DFP/24/19
Farms Estate Committee
19 February 2024

The County Farms Estate
Capital 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 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.

2.2 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.

2.3 The following table shows the current five-year capital allocation for the County Farms Estate. Existing budget has been reprofiled as part of the 2024/25 Medium Term Capital Programme budget setting.

Year	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Current Capital	750	900	450	0	0	2100

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

3.1 The Capital budget presented to Corporate Infrastructure and Regulatory Services Scrutiny Committee on 30 January 2023 and approved at County Council on 16 February 2023 included schemes totalling £750,000.

3.2 There was an 'underspend' of £31,018 in 2022/23 and an in-year receipt of £120,000 thus the balance of capital available to spend in 2023/24 amounts to £901,017.

3.3 As at month 10 there is still limited actual spend but over half the budget is committed and other works that are still forecast to be completed before year end are out to tender. Some works will be weather dependant but all being well the projects will be carried out before year end and outturn spend will be in the order of £900,000.

4) Nitrate Vulnerable Zone Compliance

4.1 Retention monies are left to pay on only one slurry store constructed in the previous financial years. No new slurry store schemes were progressed this financial year.

4.2 Forecast spend stands at £2,445 on retention monies associated with NVZ compliant schemes in 2023/24.

4.3 Further to the observations raised in the month 7 capital report on the DEFRA Slurry Infrastructure Grant (Round 2), DEFRA subsequently confirmed that landlords could not in fact apply for the grant in round 2 but the department is exploring whether or not the scheme rules can be amended to allow landlords to apply jointly with tenants, or perhaps independently, in Round 3.

4.4 Similarly, following the last committee meeting, the Chairman sent the attached letter to the Rt Hon Mark Spencer MP.

5) Enhancements and Improvements

5.1 The 2023/24 programme consists of:

(a) 14 projects that were started in previous years which are now in defect periods.
(b) 1 new whole house refurbishment project started in year is complete.
(c) 1 further new whole house refurbishment project has started on site and should be complete this financial year.
(d) 1 whole house refurbishment project is being designed and tendered ready for a construction start date as close to the start of the new financial year as possible.
(e) 3 farmhouses are receiving further improvement works to address issues not fully resolved through earlier intervention.
(f) 2 sewage treatment plants have been installed.
(g) 5 further sewage treatment plants are due to be installed by year end.
(h) 1 new silage clamp is being designed to replace a failed landlords clamp, but construction won’t start on site this financial year.
(i) 1 jointly funded methane harvesting slurry store cover is being procured in partnership with a third-party contractor, but the majority of the cost won’t be incurred this financial year.
(j) 1 farm water supply network replacement scheme is being financed by the capital budget.
(k) 1 end of tenancy compensation settlement has been paid from the capital budget.

5.2 One tenant is currently occupying a static caravan as temporary accommodation whilst the farmhouse is being improved. Another static caravan is being moved to a new farm ready for occupation from April 2024 whilst a further substantial farmhouse improvement project is being delivered.

5.3 Additional improvement projects are in the process of being programmed as part of next year's capital programme but the logistics of making major improvements to farmhouses whilst occupied by tenants is beginning to frustrate the pace of delivery.

5.4 Actual spend at month 10 is now £303,202 with a further £306,406 committed (orders placed) to date.

6) Compensation Payments (Tenants Improvements, etc.)

6.1 It is highly likely that some of the capital budget will need to be spent on end of tenancy compensation liabilities arising as of 25 March 2024. The end of tenancy valuations will be negotiated in the next few months.

7) Land Acquisitions

7.1 One acquisition of 18.21 acres of land at High Bickington has now completed and the land has been let to a nearby Estate tenant.

8) Capital Receipts Generated in year

8.1 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.

8.2 The table below schedules all County Farms Estate disposals that have completed in year to date and will contribute towards the Corporate Capital Programme.

Asset Sold	Acreage Sold	Capital Receipt (net of costs)	Date of completion
Field at Lower Northchurch Farm, Yarnscombe	3.93	£ 69,104	21 June 2023

9) Options / Alternatives

9.1 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.

