report.

- 2.5 Some significant Tenant Right Valuation liabilities accrued at 31 March 2022 have still not been released due to ongoing disputed end of tenancy valuations. Some new Tenant Right Valuation accruals have been made at year end for liabilities falling due before 31 March 2023. The total commitment on end of tenancy compensation payments due to tenants amounted to £98,718.
- 2.6 £63,276 worth of unforeseen repair works ordered in 2022/23 were either paid or accrued for works substantially complete at year end. This excludes a significant liability for storm damage repairs on approximately 30 farms caused by storm Eunice on 14 February 2022 which has been covered by the Council's insurance fund.
- 2.7 £242,185 worth of programmed repair and maintenance works ordered in 2022/23 were either paid or accrued for works substantially complete at year end.
- 2.8 £9,102 was invested in quinquennial condition surveys in year to inform future maintenance programmes.
- 2.9 £14,622 has been spent on servicing and testing landlord's plant and equipment (service term contracts for private water supplies, boilers, fixed wiring systems, sewage treatment plants, radon fans etc) at year end.
- 2.10 £64,880 building maintenance (other) works were completed by year end. This comprised a number of health and safety improvements, asbestos removal and redundant building demolition works.
- 2.11 £14,583 was spent on roadside tree inspections and subsequent tree surgery works by year end.
- 2.12 £9,274 was spent on Council Tax on empty properties, electricity charges and water charges, compared to a budget of £6,000. This is largely due to a number of surplus properties sat empty for a couple of years pending disposal. One of those properties has now been sold.
- 2.13 Expenditure on South West Norse fees was £243,728 compared to a budget of £236,000. This includes the management of the Estate and procuring all programme and unforeseen maintenance, service term contracts, asbestos, health and safety and redundant building works. This cost also includes the fees for inspecting and providing security for empty properties on the Estate. The increase in expenditure is largely due to additional fees incurred on procuring additional repairs and maintenance expenditure.
- 2.14 Expenditure and accruals for liabilities falling due in year on external professional fees was £14,767 compared to a budget of £6,000. This increase in expenditure is due to a requirement to double the contribution made towards the cost of external Land Agents professionally representing the landlord and incoming tenants on change of tenancy combined with the increased number of tenancy's changing hands.

2.15 The final outturn provides a net surplus of £534,702 compared to the target surplus of £534,000.

### **3 Revenue Budget 2023/24**

3.1 The Revenue Budget presented to Corporate Infrastructure and Regulatory Services Scrutiny Committee on 30 January 2023 and approved at County Council on 16 February 2023 included a target surplus of £534,000 for the County Farms Estate.

3.2 Appendix B provides a summary of the annual budget.

### **4 Options/Alternatives**

4.1 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.

### **5 Consultations/Representations/Technical Data**

5.1 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.

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

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

### **6 Strategic Plan**

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

6.2 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 - ensure financial resilience of the Council.
- Improving health and wellbeing – give people greater opportunities for walking and cycling to increase their physical activity

## **7 Financial Considerations**

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

## **8 Legal Considerations**

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

## **9 Environmental Impact Considerations (Including Climate Change)**

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

## **10 Equality Considerations**

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

## **11 Risk Management Considerations**

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

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

12.1 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 |
|------------------|------|----------------|
|------------------|------|----------------|

