

The County Farms Estate Revenue Monitoring (month 10) 2023/24

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.

1) Recommendation

That the Committee endorses this report.

2) Background / Introduction

- 2.1 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.
- 2.2 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.
- 2.3 Appendix A provides details of income and expenditure to date.

3) Revenue Monitoring for the period 1 April 2023 to 31 January 2024 (month 10).

- 3.1 £697,911 of income has either been invoiced or received at year to date. Invoices for the majority of the remaining income will be raised on 25 March 2024. Forecasts indicate that income is expected to be approximately £96,000 higher than budget.
- 3.2 Some Tenant Right Valuation (TRV) accruals have been released but £104,231 of TRV accruals are still not capable of being released as several end of tenancy valuations are not yet concluded. With the further changes of tenancy due at 25 March 2024 it is anticipated that this year's £21,000 budget will be over committed. The current forecast estimates a year end liability of £68,000.
- 3.3 £49,885 worth of unforeseen repair works has been ordered and paid in 2023/24. In addition, a further £9,342 of unforeseen works has been ordered but not invoiced. Total unforeseen maintenance expenditure and commitment at month 10 is therefore £59,227 against a forecast year end spend of £103,000.

- 3.4 The revenue funded maintenance programme is showing expenditure of £190,319 at month 10. In addition, a further £36,511 of programme works has been ordered but not invoiced. Total maintenance programme expenditure and commitment at month 10 is therefore £226,830. The current forecast estimates a year end liability of £279,000.
- 3.5 £38,149 has been spent against the redundant buildings, asbestos removal and health and safety improvements works budget to date. The current forecast estimates a year end liability of £59,000.
- 3.6 Spend on testing and inspection works (service term contracts for private water supplies, boilers, fixed wiring systems, sewage treatment plants, radon fans etc) is showing a spend of £14,000. There are further orders raised for the total sum of £7,611 producing a total expenditure and commitment liability at month 10 of £21,611. The current forecast estimates a year end liability of £23,000.
- 3.7 The programmed tree survey work has a budget of £13,000 with the expectation that this will be exceeded by £2000 by year end. Annual tree surveys have commenced on the Estate and some remedial works procured. So far £7,986 has been spent on surveys and remedial works.
- 3.8 It is anticipated the building maintenance survey budget of £10,000 will be fully committed. The survey programme is behind schedule due to surveyors being redeployed to inspect property for Reinforced Autoclaved Aerated Concrete (RAAC).
- 3.9 On the understanding the revenue funded repair and maintenance programme will be carried out as expected, the South West Norse fees are expected to be slightly higher than the £236,000 budgeted due largely to increase in maintenance spend. This has yet to be reflected in the forecast although it is expected that underspends across other budgets will compensate for this. At month 10 the South West Norse fees are £202,321.
- 3.10 Proposed changes in how end of tenancy valuation work is concluded is likely to have a material impact on the professional fees budget in future years.
- 3.11 It is currently anticipated that the forecast year end level of income and expenditure will be achieved, and the target surplus delivered, albeit there may be some further fluctuations within income and expenditure items.

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 This report has no specific direct alignment with the Council's Strategic Plan 2021 – 2025 - <https://www.devon.gov.uk/strategic-plan>

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, Sustainability and Socio-economic)

- 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 No risks have been identified.

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).

Angie Sinclair,
Director of Finance and Public Value

Electoral Divisions: All

Local Government Act 1972: List of background papers

Background Paper

Date

File Reference

Nil

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COUNTY FARMS ESTATE - FINANCIAL REPORTS
FINANCIAL STATEMENT - (MONTH 10) 2023-24

			YEAR TO DATE	ANNUAL TARGET	CURRENT FORECAST
			£'000	£'000	£'000
INCOME					
	Rent		(676)	(1,213)	(1,324)
	Other		(21)	(40)	(25)
		TOTAL INCOME	<u>(697)</u>	<u>(1,253)</u>	<u>(1,349)</u>
EXPENDITURE					
STATUTORY COSTS					
	Tenant Right Valuation		(104)	21	68
		SUB - TOTAL	<u>(104)</u>	<u>21</u>	<u>68</u>
PREMISES COSTS					
	Building Maintenance - unforeseen		50	103	103
	Building Maintenance - programmed		190	216	279
	Building Maintenance - Surveys		0	10	10
	Building Maintenance - STC		14	21	23
	Building Maintenance - other (incl. land agents initiatives, redundant buildings, asbestos and health & safety)		38	63	59
	Grounds Maintenance		8	13	15
	Rents & other landlord charges		6	11	11
	Rates, Electricity and Water Charges		5	6	6
		SUB - TOTAL	<u>311</u>	<u>443</u>	<u>506</u>
SUPPLIES & SERVICES					
	Insurance		0	0	0
	Adverts		0	2	0
	NPS Fees		202	236	236
	Legal Fees		(4)	4	4
	Professional Fees		(18)	6	6
	Other Fees & Charges (DFYF, SHLAA, GPDO)		(5)	7	(5)
		SUB - TOTAL	<u>175</u>	<u>255</u>	<u>241</u>
		TOTAL EXPENDITURE	<u>382</u>	<u>719</u>	<u>815</u>
		NET OPERATIONAL (SURPLUS)	<u>(315)</u>	<u>(534)</u>	<u>(534)</u>