10) Consultations / Representations / Technical Data

10.1 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.

10.2 No other parties have been consulted and no other representations have been received.

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

11) Strategic Plan

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

12) Financial Considerations

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

13) Legal Considerations

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

14) Environmental Impact Considerations (Including Climate Change, Sustainability and Socio-economic)

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

15) Equality Considerations

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

16) Risk Management Considerations

16.1 No risks have been identified.

17) Summary / Conclusions / Reasons for Recommendations

17.1 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

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Devon County Council

This letter is from an individual member of the Council and is not written on behalf of the Devon County Council.

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The Rt Hon Mark Spencer MP
Minister of State (Minister for Food, Farming and Fisheries)
House of Commons
London

04 December 2023

Dear Minister,

THE DEVON COUNTY FARMS ESTATE

GOVERNMENT RESPONSE TO THE ROCK REVIEW

I am the current Chair of the County Farms Estate Committee at Devon County Council. My predecessor, Cllr Richard Edgell, wrote to the Former Secretary of State, the Right Honourable George Eustice in January 2021 imploring the Minister to work closely with DEFRA to deliver the pledge to support new entrants into farming and the promise of support for those Local Authorities that still have Council Farms, all as set out in the Agriculture Act 2020 and the subsequent Agricultural Transition Plan.

We have of course since received the incredibly insightful report by Baroness Kate Rock to which the Government responded to in full in May of this year.

We note the Governments response to the Rock Review stated under the heading 'Joint grant applications':

The Review recommends we allow joint applications to productivity schemes from both landlord and tenant. This would enable better collaboration between the 2 parties (recommendation 28).

We agree and indeed we already allow some forms of joint applications, for example:

- *from tenants and landlords applying jointly for grants as a single legal entity, or*
- *where one business agrees to become the lead applicant.*

However, following the Review, we recognise that the system may not be widely understood. We have reviewed how we communicate this through scheme guidance, and we will work with the new Farm Tenancy Forum (see commitment to establish a new group under Strengthening landlord-

tenant relationships) to explore whether we need further specific guidance on how to undertake collaborative grant applications between tenant and landlord.

The Review also made specific reference to the need for joint agreements with county councils (recommendation 29). We agree with this recommendation and have subsequently made changes to the FETF scheme to allow all local authorities and councils to be the applicant.

Local authorities are not currently eligible to apply for the Farming Transformation Fund (FTF), but we agree, where possible, to amend policy for future grant rounds to allow a more collaborative approach with councils. We will provide further detail in line with new grant round announcements.

Our Land Agent, who sits on the Farm Tenancy Forum representing the ACES Rural Branch has, independently spoken with DEFRA officials after Local Authorities were expressly excluded from applying for Round 1 of the Slurry Infrastructure Grant (SIG).

Yet, Round 2 of the Slurry Infrastructure Grant is now open and it seems no landlord, let alone a Local Authority or public sector landlord, is able to apply for the grant.

I believe it is an accepted point of principle that new entrants to the tenanted farming sector are those most in need of financial support. By their very nature, they have limited financial resource and are often restricted in terms of ability to borrow money as they have no collateral to secure loans against. It seems to me to be perverse that a willing landlord best placed to support new entrants is still being stymied in its endeavours by arbitrary rules around access to grant funding, something the Government pledged to resolve in its response to the Rock Review. It is noted that landlords can access FIPL and FEFT grants so we can see no logical reason why landlords, and specifically Local Authority landlords, can still not apply for the SIG in the recently launched round 2.

As I am sure you will be aware we, as a Local Authority, are not 'cash rich' but should we be permitted to claim grants towards the cost of providing compliant slurry storage facilities and the slurry store covers required to meet the Clean Air Strategy objectives, I am sure we could find the match funding required.

May we please urge you to address our concerns immediately and certainly before the round 2 SIG application window closes.

Yours Sincerely

Councillor Jeremy Yabsley,

County Councillor for South Molton,
Chair of the Farms Estate Committee