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 2022/23**

|                                                                                                                 | 2022/23<br>ANNUAL TARGET<br>£'000 | 2022/23<br>OUTTURN<br>£'000 | 2021/22<br>OUTTURN<br>£'000 | 2020/21<br>OUTTURN<br>£'000 | 2019/20<br>OUTTURN<br>£'000 | 2018/19<br>OUTTURN<br>£'000 |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>INCOME</b>                                                                                                   |                                   |                             |                             |                             |                             |                             |
| Rent                                                                                                            | (1,213)                           | (1,256)                     | (1,191)                     | (1,085)                     | (1,149)                     | (1,075)                     |
| Other                                                                                                           | (40)                              | (66)                        | (34)                        | (36)                        | (27)                        | (33)                        |
| <b>TOTAL INCOME</b>                                                                                             | <b>(1,253)</b>                    | <b>(1,322)</b>              | <b>(1,225)</b>              | <b>(1,121)</b>              | <b>(1,176)</b>              | <b>(1,108)</b>              |
| <b>EXPENDITURE</b>                                                                                              |                                   |                             |                             |                             |                             |                             |
| <b>STATUTORY COSTS</b>                                                                                          |                                   |                             |                             |                             |                             |                             |
| Tenant Right Valuation                                                                                          | 21                                | 99                          | 174                         | 37                          | 87                          | 25                          |
| <b>SUB - TOTAL</b>                                                                                              | <b>21</b>                         | <b>99</b>                   | <b>174</b>                  | <b>37</b>                   | <b>87</b>                   | <b>25</b>                   |
| <b>PREMISES COSTS</b>                                                                                           |                                   |                             |                             |                             |                             |                             |
| Building Maintenance - unforeseen                                                                               | 103                               | 63                          | 74                          | 69                          | 86                          | 80                          |
| Building Maintenance - programmed                                                                               | 216                               | 242                         | 223                         | 256                         | 153                         | 242                         |
| Building Maintenance - Surveys                                                                                  | 10                                | 9                           | 8                           | 6                           | 4                           | 11                          |
| Building Maintenance - STC                                                                                      | 21                                | 15                          | 17                          | 25                          | 8                           | 18                          |
| Building Maintenance - other (incl. land agents initiatives, redundant buildings, asbestos and health & safety) | 63                                | 65                          | 15                          | 5                           | 101                         | 11                          |
| Grounds Maintenance                                                                                             | 13                                | 15                          | 5                           | 20                          | 10                          | 7                           |
| Rents & other landlord charges                                                                                  | 11                                | 12                          | 12                          | 11                          | 11                          | 14                          |
| Rates, Electricity and Water Charges                                                                            | 6                                 | 9                           | 10                          | 7                           | 15                          | 10                          |
| <b>SUB - TOTAL</b>                                                                                              | <b>443</b>                        | <b>430</b>                  | <b>364</b>                  | <b>399</b>                  | <b>388</b>                  | <b>393</b>                  |
| <b>SUPPLIES &amp; SERVICES</b>                                                                                  |                                   |                             |                             |                             |                             |                             |
| Insurance                                                                                                       | 0                                 | 0                           | 0                           | 0                           | 0                           | 0                           |
| Adverts                                                                                                         | 2                                 | 0                           | 0                           | 1                           | 1                           | 6                           |
| NPS Fees                                                                                                        | 236                               | 244                         | 211                         | 211                         | 223                         | 264                         |
| Legal Fees                                                                                                      | 4                                 | 0                           | 2                           | 0                           | 1                           | 1                           |
| Professional Fees                                                                                               | 6                                 | 15                          | 7                           | 6                           | 10                          | 3                           |
| Other Fees & Charges (DFYF, SHLAA, GPDO)                                                                        | 7                                 | 0                           | 1                           | 0                           | 2                           | 4                           |
| <b>SUB - TOTAL</b>                                                                                              | <b>255</b>                        | <b>259</b>                  | <b>221</b>                  | <b>218</b>                  | <b>237</b>                  | <b>278</b>                  |
| <b>TOTAL EXPENDITURE</b>                                                                                        | <b>719</b>                        | <b>788</b>                  | <b>759</b>                  | <b>654</b>                  | <b>712</b>                  | <b>696</b>                  |
| Revenue Funded Restructuring                                                                                    | 0                                 | 0                           | 0                           | 0                           | 0                           | 0                           |
| <b>NET OPERATIONAL (SURPLUS)/DEFICIT</b>                                                                        | <b>(534)</b>                      | <b>(534)</b>                | <b>(466)</b>                | <b>(467)</b>                | <b>(464)</b>                | <b>(412)</b>                |

**COUNTY FARMS ESTATE - FINANCIAL REPORTS**  
**FINANCIAL STATEMENT - 2023-24**

| <b><u>INCOME</u></b>                                                                                               | <b>ANNUAL<br/>TARGET<br/>£'000</b> |
|--------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Rent                                                                                                               | (1,213)                            |
| Other                                                                                                              | (40)                               |
| TOTAL INCOME                                                                                                       | <u>(1,253)</u>                     |
| <br>                                                                                                               |                                    |
| <b><u>EXPENDITURE</u></b>                                                                                          |                                    |
| <b><u>STATUTORY COSTS</u></b>                                                                                      |                                    |
| Tenant Right Valuation                                                                                             | 21                                 |
| SUB - TOTAL                                                                                                        | <u>21</u>                          |
| <br>                                                                                                               |                                    |
| <b><u>PREMISES COSTS</u></b>                                                                                       |                                    |
| Building Maintenance - unforeseen                                                                                  | 103                                |
| Building Maintenance - programmed                                                                                  | 216                                |
| Building Maintenance - Surveys                                                                                     | 10                                 |
| Building Maintenance - STC                                                                                         | 21                                 |
| Building Maintenance - other (incl. land agents initiatives,<br>redundant buildings, asbestos and health & safety) | 63                                 |
| Grounds Maintenance                                                                                                | 13                                 |
| Rents & other landlord charges                                                                                     | 11                                 |
| Rates, Electricity and Water Charges                                                                               | 6                                  |
| SUB - TOTAL                                                                                                        | <u>443</u>                         |
| <br>                                                                                                               |                                    |
| <b><u>SUPPLIES &amp; SERVICES</u></b>                                                                              |                                    |
| Insurance                                                                                                          | 0                                  |
| Adverts                                                                                                            | 2                                  |
| NPS Fees                                                                                                           | 236                                |
| Legal Fees                                                                                                         | 4                                  |
| Professional Fees                                                                                                  | 6                                  |
| Other Fees & Charges (DFYF, SHLAA, GPDO)                                                                           | 7                                  |
| SUB - TOTAL                                                                                                        | <u>255</u>                         |
| <br>                                                                                                               |                                    |
| <b>TOTAL EXPENDITURE</b>                                                                                           | <u><b>719</b></u>                  |
| <br>                                                                                                               |                                    |
| <b>NET OPERATIONAL (SURPLUS)</b>                                                                                   | <b>(534)</b>                       |
| <br>                                                                                                               |                                    |
| <b>FARM IMPROVEMENTS inclusive of fees</b>                                                                         |                                    |
| Revenue funded Restructuring (BM other)                                                                            | 0                                  |
| SUB - TOTAL                                                                                                        | <u>0</u>                           |
| <br>                                                                                                               |                                    |
| <b>TOTAL COSTS SURPLUS</b>                                                                                         | <b>(534)</b>                       |